C O V E R   S H E E T

SEC Registration Number

1	5	2	6	6	1					

C O M P A N Y   N A M E

C I T Y & L A N D D E V E L O P E R S ,
I N C O R P O R A T E D

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

3 / F C i t y l a n d C o n d o m i n i u m 1 0 ,
T o w e r I , 1 5 6 H . V . D e l a C o s t a
S t r e e t , M a k a t i C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
2 0 - I S	M S R D	N / A

(Definitive Information Statement)

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
cldi_rg@cityland.net	**8-893-6060**	**0968-545-1452**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
751 (as of March 31, 2021)	**2nd Tuesday of June**	**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
Rudy Go	**cdc_rg@cityland.net**	**8-893-6060**	**0968-545-1452**

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H. V. Dela Costa Street, 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.*

CITY & LAND DEVELOPERS, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting (ASM) of **CITY & LAND DEVELOPERS, INCORPORATED (the Company)** will be held virtually or via remote communication on **June 8, 2021, Tuesday at 4:00PM.**

The following shall be the agenda of the meeting:

A G E N D A

1. Call to Order
2. Proof of Notice of Meeting
3. Determination of Quorum and Rules of Conduct and Procedures
4. Approval of Minutes of previous Annual Stockholders' Meeting
5. President's Report
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor
8. Confirmation of all acts of the Board of Directors for the period covering January 1, 2020 to December 31, 2020 adopted in the ordinary course of business, including but not limited to:
    a. Approval of investments;
    b. Treasury matters related to opening of accounts and bank transactions;
    c. Appointment of signatories and amendments thereof; and
    d. Approval of Annual Report and related Financial Statements
9. Approval of the Board Resolution dated April 26, 2021 regarding the following:
    a. Declaration of Five Percent (5%) stock dividend;
    b. Increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php1.00 per share; and
    c. To cause the amendment of the Articles of Incorporation to increase the authorized capital stock to 1,715,000,000 shares with par value of Php1.00 per share.
10. Other matters which may be raised by the body
11. Adjournment

For the purpose of the meeting, only stockholders of record as of May 10, 2021 are entitled to attend and vote in the said meeting.

In light of the COVID-19 pandemic, stockholders who intend to attend and participate in the ASM shall submit the scanned copy of the Letter of Intent via email to info@professionalstocktransfer.com and participate via proxy by remote communication. Once validated, a registered stockholder will receive the proxy form via email.

Validation of proxies shall be until 4:00 pm of June 1, 2021. Registered stockholders will receive the meeting link and password two days before the ASM.

Only stockholders who have notified the Company of their intention to participate in the virtual meeting and have registered themselves or their proxies, will be included in the determination of a quorum.

We are not soliciting your proxy.

The requirements and procedure for voting and participation in the meeting through remote communication will be discussed further in the Information Statement which shall be made available to the public not later than May 18, 2021 through PSE Edge and the Company's website.

For ASM related queries, kindly send an email to landinfo@cityland.net or contact the Office of the Corporate Secretary at 8893-6060 local 224/236.

For account updating concerns, please contact the Company's Stock Transfer Agent, Professional Stock Transfer, Inc. (Attention: Ms. Jenny Serafica), through 8687-2733 or via email info@professionalstocktransfer.com.

We encourage all registered stockholders to log onto the meeting link 45 minutes before the meeting starts, to avoid any technical difficulty. The meeting will start promptly at 4:00 in the afternoon.

The meeting shall be recorded in audio and video format and copies shall be kept by the Company.

Copies of the minutes of the Annual Stockholders' Meeting held last August 25, 2020 will be available upon request.

Makati City, April 26, 2021

FOR THE BOARD OF DIRECTORS

ATTY. ANDRE ANTON S. SUAREZ
Corporate Secretary

EXPLANATION OF AGENDA ITEMS REQUIRING STOCKHOLDERS' APPROVAL

In accordance with *Article VII – Stockholders' Meeting* of the Company's Amended By-Laws, the annual meeting of the stockholders shall be held every second Tuesday of June of each calendar year, when the Board of Directors shall be elected by plurality of votes by ballot system or viva voce.

Item 1: Call to Order

The Chairman of the Board of Directors will formally call the meeting to order.

Item 2: Proof of Notice of Meeting

Rationale: To inform the stockholders that the notices of meeting were sent to all stockholders in accordance with the Revised Corporation Code of the Philippines and Company's Amended By-laws.

The Corporate Secretary (or Secretary) will certify the date when notices for the 2021 ASM were sent out to the stockholders of record, including the date of publication and the newspapers where the notice was published.

Item 3: Determination of Quorum and Voting Procedures

Rationale: To determine the presence of a quorum for the 2021 Annual Stockholders' Meeting and to inform the stockholders of the voting procedures for the agenda items to be discussed in the ASM.

The Secretary will inform the body and attest the existence of a quorum in the meeting. As stated in the Company's Amended By-Laws, the stockholders' meeting shall be competent to decide any matter or transact any business, provided a majority of the subscribed capital stock is present or represented thereat, except in those cases wherein the Corporation Laws requires the affirmative vote of a greater proportion. The number of shares represented in the meeting is validated by a third-party stock transfer agent.

Voting Procedures

Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting. In accordance with the Company's Amended By-Laws, voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita.

At least a majority of the outstanding capital stock of the Company is required for the election of directors and approval of the following matters:

a. Minutes of the previous Annual Stockholders' Meeting
b. Appointment of external auditor
c. Acts of the management and of the Board of Directors relative to Annual Report and related financial statements.

The Company's Stock Transfer Agent together with the Office of the Corporate Secretary will tabulate all valid and confirmed votes. The Company also has an independent party that will validate the votes counted by the Secretary.

The voting procedures are discussed in the Information Statement.

Item 4: Approval of Minutes of Previous Annual Stockholders' Meeting (ASM)

Rationale: To obtain from the stockholders the approval of the minutes of the ASM held last August 25, 2020.

The Chairman will request the Secretary to read the minutes of the said meeting. The minutes of ASM held last August 25, 2020 are posted on the Company website (http://cityland.net/). The minutes of the previous ASM are hereby presented to the stockholders for approval.

Item 5: President's Report

Rationale: To inform the stockholders of the Company's financial position and performance.

The Secretary will read the President's Report on the Company's financial position and performance as of and for the year ended December 31, 2020 including any future projects of the Company. The detailed discussion of the financial position and results of operations are presented in the Information Statement. The audited financial statements are duly submitted to the Securities and Exchange Commission, Philippine Stock Exchange and the Bureau of Internal Revenue.

Representatives of Sycip Gorres Velayo & Co., the Company's external auditor for the Year 2020, are invited in the ASM to respond to queries concerning the audited financial statements.

Item 6: Election of Directors (including Independent Directors)

Rationale: To give the stockholders the opportunity to elect the Company's Board of Directors in accordance with Section 23 of the Revised Corporation Code and the Company's Amended By-Laws.

In accordance with the Company's Amended By-Laws, the general management of the Corporation, shall be vested in a Board of nine (9) directors, at least two (2) of whom shall be independent directors, who are stockholders and who shall be elected annually by the stockholders owning or representing the majority of the subscribed capital stock of the term of one (1) year and shall serve until the election and qualification of their successors.

A nomination of independent directors shall be conducted by the Nomination Committee prior to the stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.

The names of the individuals who have been duly nominated as members of the Board of Directors of the Company, including independent directors, shall be presented during the ASM. The qualifications and profiles of the nominees are discussed in the Preliminary Information Statement. The stockholders who nominated the independent directors and other members of the Board are also disclosed in the Preliminary Information Statement.

Item 7: Appointment of External Auditor

Rationale: To appoint external auditor who will provide an opinion as to the fairness of the financial statements of the Company and assess the adequacy of the internal controls implemented by the Company.

The Audit and Risk Committee will recommend to the Board of the Directors the appointment of external auditor who will provide an opinion on the fairness of the financial statements of the Company and assess the adequacy of internal controls implemented by the Company. The Audit and Risk Committee, in its meeting held on April 5, 2021, recommended to the Board of Directors the re-appointment of Sycip Gorres Velayo & Co. as the Company's external auditors for the calendar year 2021.

The re-appointment of Sycip Gorres Velayo & Co. was approved by the Board of Directors and shall be presented to the stockholders for approval.

Item 8: Confirmation of all acts of the Board of Directors for the period covering January 1, 2020 to December 31, 2020 adopted in the ordinary course of business

Rationale: To obtain from the stockholders confirmation of all the acts of the Board of Directors for the period covering January 1, 2020 to December 31, 2020.

Confirmation of all the acts of the Board of Directors will be requested from the stockholders. All significant transactions required to be submitted to the Securities and Exchange Commission through SEC Form 17-C and to the Philippine Stock Exchange can be accessed on the Company's website (http://cityland.net/).

Item 9: Approval of the Board Resolution dated April 26, 2021

Rationale: In accordance with the Revised Corporation Code, the following matters shall be presented to the stockholders for approval of at least two-thirds (2/3) of the outstanding capital stock:

The Board of Directors, in its meeting held today, April 26, 2021, approved the following:

a. Declaration of Five Percent (5%) stock dividend which shall come from the unappropriated retained earnings as of December 31, 2020 through an increase in authorized capital stock;
b. Increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php1.00 per share. The application for the increase in authorized capital stock shall be submitted for approval by the Securities and Exchange Commission (SEC). The record date of the stock dividend shall be fixed by SEC after clearance and approval.
c. To cause the amendment of the Articles of Incorporation to increase the authorized capital stock to 1,715,000,000 shares with par value of Php1.00 per share.

The ratification of the said matters will be taken up during the Annual Stockholders' Meeting and to be held on June 8, 2021.

Item 10: Other Matters which may be raised before the body

Rationale: To give the stockholders the opportunity to ask questions and raise concerns.

Due to the COVID-19 pandemic, other matters which any stockholder would like to present in the ASM shall be sent via email to landinfo@cityland.net on or before June 1, 2021 at 4:00PM. The Company's responses to the questions shall be discussed during the ASM.

PROXY

The undersigned stockholder of CITY & LAND DEVELOPERS, INCORPORATED (the Company) hereby appoints____________________or in his absence, the Chairman of the meeting, as his/her/its attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company to be held on June 8, 2021 at 4:00 PM and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of Minutes of Previous Annual Stockholders' Meeting held on August 25, 2020
   ☐ Yes ☐ No ☐ Abstain

2. Approval of President's Report
   ☐ Yes ☐ No ☐ Abstain

3. Election of Directors (including Independent Directors)
   ☐ Vote for all nominees listed below:

Dr. Andrew I. Liuson	Cesar E. Virata (Independent Director)
Stephen C. Roxas	Helen C. Roxas
Grace C. Liuson	Benjamin I. Liuson
Josef C. Gohoc	Emma A. Choa
Peter S. Dee (Independent Director)	

   ☐ Withhold authority to vote for all nominees listed above

   ☐ Withhold authority to vote for the nominees listed below:

   ________________________ ________________________
   ________________________ ________________________
   ________________________ ________________________

4. Appointment of Sycip, Gorres, Velayo & Co. as External Auditor
   ☐ Yes ☐ No ☐ Abstain

5. Ratification and approval of all acts of the Board of Directors for the period covering January 1, 2020 to December 31, 2020 adopted in the ordinary course of business
   ☐ Yes ☐ No ☐ Abstain

6. Approval of the declaration of Five Percent (5%) stock dividend
   ☐ Yes ☐ No ☐ Abstain

7. Approval of the increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php1.00 per share
   ☐ Yes ☐ No ☐ Abstain

8. Approval of the amendment of the Articles of Incorporation to increase the authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php1.00 per share
   ☐ Yes ☐ No ☐ Abstain

9. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

________________________ ________________________________
Date Printed Name of Stockholder

____
Signature of Stockholder/ Authorized Signatory

Proxy solicitation is made by or on behalf of the Company. This proxy should be received for validation by stock transfer agent, Professional Stock Transfer, Inc. thru info@professionalstocktransfer.com on or before June 1, 2021, the deadline for submission of proxies. The said proxies will also be validated by the Corporate Secretary.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

CITY & LAND DEVELOPERS, INC.

CERTIFICATION

I, Atty. Andre Anton S. Suarez, Corporate Secretary of City & Land Developers, Incorporated with SEC Registration No. of 152661 with principal office address at 3F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, on oath state:

1) That on behalf of City & Land Developers Incorporated, I have caused this Notice of Annual Stockholders' Meeting for the Year 2021;
2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3) That City & Land Developers Incorporated will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of April 2021.

ATTY. ANDRE ANTON S. SUAREZ
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2021 at MAKATI CITY affiant exhibiting me his Social Security Number 34-4251351-8 and other evidence of identification.

Doc. No. 339
Page No. 69
Book No. VIII
Series of 2021

ATTY. EMMA G. JULARBAL
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2021 (Per SC En Banc Resolution dated 12/01/2020)
APPOINTMENT NO.: M-85
IBP ROLL NO.: 33152
IBP NO.: 06547/Lifetime/PPLM
PTR No.: 8535331/01-06-2021/Makati
156 H.V. Dela Costa St., Makati City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter **City & Land Developers, Incorporated**

3. **Makati City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **152661**

5. BIR Tax Identification Code **000-444-840**

6. **3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City** — **1226**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **(632) 8-893-6060**

8. Date, time and place of the meeting of security holders

   Date - **June 8, 2021**
   Time - **4:00 PM**
   Place - **Virtually or via remote communication**

   In light of the COVID-19 global pandemic, there will be no physical venue alloted for stockholders to attend the Annual Stockholders' Meeting (ASM). Thus, the ASM will be held virtually or via remote communication. The presiding officer shall call and preside the ASM at Makati City, where the principal office of the Corporation is located.

9. Approximate date on which the Information Statement is to be first sent or given to security holders
   May 18, 2021.

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares Outstanding
Unclassified Common Shares	**1,431,785,284**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Stock Exchange	Title of Each Class
Philippine Stock Exchange	**Unclassified Common Shares**

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

I. Date, time and place of meeting of security holders

Date	-	June 8, 2021
Time	-	4:00 P.M.
Place	-	Virtually or via remote communication
Principal Office	-	3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, Philippines

In light of the COVID-19 global pandemic, there will be no physical venue alloted for stockholders to attend the Annual Stockholders' Meeting (ASM). Thus, the ASM will be held virtually or via remote communication. The presiding officer shall call and preside the ASM at Makati City, where the principal office of the Corporation is located.

Approximate date on which the Information Statement is to be first sent or given to security holders **May 18, 2021.**

II. Dissenters' Right of Appraisal

Under the Revised Corporation Code, a dissenting stockholder who has voted against a proposed corporate action, shall have the right of appraisal or the right to demand payment of the fair value of his shares only in the following instances:

1. Any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of the outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. Sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate properties and assets;

3. Merger or consolidation; and

4. Investment in another corporation, business or for any purpose other than the primary purpose for which the corporation was organized.

Statutory procedures to be followed by the dissenting security holders in order to perfect such rights:

1. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair values of his shares; Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

2. If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after the award is made; provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forth with transfer his shares to the corporation.

There is no matter to be acted upon at the Annual Stockholders' Meeting of the Registrant which would fall under any of the foregoing instances of appraisal.

III. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a. No person who has been a director or officer of the Registrant, nor a nominee for election as a director of the Registrant, nor any of their associates have a substantial interest in any matter to be acted upon at the Annual Stockholders' Meeting, other than the election of directors for the fiscal year 2021.

b. No director has informed the Registrant in writing that he intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

IV. Voting Securities and Principal Holders Thereof

a. The Registrant has **1,431,785,284** unclassified common shares issued and outstanding as of **March 31, 2021.** Each common share shall be entitled to one vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.

b. The record date for determining stockholders entitled to notice and to vote during the Annual Stockholders' Meeting and also to this information statement is on **May 10, 2021.**

c. In the election of directors, the number of votes to which each stockholder is entitled shall be equal to the number of shares he owns multiplied by the number of directors to be elected. All stockholders shall have cumulative voting rights. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

d. Security Ownership of Record and Beneficial Owners owning more than 5% of the outstanding capital stock of the Registrant as of March 31, 2021:

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Unclassified common shares	Cityland Development Corporation 2/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City -principal stockholder	- same as record owner -	Filipino	712,030,839	49.73%
Unclassified common shares	Cityland, Inc. 3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City -principal stockholder	- same as record owner -	Filipino	422,918,496	29.54%

The Board of Directors directs the voting or disposition of shares held by Cityland Development Corporation:

Name	Position
Dr. Andrew I. Liuson	Director / Chairman of the Board
Mr. Stephen C. Roxas	Director / Chairman of the Executive Committee
Mrs. Grace C. Liuson	Director / Vice Chairman of the Board
Mr. Josef C. Gohoc	Director / President
Mr. Peter S. Dee	Independent Director / Chairman-Audit & Risk Committee
Mr. George Edwin Y. Sycip	Independent Director / Chairman-Corporate Governance Committee
Mrs. Helen C. Roxas	Director
Mr. Benjamin I. Liuson	Director
Mr. Eduardo C. Villanueva	Independent Director

The following directors direct the voting or disposition of the shares held by Cityland, Inc.:

Name	Position
Mr. Stephen C. Roxas	Director / Chairman of the Board
Dr. Andrew I. Liuson	Director / Vice Chairman of the Board
Mrs. Grace C. Liuson	Director / Deputy Vice Chairman of the Board
Mr. Josef C. Gohoc	Director / President
Mr. Peter S. Dee	Independent Director / Chairman-Audit Risk Committee / Chairman-Corporate Governance Committee
Ms. Anastasia Y. Dy	Independent Director
Mr. Benjamin I. Liuson	Director
Mrs. Helen C. Roxas	Director

e. Security Ownership of Management as of March 31, 2021:

Title of Class	**Name Position**	**Citizenship**	**Amount**	**Percentage**	**Nature of Ownership**
Directors:					
Unclassified common shares	Andrew I. Liuson Director / Chairman of the Board	Filipino	18,105,979	1.26%	Direct / Indirect
Unclassified common shares	Stephen C. Roxas Director / Chairman of Executive Committee	Filipino	15,557,091	1.09%	Direct / Indirect
Unclassified common shares	Grace C. Liuson Director / Vice Chairman of the Board	Filipino	6,737,109	0.47%	Direct
Unclassified common shares	Josef C. Gohoc Director / President	Filipino	3,488,652	0.24%	Direct / Indirect
Unclassified common shares	Peter S. Dee Independent Director / Chairman-Audit and Risk Committee	Filipino	2,110,852	0.15%	Direct
Unclassified common shares	Cesar E.A. Virata Independent Director / Chairman-Corporate Governance Committee	Filipino	98,540	0.00%	Direct
Unclassified common shares	Helen C. Roxas Director	Filipino	143,166	0.01%	Direct
Unclassified common shares	Benjamin I. Liuson Director	Filipino	1,124,050	0.08%	Direct
Unclassified common shares	Emma A. Choa Director / Executive Vice President / Treasurer	Filipino	445,231	0.03%	Direct / Indirect
Executive Officers:					
Unclassified common shares	Andrew I. Liuson Director / Chairman of the Board	Filipino	–	–	–
Unclassified common shares	Stephen C. Roxas Director / Chairman of Executive Committee	Filipino	–	–	–
Unclassified common shares	Grace C. Liuson Director / Vice Chairman of the Board	Filipino	–	–	–
Unclassified common shares	Josef C. Gohoc Director / President	Filipino	–	–	–
Unclassified common shares	Emma A. Choa Director / Executive Vice President / Treasurer	Filipino	–	–	–
Unclassified common shares	Rudy Go Senior Vice President/ Chief Financial Officer/ Compliance Officer & Corporate Information Officer/ Data Protection Officer/ Investor Relations Officer	Filipino	294,029	0.02%	Direct

Title of Class	Name Position	Citizenship	Amount	Percentage	Nature of Ownership
Unclassified common shares	Melita M. Revuelta Vice President/ Alternate Compliance Officer & Alternate Corporate Information Officer	Filipino	275,363	0.02%	Direct / Indirect
Unclassified common shares	Atty. Emma G. Jularbal* Vice President – Legal Affairs/ Corporate Secretary	Filipino	81,478	0.00%	Direct
Unclassified common shares	Melita L. Tan Vice President	Filipino	64,972	0.00%	Direct
Unclassified common shares	Romeo E. Ng Vice President	Filipino	600,879	0.04%	Direct / Indirect
Unclassified common shares	Rosario D. Perez Vice President – Executive Affairs	Filipino	227,533	0.02%	Direct
Unclassified common shares	Winefreda R. Go Vice President – Purchasing Department	Filipino	39,041	0.00%	Direct
Unclassified common shares	Dorothy U. So Assistant Vice President – Head of Internal Audit Department	Filipino	275,454	0.02%	Direct / Indirect
Unclassified common shares	Jocelyn C. De Asis Assistant Corporate Secretary	Filipino	28,208	0.00%	Direct
Security Ownership of All Directors and Officers			**49,697,627**	**3.45%**	

**Retired effective April 5, 2021. Atty. Andre Anton S. Suarez was appointed as the Corporate Secretary effective April 5, 2021.*

f. The Registrant has no knowledge of any person holding more than 5% of common shares under voting trust or similar agreement.

g. No change in the control of the corporation has occurred since the beginning of its last fiscal year.

h. Percentage of ownership as of March 31, 2021:

Nationality	Number of shares	Percentage of ownership
Local-owned shares (Filipino)	1,425,772,678	99.58
Foreign-owned shares (Non-Filipino)	6,012,606	0.42
Total	1,431,785,284	100.00

V. Directors and Executive Officers

a. Identify Directors, including Independent Directors, and Executive Officers

The following are the Directors and Executive Officers of the Company for the year 2020:

Names	Citizenship	Position	Period of Service	Term of Office	Age	Family Relationship
Stephen C. Roxas	Filipino	Director Chairman of the Executive Committee	06/28/1988 to Present 07/01/1997 to Present	1	79	Husband of Helen C. Roxas, brother of Grace C. Liuson; brother-in-law of Dr. Andrew I. Liuson; and uncle of Josef C. Gohoc
Dr. Andrew I. Liuson	Filipino	Director Vice Chairman of the Board Acting Chairman of the Board Chairman of the Board	06/28/1988 to Present 01/16/2008 to 01/14/2020 01/15/2020 to 08/25/2020 08/26/2020 to Present	1	76	Husband of Grace C. Liuson; brother-in-law of Stephen C. Roxas

Names	Citizenship	Position	Period of Service	Term of Office	Age	Family Relationship
Grace C. Liuson	Filipino	Director Deputy Vice Chairman of the Board Vice Chairman of the Board	06/28/1988 to Present 02/01/2011 to 08/25/2020 08/26/2020 to Present	1	75	Wife of Andrew I. Liuson; sister of Stephen C. Roxas; aunt of Josef C. Gohoc; and sister-in-law of Helen C. Roxas
Josef C. Gohoc	Filipino	Director President	01/04/2011 to Present 02/01/2011 to Present	1	51	Nephew of Stephen C. Roxas, Helen C. Roxas, Grace C. Liuson and Dr. Andrew I. Liuson
Peter S. Dee	Filipino	Independent Director / Chairman-Audit & Risk Committee	11/22/2004 to Present	1	79	--
Cesar E.A. Virata	Filipino	Independent Director Chairman-Corporate Governance Committee	06/09/2009 to Present 04/06/2018 to Present	1	90	--
Helen C. Roxas	Filipino	Director	06/28/1988 to Present	1	71	Wife of Stephen C. Roxas; sister-in-law of Grace C. Liuson and Dr. Andrew I. Liuson
Benjamin I. Liuson	Filipino	Director	06/11/2019 to Present	1	71	Brother of Dr. Liuson; and brother-in-law of Grace C. Liuson
Emma A. Choa	Filipino	Director Executive Vice President Treasurer	08/25/2020 to Present 01/01/2015 to Present 02/01/2011 to Present	1	60	--
Rudy Go	Filipino	Senior Vice President/ Chief Financial Officer/ Compliance Officer & Corporate Information Officer Data Protection Officer Investor Relations Officer	01/01/2015 to Present 08/29/2017 to Present 06/14/2018 to Present	1	61	--
Melita M. Revuelta	Filipino	Vice President / Alternate Compliance Officer & Alternate Corporate Information Officer	01/16/2008 to Present/ 01/01/2015 to Present	1	62	--
Melita L. Tan	Filipino	Vice President	02/21/2004 to Present	1	60	--
Romeo E. Ng	Filipino	Vice President	01/10/2005 to Present	1	59	--
Rosario D. Perez	Filipino	Vice President – Executive Affairs	02/09/2017 to Present	1	61	--
Winefreda R. Go	Filipino	Vice President – Purchasing Department	05/16/2017 to Present	1	62	--
Atty. Emma G. Jularbal	Filipino	Vice President – Legal Affairs/ Corporate Secretary	07/01/2001 to 04/04/2021 01/01/2013 to 04/04/2021	1	65	--
Dorothy U. So	Filipino	Assistant Vice President– Head of Internal Audit Department	07/2001 to Present	1	62	--

Names	Citizenship	Position	Period of Service	Term of Office	Age	Family Relationship
Jocelyn C. De Asis	Filipino	Assistant Corporate Secretary	07/03/2013 to Present	1	51	--

Business Experience for the past 5 Years:

Name	Name of Office	Positions
STEPHEN C. ROXAS	Cityland Development Corporation	Director / Chairman of Executive Committee
	Cityland, Inc.	Director / Chairman of the Board
	Cityplans, Incorporated	Director /President
	MGC New Life Christian Academy	Chairman
	Center for Community Transformation	Board Member
DR. ANDREW I. LIUSON	Cityland Development Corporation	Director / Chairman of the Board
	Cityland, Inc.	Director / Vice Chairman of the Board
	Cityplans, Incorporated	Director/ Chairman of the Board
	Febias College of Bible	Chairman
	International Graduate School of Leadership	Chairman
	Philippine Council of Evangelical Churches	Chairman
	Makati Gospel Church	President / Trustee
GRACE C. LIUSON	Cityland Development Corporation	Director / Vice Chairman of the Board
	Cityland, Inc.	Director / Deputy Vice Chairman of the Board
	Cityplans, Incorporated	Director / Executive Vice President / Treasurer
	Youth Gospel Center of the Philippines	Treasurer / Trustee
	Makati Gospel Church	Treasurer / Trustee
JOSEF C. GOHOC	Cityland Development Corporation	Director / President
	Cityland, Inc.	Director / President
	Asian Business Solutions, Inc.	Director
	Philippine Trading & Investment Corporation	Director
	Atlas Agricultural & Mercantile Development Corp.	Director
	Febias College of Bible	Board of Trustee
	International Graduate School of Leadership	Board of Trustee
PETER S. DEE	Alpolac, Inc	Director
	China Banking Corp	Director
	CBC Properties & Computer Center, Inc	Director / President
	Cityland, Inc.	Independent Director / Chairman- Audit & Risk Committee / Chairman- Corporate Governance Committee
	Cityland Development Corporation	Independent Director / Chairman- Audit & Risk Committee
	Cityplans, Incorporated	Independent Director / Chairman- Compensation Committee / Chairman- Audit Committee / Member- Nomination and Election Committee
	Commonwealth Foods, Inc.	Director
	GDSK Development Corporation	Director
	Hydee Management & Resources Corporation	Director
	Kemwerke, Inc	Director
	Makati Curbs Holdings Corporation	Director
	Great Expectation Holdings, Inc	Director / Chairman / President
	The Big D Holdings Corporation	Director / Chairman / President

Name	Name of Office	Positions
CESAR E.A. VIRATA	ATAR IV Property Holding Company, Inc	Chairman & Director
	Rizal Commercial Banking Corp.	Director & Corporate Vice Chairman
	Malayan Insurance Co., Inc.	Director
	RCBC Realty Corporation	Director
	Luisita Industrial Park	Director
	Business World Publishing Corp.	Vice Chairman / Independent Director
	Belle Corporation	Independent Director
	Malayan Education System, Inc.	Trustee
	Cavitex Holdings, Inc.	Chairman & Director
	YGC Corporate Services, Inc.	Director
	ALTO Pacific Company, Inc.	Chairman & Director
	RCBC Land, Inc.	President & Director
	RCBC Bankard Services Corp.	Chairman & Director
	AY Foundation, Inc	Trustee
	Yuchengco Center	Trustee
	Niyog Property Holdings, Inc.	Director
	Lopez Holdings Corporation	Independent Director
	World Trade Center Management, Inc.	Director
	Tan Yan Kee Foundation, Inc.	Trustee
	IFI Support Foundation, Inc.	Trustee
	UP Business Research Foundation, Inc.	Trustee
	Yuchengco Museum	Trustee
	DLSU – Dasmarinas Cultural Heritage	Trustee
	UCM Foundation, Inc.	Chairman
	Cajel Realty Corporation	Director
HELEN C. ROXAS	Cityland Development Corporation	Director
	Cityland, Inc.	Director
	Cityplans, Incorporated	Director
	Good Tidings Foundation, Inc.	Treasurer
	MGC New Life Christian Academy	Board Member
BENJAMIN I. LIUSON	Cityland Development Corporation	Director
	Cityland, Inc.	Director
	The Generics Pharmacy, Inc.	Vice Chairman
	TGP Pharma Inc.	Vice Chairman
	CL Realty Development Inc.	President
	Romans 828 Land Inc.	President
	Silverwind Allov Castings Inc.	Director
	Drugmakers Lab Inc.	Director
	Febias College of Bible	Trustee
	Center for Community Transformation Inc.	Trustee
	Gospel Operation Phil Inc.	Trustee
	Bless Foundation Inc.	Trustee
	Global Filipino Movement, Inc.	Trustee
	Makati Gospel Church	Trustee
	Jedidiah Inc.	President
	Keziah Inc.	President
EMMA A. CHOA	Cityland Development Corporation	Director *(resigned effective March 10, 2021)* Executive Vice President / Treasurer
	Cityland, Inc.	Executive Vice President / Treasurer
	Worldnet Information and Services, Inc.	Treasurer
RUDY GO	Cityland Development Corporation	Senior Vice President / Chief Financial Officer / Compliance

Name	Name of Office	Positions
		Officer / Corporate Information Officer / Data Protection Officer / Investor Relations Officer
	Cityland, Inc.	Senior Vice President / Chief Financial Officer / Compliance Officer / Corporate Information Officer & Data Protection Officer
	Cityplans, Incorporated	Senior Vice President / Compliance Officer / Data Protection Officer
MELITA M. REVUELTA	Cityland Development Corporation	Vice President / Alternate Compliance Officer & Alternate Corporate Information Officer
	Cityland, Inc.	Vice President & Asst. Corporate Secretary / Alternate Compliance Officer & Alternate Corporate Information Officer
	Cityplans, Incorporated	Vice President /Alternate Compliance Officer
	Worldnet Information & Services Inc.	President
MELITA L. TAN	Cityland Development Corporation	Vice President
	Cityland, Inc.	Vice President
ROMEO E. NG	Cityland Development Corporation	Vice President
	Cityland, Inc.	Vice President
ROSARIO D. PEREZ	Cityland Development Corporation	Vice President – Executive Affairs
	Cityland, Inc.	Vice President – Executive Affairs
	Worldnet Information and Services, Inc.	Auditor
WINEFREDA R. GO	Cityland Development Corporation	Vice President
	Cityland, Inc.	Vice President
EMMA G. JULARBAL	Cityland Development Corporation	Vice President – Legal Affairs / Corporate Secretary *(retired effective April 5, 2021)*
	Cityland, Inc.	Vice President – Legal Affairs / Corporate Secretary *(retired effective April 5, 2021)*
	Worldnet Information and Services, Inc.	Director / Vice President
	Servicore, Inc.	Director
	Cityland Foundation, Inc.	Trustee / Chairman
	Cityland for Social Progress Foundation, Inc.	Trustee / President
	Christian Executive, Inc.	Trustee / Corporate Secretary
DOROTHY U. SO	Cityland Development Corporation	Assistant Vice President- Head of Internal Audit Department
	Cityland, Inc.	Assistant Vice President- Head of Internal Audit Department
JOCELYN C. DE ASIS	Cityplans, Incorporated	Corporate Secretary
	Cityland Development Corporation	Assistant Corporate Secretary *(effective April 5, 2021)*
	Cityland, Inc.	Corporate Secretary *(effective April 5, 2021)*

b. Identify Significant Employees

All employees perform their share in achieving the Registrant's set goals; hence, there is no identifiable significant employee.

c. Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers, During the past five years:

During the past five years up to present, there is no bankruptcy petition filed by or against any business of which such person was a general partner or executive officer of the Company either at a time of the bankruptcy or within two years prior to that time.

During the past five years up to present, the Registrant, any of its directors or executive officers has no conviction by final judgment, domestic or foreign, or is not subject to a pending criminal proceeding, domestic or foreign.

During the past five years up to present, the Registrant, any of its directors or executive officers is not subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.

During the past five years up to present, the Registrant, any of its directors or executive officers has not been found by a domestic or foreign court of competent jurisdiction (in civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self- regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

d. Attendance of Board of Directors

For the year 2020, there were 17 Board of Directors' meetings. Below is the summary attendance of the members of the Board of Directors:

	No. of Meetings Attended / Held		
	Regular	Special	Total
Dr. Andrew I. Liuson	2 / 2	15/15	17/17
Mr. Stephen C. Roxas	2 / 2	15/15	17/17
Mrs. Grace C. Liuson	2 / 2	15/15	17/17
Mr. Josef C. Gohoc	2 / 2	15/15	17/17
Mr. Peter S. Dee	2 / 2	15/15	17/17
Mr. Cesar E.A. Virata	2 / 2	15/15	17/17
Mrs. Helen C. Roxas	2 / 2	15/15	17/17
Mr. Benjamin I. Liuson	2 / 2	15/15	17/17
Emma A. Choa *(elected August 25, 2020)*	1 / 2	4/15	5/17

e. Legal Proceedings to Which the Registrant or Any of Its Subsidiaries is a Party

The material legal proceedings to which the Company is a party or of which any of its subject during the past five (5) years up to latest date are as follows:

- **COMPANY**

1. **Sta. Ana Village Homeowners' Assoc. Inc. (SAVHA) vs. City & Land Developers, Inc.**
   Civil Case No. 12-009
   Parañaque Regional Trial Court – Branch 274
   Date Instituted: January 16, 2012

   SAVHA filed a Complaint dated January 16, 2012 which was received by CLDI on March 3, 2012, to enjoin defendant and all persons allowed by said defendant CLDI from using Benedictine Street in Sta. Ana Village, Barangay Sun Valley, Paranaque City, and to order the defendant by way of a writ of mandatory injunction, to open another outlet to the main road without cost or liability to plaintiff.

   CLDI stated in its Answer that plaintiff has not proven its claim over Benedictine Street because the Deed of Donation used by the plaintiff is a falsified and/or spurious document. Furthermore, there is a Right-of-Way Agreement for Benedictine Street. Case was dismissed. However, SAVHA filed a Motion for Reconsideration which was granted. SAVHA's unnotarized Judicial Affidavit of first witness was expunged from the records of the case. SAVHA's legal counsel withdrew from the case. New counsel for SAVHA appeared. First witness of SAVHA was cross-examined by CLDI counsel – witness got confused as to identity of respondent since it appears that complainant sued the wrong corporation. SAVHA counsel moved for 15 days to amend the complaint. CLDI counsel was also granted 15 days to comment on the motion to be filed. Then matter is submitted for resolution of the Court. No dates were set for hearing.

2. **Republic of the Philippines represented by the Department of Public Works and Highways (DPWH), through the Bureau of Design – Right of Way Office (BOD-ROWO) versus City & Land Developers, Inc.**
   Civil Case CA G.R. No. CV-112245
   Court of Appeals
   Date Instituted: July 16, 2013

   DPWH filed a Complaint for Expropriation for certain portions of the properties, including the improvements therein, of CLDI located in Barangay Tambo, Paranaque City, which will be part of the NAIA Expressway Project Phase II.

   CLDI disputed the valuation made by the DPWH on the properties. The Court issued a Decision in favour of CLDI. The DPWH thru the Office Solicitor General (OSG) filed its Motion for Reconsideration which was granted by the new presiding Judge. CLDI filed a Notice of Appeal which was favorably granted by the Court of Appeals. The OSG filed its Motion for Consideration, then CLDI filed its Comment/Objection thereto. An amended Decision was issued by the Court of Appeals as to the interest to be paid by the DPWH. We are now awaiting for the finality of the Amended Decision if the OSG will not elevate its appeal to the Supreme Court.

- **PROPERTY**

  Aside from the mentioned cases, there were no other cases filed wherein any of the Company's property/ies is/are the subject.

  There are no cases involving unpaid real estate taxes which are material in amount.

f. Nomination Committee and Nominees for Election as Members of the Board of Directors, including the Independent Directors

The following have been nominated to the Board of Directors for the ensuing term / year:

Andrew I. Liuson	Cesar E. Virata (Independent Director)
Stephen C. Roxas	Helen C. Roxas
Grace C. Liuson	Benjamin I. Liuson
Josef C. Gohoc	Emma A. Choa
Peter S. Dee (Independent Director)	

An independent director is a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The independent directors possess all qualifications to serve as an independent director of the Company, as provided for in Section 38 of Securities Regulation Code (SRC) and its implementing rules.

The final list of nominees for independent directors as nominated by respective stockholders of the Company and endorsed by Nomination Committee are the following:

Independent Directors	Nominating Stockholder
Cesar E.A. Virata	Romeo E. Ng
Peter S. Dee	Marianne M. Martin

The Corporate Governance Committee performs the role of the Nomination Committee. The following members are the members of the Corporate Governance Committee:

Mr. Cesar E.A. Virata (Chairman)
Mr. Stephen C. Roxas
Dr. Andrew I. Liuson

Based on ***SEC*** ***MC No. 19 s. 2016 – Code of Corporate Governance for Publicly-Listed Companies*** **dated November 22, 2016,** the Securities and Exchange Commission has recommended that an independent director should serve for a maximum cumulative term of nine years only. However, in certain cases that the Company wants to retain an independent director who has served for nine years, the Board should provide meritorious justifications and seek approval of the stockholders during the Annual Stockholders' Meeting.

Mr. Peter Dee and Mr. Cesar Virata have served as Independent Directors of the Company since 2009. Their in-depth knowledge, wisdom and expertise in various industries helped the Company plan and attain its strategic objectives. Further, their irrefutable competencies and experience provide invaluable contribution to the Company.

Mr. Dee has a wide experience in banking industry as he served as President and Chief Executive Officer for almost 30 years in one of the largest banks in the Philippines. He is also a Director of the said bank and other publicly-listed companies in the country. His exposure and mastery to risk and financial management delivers insight and significant help to the Company.

Mr. Virata served as Finance Minister from 1970 to 1986 and Prime Minister of the Philippines from 1981 to 1986. He also headed the National Economic and Development Authority (NEDA) of the Philippines while serving as Prime Minister. He is also an incumbent Independent Director of other publicly-listed companies and the Vice Chairman of one of the largest banks in the Philippines. He will continuously provide significant benefit and key decision-making strategies to the Company given his wide experience and competence in handling both local and national economic activities.

The Board deems it untimely, given the situation brought by the COVID-19 pandemic, to consider other qualified individuals to replace Mr. Dee and Mr. Virata whose valuable insights and advice helped the Company develop its key business thrusts and risk mitigation strategies. Their highly respected credentials and great contributions to the Company justify the Board's decision to retain Mr. Dee and Mr. Virata as nominees for re-election this coming 2021 Annual Stockholders' Meeting.

g. Procedures for Nomination and Election of Independent Directors

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

   The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

   After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of "Annex C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent directors shall be identified in such report including any relationship with the nominee.

   Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the Final

List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

2. Subject to pertinent existing laws, rules and regulations, the conduct of the election of the independent director shall be made in accordance with the standard election procedures of this By-laws.

   It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.

   Specific slot for the independent directors shall not be filled-up by unqualified nominee.

h. Related Party Transactions

The Company, in its regular conduct of business, has entered into transaction with associates and related parties, which principally consist of sharing of expenses. This transaction to and from related parties are made on an arm's length basis and at current market prices at the time of the transaction.

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

The Company or its related parties have no relationship on parties that fall outside the definition of related parties that enables to negotiate terms of material transactions that may not be available from others or independent parties on an arm's length basis. Moreover, the Company has no transactions with former senior management or persons that would result in negotiations of terms that are more or less favorable than those available on an arm's length basis from clearly independent parties that are material to the Company's financial position or financial performance.

Please refer to Note 21, *Related Party Transactions* of the Notes to the 2020 Audited Financial Statements attached to the SEC Form 17A or the Annual Report.

i. Members of the Audit and Risk Committee

Mr. Peter S. Dee (Chairman)
Mrs. Grace C. Liuson
Dr. Andrew I. Liuson

j. Parent of the Registrant

CDC owns 49.73% of the outstanding capital stock of the Registrant. The ultimate parent is Cityland, Inc. (CI), which owns 29.54% of the outstanding capital stock of the Registrant.

VI. Compensation of Directors and Executive Officers

Executive Compensation Summary Tables

NAME	POSITION	2021 (estimate)
Josef C. Gohoc	**President**	**X**
Winefreda R. Go	**VP – Purchasing Department**	**X**
Marlon V. Olpindo	**AVP- Design & Development Department**	**X**
Alrolnik M. Fernando	**AVP - Admin. Department**	**X**
Jocelyn F. Kwong	**Senior Manager**	**X**
Salaries		₱5,096,196
Bonus		1,299,549
Others		155,600
Total (Top 5)		**₱6,551,345**
Salaries		₱6,995,490
Bonus		1,809,222
Others		288,000
Total Other Officers & Directors as a group unnamed		**₱9,092,712**
Grand Total		**₱15,664,057**

NAME	POSITION	2020 (actual)
Josef C. Gohoc	President	X
Winefreda R. Go	VP - Purchasing Department	X
Marlon V. Olpindo	AVP- Design & Development Department	X
Alrolnik M. Fernando	AVP - Admin. Department	X
Jocelyn F. Kwong	Senior Manager	X
Salaries		₱4,858,531
Bonus		866,366
Others		1,755,907
Total (Top 5)		**₱7,480,804**
Salaries		₱6,161,572
Bonus		1,206,148
Others		1,876,597
Total Other Officers & Directors as a group unnamed		**₱9,244,317**
Grand Total		**₱16,725,121**

NAME	POSITION	2019 (actual)
Josef C. Gohoc	President	X
Winefreda R. Go	VP - Purchasing Department	X
Marlon V. Olpindo	AVP- Design & Development Department	X
Alrolnik M. Fernando	Senior Manager	X
Ireneo F. Javalera	Senior Manager	X
Salaries		₱4,507,197
Bonus		1,143,782
Others		3,448,876
Total (Top 5)		**₱9,099,855**
Salaries		₱7,148,524
Bonus		1,881,045
Others		2,357,794
Total Other Officers & Directors as a group unnamed		**₱11,387,363**
Grand Total		**₱20,487,218**

The Company has no standard arrangements with regard to remuneration of its directors. In 2020, 2019 and 2018, the BOD received a total of ₱5.33 million, ₱8.41 million and ₱5.40 million, respectively. Moreover, the Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Company does not have any arrangements for stock warrants or options offered to its employees.

VII. Independent Public Accountants

a. SyCip Gorres Velayo & Co. (SGV & Co.) is the Company's external auditor for the calendar year 2020. The same accounting firm is being recommended for re-appointment at the scheduled Annual Stockholders' Meeting.

b. Representatives of SGV & Co. are expected to be present at the annual stockholders' meeting and will respond to questions from the stockholders relating to the audited financial statements.

c. Pursuant to SRC Rule 68 paragraph (3)(b)(ix) (Rotation of External Auditors), Ms. Aileen L. Saringan, partner of SGV & Co., was assigned as signing partner for the Registrant's financial statements starting the calendar year 2017.

C. <u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

<u>VIII. Authorization or Issuance of Securities Other than for Exchange</u>

At least two-thirds (2/3) of the outstanding capital stock is required for the following:

a. Declaration of 5% stock dividend;
b. Increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php1.00 per share; and

c. Amendment of the Articles of Incorporation to increase the authorized capital stock to 1,715,000,000 shares with par value of Php1.00 per share.

The number of unclassified common shares that will be issued as a result of the stock dividend based on the issued and outstanding shares of 1,431,785,284 as of March 31, 2021 is approximately 71,589,265 shares with par value of Php1.00 per share.

OTHER MATTERS

IX. Action with Respect to Reports

The Minutes of the Annual Stockholders' Meeting held last August 25, 2020 will be read and submitted to the stockholders for their approval. Said Minutes state that the following matters were approved by the stockholders during the 2020 stockholders' meeting:

Agenda Items:	Approving	Dissenting	Abstaining
Approval of Minutes of Previous Meeting	1,196,811,318 votes	--	--
Approval of President's Report	1,196,811,318 votes	--	--
Election of Directors (including Independent Directors): a. Mr. Stephen C. Roxas b. Dr. Andrew I, Liuson c. Mrs. Grace C. Liuson d. Mr. Josef C. Gohoc e. Mr. Cesar E.A. Virata f. Mr. Peter S. Dee g. Mr. Benjamin I. Liuson h. Mrs. Helen C. Roxas i. Ms. Emma A. Choa	1,196,811,318 votes or 83.59% of the outstanding capital stock	--	--
Appointment of External Auditor: SyCip Gorres Velayo & Co. (SGV & Co.)	1,196,811,318 votes or 83.59% of the outstanding capital stock	--	--
Confirmation of all acts of the Board of Directors for the period covering January 1, 2019 to December 31, 2019 adopted in the ordinary course of business.	1,196,811,318 votes or 83.59% of the outstanding capital stock	--	--

The minutes of ASM also contain the following items:

- A description of the voting and vote tabulation procedures used in the said meeting;
- A list of directors and officers who attended the meeting; and
- Other matters raised by the body during the meeting.

The copies of the minutes of ASM can be accessed through the Company website at www.cityland.net.

X. Other Proposed Actions

1. Confirmation of all acts of the Board of Directors for the period covering January 1, 2020 to December 31, 2020 adopted in the ordinary course of business:
   a. Approval of investments;
   b. Treasury matters related to opening of accounts and bank transactions;
   c. Appointment of signatories and amendments thereof; and
   d. Approval of Annual Report and related financial statements.

2. Approval of the Board Resolution dated April 26, 2021 regarding the following:
   a. Declaration of five percent (5%) stock dividend;
   b. Increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php 1.00 per share; and
   c. To cause the amendment of the Articles of Incorporation to increase the authorized capital stock to 1,715,000,000 shares with par value of Php 1.00 per share.

3. Appointment of external auditor

   The Audit and Risk Committee, in its meeting held on April 5, 2021, recommended to the Board of Directors the re-appointment of Sycip Gorres Velayo & Co. as the Company's external auditor for the calendar year 2021.

XI. Voting Procedures

1. Vote Required for Approval or Election

   At least majority of the outstanding capital stock of the Registrant is required for the election of directors and for the approval of the following matters:
   a. Minutes of the previous Annual Stockholders' Meeting
   b. Appointment of external auditor
   c. Acts of the management and of the Board of Directors relative to the Annual Report and related financial statements.

   At least two-thirds (2/3) of the outstanding capital stock is required for the following:
   a. Declaration of 5% stock dividend;
   b. Increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php 1.00 per share; and
   c. Amendment of the Articles of Incorporation to increase the authorized capital stock to 1,715,000,000 shares with par value of Php 1.00 per share.

2. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting. In accordance with the Company's Amended By-Laws, voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita.

3. In light of the COVID-19 global pandemic, the Board of Directors has decided to conduct a virtual ASM via Zoom or its equivalent. As a result, there will be no physical venue allotted for stockholders to attend the meeting.

   Stockholders who intend to attend and participate in the virtual meeting through proxy shall first submit via email to info@professionalstocktransfer.com the scanned copy of the letter of intent to attend and participate via proxy by remote communication. Once validated, the registered stockholder will receive via email the proxy form.

   Validation of proxies shall be until 4:00 pm of June 1, 2021. Registered stockholders will receive the meeting link and password two days before the ASM.

   Only stockholders who have notified the Company of their intention to participate in the virtual meeting and have registered themselves or their proxies, will be included in the determination of a quorum.

4. The Company's Stock Transfer Agent together with the Office of the Corporate Secretary will tabulate all valid and confirmed votes. The Company also has an independent party that will validate the votes counted by the Secretary.

5. Other matters which any stockholder would like to present in the ASM shall be sent via email to landinfo@cityland.net on or before June 1, 2021 at 4:00PM. The Company's responses to the questions shall be discussed during the ASM.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 17, 2021.

CITY & LAND DEVELOPERS, INCORPORATED

JOSEF C. GOHOC
President

CITY & LAND DEVELOPERS, INCORPORATED
THE PRESIDENT'S REPORT

The COVID-19 pandemic has disrupted the economic growth of the Philippines for the Year 2020. According to one of the economic reports of National Economic and Development Authority (NEDA), the Gross Domestic Product (GDP) declined drastically due to the quarantine restrictions implemented during the second quarter of 2020 which resulted for the GDP to contract by 16.9%. However, the economy gradually recovered as the Government eases the restrictions on the third quarter which led to a decline in the GDP by 11.4% or an increase of 5.5% from the previous period. With the several economic restrictions and disruptions over the past quarters, the overall GDP for the year 2020 fell by 9.5%.

Due to several community quarantines implemented in 2020, consumers shifted to e-commerce activities giving rise to the e-commerce and logistic sectors. As it is timely necessary for the community to have the services of these sectors, the demand for warehouses will also likely to be in a healthy demand in the market which will give real estate sector the opportunity to increase its income through leasing or sale of its real estate properties.

Aside from e-commerce and logistics, the Business Process Outsourcing (BPO) sector remained strong during the pandemic which is also expected to grow resulting to an increase in the demand of BPO office spaces. Residential condominiums, on the other hand, faced difficulties during the year as the demand of such decreased.

For the year 2021, it is projected that there will be a strong recovery in the economy should there be a relaxation in the quarantine measures as a result of decline in the number of COVID-19 cases. With this, it will allow several business sectors to resume their operations and recover gradually. Further, with the mass vaccination efforts within the country, it is highly probable that business activities will increase causing the Philippine economy to bounce back.

Although the scale and duration of the impact of the pandemic remain uncertain as at the report date, the Cityland Group of Companies is optimistic that the real estate sector will eventually show a healthy position in the market in the succeeding periods.

GENERAL NATURE OF BUSINESS

A. Background Information

1. Brief Company History

   City & Land Developers, Incorporated (the Company or CLDI) is a domestic public corporation registered with the Securities and Exchange Commission on June 28, 1988 and started its commercial operations on August 1, 1992.

   The Company is 49.73% and 29.54% owned by Cityland Development Corporation (CDC) and Cityland Inc., respectively, while the remaining 20.73% is owned by 749 various stockholders as of March 31, 2021. CLDI is a member of Cityland Group of Companies, a trusted name in real estate industry with proven track record of developing prestigious condominiums in cities of Pasig, Manila and Quezon City; and affordable house and lots in Parañaque City. The Group has been in property development business for more than thirty (30) years.

   On December 13, 1999, the issued and outstanding capital stock of the Company was listed in the Philippine Stock Exchange after the initial public offering on November 29, 1999.

2. Nature of Operations

   The Company's primary purpose is to establish an effective institutional medium for acquiring and developing suitable land sites for residential, office, commercial, institutional and industrial uses primarily, but not exclusively, in accordance with the subdivision, condominium, and cooperative concepts of land-utilization and land-ownership.

Financial Performance

The Company completed last March 2018 the North Residences which is a 29-storey residential and commercial condominium located at EDSA corner Lanutan, Barangay Veterans Village, Quezon City (beside Waltermart).

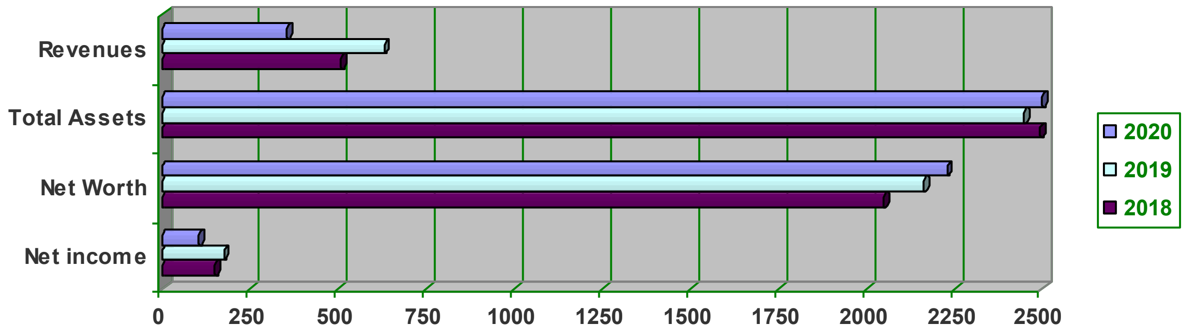
On October 20, 2016, the Company launched One Taft Residences, a 40-storey mixed residential, office and commercial condominium located at 1939 Taft Avenue, Malate, Manila. This project is currently under construction and expected to be completed by September 2022.

It is also currently selling the remaining units of Pacific Regency with percentage sold of 99.89% as of December 31, 2020.

Internal sources of liquidity come from sales of condominium units and real estate properties, collection of installment contracts receivables and contract assets, maturing short-term investments while external sources come from commercial papers. Starting 2019, the Company opted not to renew its registration of short-term commercial papers with SEC. All outstanding notes payable were settled on or before November 6, 2019.

FINANCIAL HIGHLIGHTS

	In Millions of Pesos		
	2020	**2019**	**2018**
Revenues	**354.47**	**629.43**	**508.81**
Total Assets	**2,504.13**	**2,447.17**	**2,494.40**
Net Worth	**2,228.39**	**2,162.68**	**2,048.12**
Net Income	**104.55**	**175.71**	**149.70**



1. **Project Description**

Future Project:

One Hidalgo

One Hidalgo is a 39-storey mixed residential, office and commercial condominium to be located at 1730 P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila. It is near various universities (De La Salle University, University of the Philippines - Manila, Philippine Christian University), government agencies (Supreme Court, Court of Appeals, Department of Justice) and other leisure establishments.

Ongoing Project:

One Taft Residences

One Taft Residences is a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. It is with easy access to various universities (De La sale University, University of the Philippines – Manila, Philippine Christian University), transportation hubs, shopping centers, businesses, commercial and government offices.

Estimated Date of Completion: September 2022.

Completed Projects:

North Residences

The 29-storey commercial and residential condominium is located at EDSA (beside WalterMart) corner Lanutan, Brgy. Veterans Village, Quezon City. It is conceptualized for the practical modern families to enjoy suburban city living that is friendly on the budget. This project was completed in March 2018.

Manila Residences Bocobo

Manila Residences Bocobo, a 34-storey commercial, office and residential condominium located along Jorge Bocobo St., Ermita, Manila City. Its amenities and facilities include swimming pool, children's play area, gym, multi-purpose deck, function room and 24-hour association security. It is proximate to schools, malls, banks, hospitals, restaurants, churches, government offices and other leisure establishments.

Grand Emerald Tower

Grand Emerald Tower, a 39-storey commercial, office and residential condominium located along Emerald Avenue corner Ruby and Garnet Streets, Ortigas Center, Pasig City. Its amenities and facilities include swimming pool, gymnasium, viewing deck, sauna, children's playground, multi-purpose function room and 24-hour association security. It is proximate to schools, hospitals, shopping malls, banks, restaurants, hotels, churches and other leisure and business establishments.

Pacific Regency

Pacific Regency is a 38-storey commercial, office, and residential condominium located at Pablo Ocampo Sr. Ave. (formerly Vito Cruz Street) in front of Rizal Memorial Sports Complex in Manila. Amenities and facilities include swimming pool, gymnasium, separate sauna for male and female, function room, children's playground, 24-hour association security, viewing area and jogging areas at the roof deck.

2. Major Risks Involved in Each of the Businesses of the Company

The risks to which the Company is exposed include the internal risks such as refinancing risk, credit risk, interest rate risk, market risk and liquidity risk; business risks and operational risks; and external ones arising from the political and economic situation, real estate industry outlook, market competition and asset price bubble.

INTERNAL FACTORS

Refinancing

The Company is primarily engaged in real estate development. Risk factor includes minimal risk debt level of the Company's borrowings. The short-term nature of these borrowings increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Company adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Company has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.

The Company manages such refinancing risks by having a current and acid-test ratio of 6.98:1 and 1.40:1 as of December 31, 2020 from 6.82:1 and 1.61:1 as of December 31, 2019, respectively.

Credit Risk

This is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments which may be the subject of credit risk are the installment contracts receivables, contract assets and other financial assets of the Company. The corresponding management strategies for the aforementioned risks are as follows:

a. The credit risk on the installment contracts receivables and contract assets may arise from the buyers who may default on the payment of their amortizations. The Company manages this risk by dealing only with recognized and credit worthy third parties. Moreover, it is the Company's policy to subject customers who buy on financing to credit verification procedures. Also, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is insignificant. The risk is further mitigated because the Company holds the title to the real estate properties with outstanding installment contracts receivable balance and the Company can repossess such real estate properties upon default of the customer in paying the outstanding balance. The Company’s policy is to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Company.

b. The credit risk on the financial assets of the Company such as cash and cash equivalents, short-term investments, equity instruments designated at fair value through other comprehensive income, refundable deposits and other receivables may arise from default of the counterparty. The Company manages such risks in accordance to its policy wherein the Company shall enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Company.

Interest Rate Risk

This is the risk arising from uncertain future interest rates.

The Company’s financial instruments consist of installment contracts receivables, contract assets, cash and cash equivalents and short-term investments, refundable deposits and other receivables. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.

Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which are measured at fair value are subject to market risk.

The equity instruments designated at fair value through other comprehensive income are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure, however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Company.

Liquidity Risk

This is the current and prospective risk to earnings or capital from a company’s inability to meet its obligations when they become due without incurring unacceptable losses. The Company’s treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:

a. *Asset-Liability Management:* Funding sources pertain to short-term borrowings. Funding sources are abundant and provide a competitive cost advantage. The Company also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs.

b. *Conservative/Liability Structure:* Funding is widely diversified. There is little reliance on wholesale funding services or other credit sensitive fund providers. The Company accesses funding across a diverse range of markets and counter parties.

c. *Excess Liquidity:* The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.

d. *Funding Flexibility:* The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of commercial papers.

The Company is also exposed to risks which are beyond financial:

COMPANY'S BUSINESS AND OPERATIONS

Land Banking

The Company's land banking consists of parcels of land wherein some lots are being leased while awaiting the development of its condominium projects. Having enough and diversified land banking is important to support the sustainability of the Company's business. The Company may be exposed to risks because of the possible changes in the value of these lots due to market circumstances which may result in impairment or decline in rental rate levels.

The Company currently has two (2) prime lots for future development which are located in Metro Manila. The management is also in continuous study and research on the possible land acquisition which will depend on the need of the Company and negotiations with prospective sellers. For the land value changes, the Company continues to be cautious in buying new properties by conducting studies of appraisal reports and conditions of the property within the vicinity.

Property development and construction

Construction of a condominium project starts from the planning and securing of permits, to the development or construction of the project and to the delivery or turnover of the units to the buyers. The construction of a project involves an average period of three to four years to complete the building. During this period, the Company may be exposed to the following risks:

- delays or longer than expected time of securing necessary licenses, permits and approvals from different government agencies or neighborhood;
- possible increase in cost of materials and labor which will impact pricing and costing;
- labor disputes among and with the contractors and sub-contractors; and
- delay in the delivery of the project.

These risks are managed by the Company as follows:

- well-planned and carefully-phased project development with a reasonable timetable;
- concrete sources of financing of the project;
- accreditation and careful selection of general contractors and sub contractors to ensure fulfillment and quality of work; and
- continuous and meticulous management of the Company's project development team to ensure that the project is progressing and being accomplished according to plan.

ECONOMIC FACTORS

Economic

The Company's business consists mainly of providing office and housing units in the Philippines and the results of the operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Company's operations and eventually its financial performance.

Effect of climate change

It cannot be denied that the country is already experiencing the impact of climate change which is considered as a global problem which needs to be addressed by all countries.

Climate change has greatly affected the operations of the businesses, both private and local. Due to climate change, the supply or resources may decline which will lead to increase in cost. Thus, businesses should consider measures to cope with the impact of environmental changes. Aside from considering the impact, businesses should also take its role in ensuring its compliance with the rules and regulations imposed by the environmental authorities.

Cityland Group has invested considerable effort in the development of programming approaches that integrate disaster risk management with long-term programs that have the objective of addressing the underlying causes of vulnerability. This means developing and applying various prevention, mitigation and preparedness policies, strategies and practices to minimize vulnerabilities and disaster risks. The Group firmly believes that emergency preparedness planning is a critical component for all development programming and is a necessary ingredient not only for effective emergency response but also for effective risk prevention, mitigation and preparedness before a disaster occurs. For the Group, emergency preparedness encompasses all aspects of disaster risk management – from addressing underlying causes to responding in times of emergencies. First and foremost, preparedness must focus on prevention and mitigation – taking pre-emptive measures to help communities avoid emergencies and become better equipped so that the impact of disasters are reduced. As one of the criteria set by the Group in acquisition of property, the Group considers whether the location of the prospective property is within the fault line and whether the area is prone to flooding. In this case, the Group minimizes the risk of incurring any additional costs/damages in the future.

Further, the Company has adopted the following controls to ensure its compliance with the environmental laws but not limited to:

- Tree planting activities as required by the Board of Investments (BOI) for the Company's BOI-registered projects;
- Appointment of Pollution Control Officers in all condominium projects; and
- Avoiding hazards and mitigating their potential impacts by reducing vulnerabilities and exposure and enhancing capacities of communities.

Political

The Company's business like all other businesses may be influenced by the political situation in the country. Any political instability in the future could have a material adverse effect in the Company's business.

Industry

The industry is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. In 2020, the effects of the COVID-19 pandemic had caused a significant impact on the real estate industry. With the united effort of the government, businesses and the people, the Philippine economy will recover in due time. The Company has adopted business continuity plans and strategies to mitigate the impact.

Competition

The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Company believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.

Asset Price Bubble

Asset price bubble in real estate occurs when there is a seeming increase in the demand for housing units which leads the developers to build more and when there is already a significant gap between the demand and the supply, this will lead to a sudden decline in the value of the properties. The Philippine Residential Real Estate Price Index (RREPI) is a measure of the average change in the prices of various types of housing units, i.e., single detached/attached houses, duplexes, townhouses and condominium units, based on banks' data on loans used to acquire new housing units. It is a chain-linked index, which is computed using the average appraised value per square meter, weighted by the share of floor area of each type of housing unit to the total floor area of all housing units. The RREPI is used as an indicator for assessing the real estate and credit market conditions in the country.

The country's property sector remained strong during the 1st half of 2020. This was evidenced by the RREPI which rose by 12.6% year-on-year in the 1st quarter of 2020, as compared to 3.2% and 10.4% growth rate as of 1st quarter and 4th quarter of 2019, respectively.

The index continued to grow on the 2nd quarter of 2020 with 27.1% growth rate. This resulted to be the highest year-on-year growth rate since the start of the series in 1st quarter of 2016. According to the banks, there are several reasons to the significant increase in the index. One of these is the higher demand for high-end projects that increased the average price per square meter (sqm).

However, the growth had disrupted when it contracted by 0.4% during the 3rd quarter of the same year, the first ever recorded negative year-on-year growth since 2016. The decline was caused by weak consumer demand for houses and lots. The index recovered when it rose by 0.8% in a year-on-year basis during the 4th quarter.

According to the Governor of the Bangko Sentral ng Pilipinas (BSP), it is unlikely for the country to have a pandemic-induced asset price bubble as the monetary authorities do not expect any undue surges in asset prices since property prices and for both office and residential segments have come down. Further, market analysts do not see recovery in prices in the coming months as the market sentiment takes time to recover and solidify which lessens the risk of asset bubble. The Governor also ensured the public that the BSP continues to closely monitor market conditions for any signs of imbalances or the potential presence of asset bubbles.

As the demand for warehouses and offices arise during these times, the Group considers this as an opportunity to minimize exposure to asset price bubble by focusing on the in-demand real estate commercial projects with good office location and reasonable price.

The Company manages the above risks by conducting assessments of the economic and political situations of the country as well as new developments in the industry. The procedures involve the gathering of information of economic indicators and political events as well as being aware of the new developments in the industry through media, business conferences, economic briefings and other sources.

With this information, the Company is able to assess and manage the risks mentioned above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Plan of Operations

The Company will continue to maintain a cautious stance in order to continuously achieve a healthy financial position. This will ensure that the development and construction of all its ongoing project will be delivered on time or even ahead of its scheduled turnover. The Company will also continue to scout and develop quality projects suited for the middle and working class that will be situated at convenient locations with affordable and flexible payment terms. The Company's projects will be funded through cash generated from operations. The Company plans to remain liquid in order to avail attractive investment opportunities to meet the demands of the present growing economy.

Financial Condition (March 31, 2021 vs. December 31, 2020)

The Company's balance sheet as of March 31, 2021 remained solid with total assets of ₱2.56 billion, higher by 2.26% as compared to the balance as of December 31, 2020 of ₱2.50 billion. The increase in total assets was significantly due to the increase in real estate properties for sale and real estate properties held for future development. The percentage of completion of the Company's on-going project continue to progress as it goes near its estimated completion date.

Excess funds were placed in short-term investments to maintain liquidity and generate additional interest income. The financial position remained stable as total cash and cash equivalents and short-term investments stood at ₱236.63 million and ₱236.81 million, as of March 31, 2021 and December 31, 2020, respectively.

On the liabilities side, total liabilities increased by 10.53% from ₱275.75 million as of December 31, 2020 to ₱304.78 million as of March 31, 2021. This was primarily due to the increase in accrued development costs.

Total equity as of March 31, 2021 stood at ₱2.26 billion from ₱2.23 billion as of December 31, 2020, higher by 1.24%, due to comprehensive income of ₱27.54 million.

As a result of the foregoing, the Company registered current and acid test ratio of 5.94:1 and 1.07:1 as of the first quarter of 2021, as compared to 6.98:1 and 1.40:1 as of December 31, 2020. Asset-to-liability remained stable at 8.40:1 in March 31, 2021 as compared to 9.08:1 in December 31, 2020.

Financial Condition (2020 vs. 2019)

The Company's financial position remained stable in 2020 with total assets of ₱2.50 billion, 2.33% higher as compared to the 2019 year-end balance of ₱2.45 billion. Majority of the funds were used for operations and to finance the ongoing project, One Taft Residences, resulting to the increase in real estate properties for sale. The decrease in contract assets was due to right to consideration delivered resulting to increase in installment contracts receivable. Cash and cash equivalents decreased to ₱178.31 million from ₱237.66 million due to shift to short-term investments.

On the liabilities side, total liabilities decreased to ₱275.75 million, 3.08% lower than last year's amount of ₱284.50 million. This was substantially due to decrease in Income Tax Payable resulting from lower income for 2020.

Total equity stood at ₱2.23 billion as of December 31, 2020, slightly higher by 3.04% compared with the 2019 year-end balance of ₱2.16 billion. The increase was due to the total comprehensive recognized in 2020 amounting to ₱107.52 million less cash dividends paid of ₱41.39 million.

As a result of the foregoing, the Company strengthened its liquidity position, with current and acid test ratio of 6.98:1 and 1.40:1 as of December 31, 2020, as compared to 6.82:1 and 1.61:1 as of December 31, 2019. Asset-to-liability and debt-to-equity registered at 9.08:1 and 0.00:1 as of December 31, 2020 from December 31, 2019 ratios of 8.60:1 and 0.00:1, respectively.

Financial Condition (2019 vs. 2018)

The Company maintained a healthy financial position as it ended the 2019 with total assets of ₱2.45 billion slightly lower by 1.89% compared to the 2018 year-end balance. The Company's funds were utilized for operations and to finance the ongoing project, One Taft Residences, resulting to the increase in real estate properties for sale. Investment of funds were shifted to shorter period investments to maintain liquidity necessary for operations resulting to the increase in cash and cash equivalents account. The financial position at the end of 2019 remained stable as cash and cash equivalents and short-term investments stood at ₱237.66 million and ₱10.00 million, respectively.

On the liabilities side, total liabilities decreased by ₱161.78 million or 36.25%. This was substantially due to the full settlement of notes and contracts payable and decrease in contract liabilities.

Total equity stood at ₱2.16 billion, slightly higher by 5.59% from 2018 year-end balance of ₱2.05 billion due to comprehensive income of ₱171.42 million, net of cash dividends of ₱56.89 million.

As a result of the foregoing, the Company strengthened its liquidity position, with current and acid test ratio of 6.82:1 and 1.61:1 as of December 31, 2019, as compared to 4.58:1 and 2.35:1 as of December 31, 2018. Asset-to-liability and debt-to-equity registered at 8.60:1 and 0.00:1 as of December 31, 2019 from December 31, 2018 ratios of 5.59:1 and 0.10:1, respectively.

Financial Condition (2018 vs. 2017)

The Company's total assets reached ₱2.49 billion, 13.44% higher as compared to the 2017 year-end balance of ₱2.20 billion. The increase in total assets can be attributed to the acquisition of a real estate property resulting to the increase in real estate properties for future development. In addition, due to the adoption of Philippine Financial Reporting Standards (PFRS) 15, *Revenue from Contracts with Customers* in 2018, a substantial portion of receivables from installment sales was classified from installment contracts receivable to contract assets. The net increase of receivables from sales of real estate properties was due to sales generated from real estate properties. Funds were generated significantly from sales and lease of condominium units, while other financial sources came from the issuance of commercial papers with interest rates ranging from 1.31% to 5.00% in 2018. Majority of the funds were utilized for operations and to finance the construction of the condominium projects, North Residences and One Taft Residences. In June 2018, the Company declared a total of ₱38.18 million cash dividend. The financial position remained stable as cash and cash equivalents and short-term investments stood at ₱84.29 million and ₱536.00 million, respectively. Excess funds were placed in short-term investments at higher interest rates as compared to the previous year resulting to the increase in financial income.

On the liability side, total liabilities increased by ₱177.10 million or 65.79%. This can be attributed to the increase in notes and contracts payable. In 2018, the Company recorded contract liabilities amounting to ₱162.39 million as a result of the adoption of PFRS 15. This was partially offset by the settlement of accounts payable and accrued expenses by ₱37.77 million.

Total equity stood at ₱2.05 billion as of December 31, 2018, higher by 6.13% from ₱1.93 billion as of December 31, 2017 due to comprehensive income of ₱150.73 million net of cash dividends declared and paid by the Group amounting to ₱38.18 million plus ₱5.80 million from adjustments to effect adoption to new accounting standards.

As a result of the foregoing, the Company translated to a current and acid test ratio of 4.58:1 and 2.35:1 as of 2018, as compared to 6.59:1 and 4.39:1 as of December 31, 2017. Asset-to-liability and debt-to-equity registered to 5.59:1 and 0.10:1 from 2017 year-end balance of 8.17:1 and 0.08:1, respectively.

Results of Operation (March 31, 2021 vs. March 31, 2020)

Sales of real estate properties reached ₱129.43 million as of March 31, 2021 as compared to the previous year's sales of ₱73.09 million. Sales for the first quarter came from sale of condominium units of One Taft Residences and North Residences. The increase in sales amount was attributed to the increase in the percentage of completion since 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).

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents and short-term investments accounted for 12.15% of total revenues. Likewise, rental income amounted to ₱1.43 million as of the first quarter of 2021 as compared to ₱1.73 million of the same period last year. Other income - net, on the other hand, pertains to adjustment of market value of repossessed units, penalties charged to clients, gain on sale of shares of stock and other miscellaneous income. Revenue contribution of this account amounted to ₱1.4 million and ₱0.62 million as of March 31, 2021 and 2020, respectively.

On the cost side, cost of real estate sales increased as this moves in tandem with the sales of real estate properties. In addition, provision for income tax decreased due to lower tax rate as an impact of the approval of CREATE Act.

As a result of the foregoing, the Company recorded a net income as of March 31, 2021 of ₱27.14 million as compared to ₱24.04 million as of March 31, 2020. This translated into an annualized earnings per share and return on equity of ₱0.08 and 4.81%, respectively as compared to the same period last year of ₱0.07 and 4.40%, respectively.

Results of Operation (2020 vs. 2019)

Revenue from real estate properties reached ₱253.55 million, lower by 50.63% over the same period last year of ₱513.55 million. The decline was due to lower sales which can be attributed to the financial crisis brought about by COVID-19 and lower percentage of completion of One Taft Residences. The project resulted to a 73.27% completion as of December 31, 2020 from 60.06% as of December 31, 2019. The increase in percentage of completion decreased from 34.47% to 13.21% due to quarantine measures being implemented by the government to contain the spread of the COVID-19 virus.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents and short-term investments accounted for 21.88% of total revenues. Likewise, rent income declined by 19.65% in 2020 as compared to the same period last year due to the rent concessions provided to the tenant. Net other income, on the other hand, pertains to penalties for buyers' late payments, sale of scraps, gain on sale of share of stock and net gains or losses on forfeiture/cancellation of sales. Revenue contribution of this account amounted to ₱18.04 million and ₱9.79 million as of December 31, 2020 and December 31, 2019, respectively.

On the cost side, cost of real estate sales and operating expenses decreased due to lower sales, while financial expenses decreased also due to lower service and discount charge.

As a result of the foregoing, the Company recorded a net income of ₱104.55 million, lower by 40.50% as compared to last year's generated total revenue of ₱354.47 million. Earnings per share and return on equity resulted to ₱0.07 and 4.69%, respectively in 2020 as compared to the previous year of ₱0.12 and 8.12%, respectively.

Results of Operation (2019 vs. 2018)

Total sales of real estate properties reached ₱513.55 million, higher by 23.89% over the same period last year of ₱414.51 million. The increase in sales was due to higher sales and percentage of completion of One Taft Residences. The project was in full blast construction resulting to a 60.06% completion in December 2019 from 25.59% in December 2018.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents and short-term investments accounted for 15.80% of total revenues. Likewise, rent income grew by 76.23% in 2019 as compared to the same period last year. Other income, on the other hand, pertains to adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Revenue contribution of this account amounted to ₱9.79 million and ₱6.49 million as of December 31, 2019 and December 31, 2018, respectively.

On the cost side, cost of real estate sales and operating expenses increased due to higher sales, while financial expenses increased due to higher referral fees.

As a result of the foregoing, the Company recorded a net income of ₱175.71 million, higher by 17.37% generated from total revenue of ₱629.43 million. Earnings per share and return on equity resulted to ₱0.12 and 8.12%, respectively in 2019 as compared to the previous year of ₱0.10 and 7.31%, respectively.

Results of Operation (2018 vs. 2017)

Revenue on sales of real estate properties reached ₱414.51 million as compared to the same period last year of ₱442.48 million. The decrease in sales can be attributed to the sales revenue generated from One Taft Residences. As of December 31, 2018, percentage of completion of this project reached 25.59% and will eventually increase as the construction advances. In addition, sales of Grand Emerald Tower and Manila Residences Bocobo came from the remaining units of last year's inventory. With the completion of North Residences in the first quarter of 2018, the Company is optimistic that this project will generate higher revenues. Majority of the sales in 2018 were generated from North Residences which accounted for 76.85%, while One Taft Residences accounted for 19.00% of total sales. The remaining 4.15% of sales were generated from the sale of Grand Emerald Tower and Manila Residences Bocobo.

Other sources of income are financial income, rent income and other income. Financial income which is substantially composed of interest income from sale of real estate properties and interest from investments in banks increased by 11.01% as compared to the same period last year due to higher interest income from sale of real estate properties and from cash investments. In addition, higher interest rates increased interest income from cash investments while additional lease contracts entered and higher rental rates increased rent income by 36.99%.

On the cost side, cost of real estate sales and operating expenses decreased since these accounts move in tandem with sales. Provision for income tax increased due to higher taxable income since the income tax holiday entitlement of North Residences expired last August 2017 rendering to higher taxable income.

Altogether, the Company ended 2018 with a net income of ₱149.70 million, 14.23% higher than the previous year's level of ₱131.05 million. This translated to an improved earnings per share and return on equity of ₱0.10 and 7.31%, and ₱0.10 and 6.79% in 2018 and 2017, respectively.

Key Performance Indicators

	2020	2019	2018
Current ratio	**6.98**	6.82	4.58
Asset-to-equity ratio	**1.12**	1.13	1.22
Debt-to-equity ratio	**–**	–	0.10
Asset-to-liability	**9.08**	8.60	5.59
Solvency ratio	**0.38**	0.62	0.34
Interest rate coverage ratio	**–**	–	–
Acid - test ratio	**1.40**	1.61	2.35
Return on equity	**4.69%**	8.12%	7.31%
Return on asset	**4.18%**	7.18%	6.00%
Net profit margin	**29.50%**	27.92%	29.42%
Earnings per share	**₱0.07**	₱0.12	₱0.10*

**After retroactive effect of 5% stock dividends in 2019.*

Manner of Calculation:

Current ratio	=	Total current assets / Total current liabilities
Asset-to-equity ratio	=	Total assets / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)
Debt-to-equity ratio	=	Notes and contracts payable / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)
Asset-to-liability ratio	=	Total assets / Total liabilities
Solvency ratio	=	Net income after tax + Depreciation expense / Total liabilities
Interest rate coverage ratio	=	Net income before tax + Depreciation expense + Interest expense / Interest expense
Acid-test ratio	=	Cash and cash equivalents + Short-term investments + Installment contracts receivable, current + Contract assets, current + Other receivables, current / Total current liabilities
Return on equity ratio	=	Net income after tax / Total Equity
Return on assets ratio	=	Net income after tax / Total Assets
Net profit margin	=	Net income after tax / Total Revenue
Basic/Diluted Earnings per share	=	Net income after tax / Outstanding number of shares

1. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

The COVID-19 pandemic has caused business disruptions due to the community quarantines implemented over Luzon. The Company's liquidity was affected due to the decline in sales of real estate properties and lower collections as a result of higher number of forfeitures.

2. Internal and External Sources of Liquidity

Internal sources come from sales of condominium and real estate projects, collection of installment receivables and maturing short-term investments. External sources come from commercial papers.

3. Any Material Commitments for Capital Expenditures and Expected Sources of Funds of such Expenditures

There are no material commitments for capital expenditure.

4. Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income)

On March 16, 2020, Philippine President Rodrigo Duterte declared the entire Luzon area under "enhanced community quarantine" restricting movement of the population in response to the growing pandemic of the Coronavirus disease 2019 (COVID-19) in the country. This has been extended in the National Capital Region and in some other affected areas until May 31, 2020.

Starting June 1, 2020, NCR and other parts of the Philippines were declared to be under general community quarantine (GCQ), until June 15, 2020. The GCQ was further extended until June 30, 2020, then again until July 15, 2020. Afterwards, the GCQ was extended until July 30, 2020.

On August 3, 2020, the President of the Philippines reverted Metro Manila, and the provinces of Laguna, Cavite, Rizal and Bulacan to modified enhanced community quarantine from general community quarantine from August 4, 2020 until August 18, 2020. Starting August 19, 2020, Metro Manila, as well as the provinces of Laguna, Cavite, Rizal, and Bulacan, returned to general community quarantine unless earlier lifted or extended.

As of March 31, 2021, Metro Manila and some nearby provinces were placed under the enhanced community quarantine due to the surge in the number of COVID cases. The quarantine measures were implemented in order to manage the spread of the virus.

The COVID-19 pandemic has caused disruptions in the Company's business activities. Further, the scale and duration of the impact of the pandemic remain uncertain as at the report date. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects. The outbreak could have a material impact on the Company's financial results for the rest of 2021 and even periods thereafter. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

5. Any Significant Elements of Income or Loss that did not arise from Registrant's Continuing Operations

There is no significant element of income or loss that did not arise from registrant's continuing operations.

6. Any Known Trends or Events or Uncertainties (Direct or Contingent Financial Obligation)

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

7. Any Known Trends or Events or Uncertainties (Material Off-balance Sheet Transactions, arrangements, Obligations and Other Relationships)

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

8. Causes for any Material Changes from Period to Period in One or More Lines of the Registrant's Financial Statements.

<u>Financial Condition (March 31, 2021 vs. December 31, 2020)</u>

a. Increase in Cash and Cash Equivalents was due to sales, collection and shift of placements to shorter term investments.
b. Decrease in Short-term Investments was shift of placements to shorter term investments..
c. Decrease in Installment Contracts Receivable was due collection of receivables from clients.
d. Decrease in Contract Assets was due to collection from sales of real estate properties.
e. Decrease in Cost to Obtain Contract was due to the recognition of commission expense relative to the increase in percentage of completion of an ongoing project.
f. Increase in Real Estate Properties for Sale was due to construction costs incurred as reflected in the increase in the percentage of completion of the Company's on-going project.
g. Decrease in Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of shares of stock.
h. Increase in Other Receivables was due to higher due from related parties and advances to customers.
i. Increase in Prepaid Tax was due to the reduction in regular corporate income tax rate as an impact of the CREATE Act which was passed into bill on March 26, 2021. The reduction in the tax rate is effective July 1, 2020.
j. Increase in Real Estate Properties for Future Development was due to additional development costs incurred as of March 31, 2021.
k. Decrease in Other Assets was due to utilization of input VAT and prepaid expenses.
l. Increase in Accounts Payable and Accrued Expenses was substantially due to higher accrued expense on development costs and directors' fee and increase in withholding taxes payable.
m. Decrease in Contract Liabilities was due to increase in percentage of completion which satisfied the payments made by the clients.
n. Decrease in Income Tax Payable was due to the reduction of tax rate as an effect of the CREATE Act.
o. Decrease in Deferred Income Tax Liabilities was due to remeasurement as an effect of the CREATE Act.
p. Decrease in Unrealized Fair Value of Investments on FVOCI was due to decrease in market value of shares of stock.
q. Decrease in Accumulated Re-measurement Loss on Defined Benefit Plans - net of deferred income tax effect was due to the remeasurement of the deferred income tax as result of the reduction in tax rate.
r. Increase in Retained Earnings was due to the comprehensive income recognized as of March 31, 2021.

<u>Financial Condition (2020 vs. 2019)</u>

a. Decrease in Cash and Cash Equivalents was due to payment of liabilities and shift of placements to short term investments.
b. Increase in Short-term Investments was due to the shift of funds to short term investments.
c. Increase in Installment Contracts Receivable was due to uncollected past due accounts. Further, the collections of monthly amortizations were also affected due to the impact of COVID-19 pandemic.
d. Net decrease in Contract Assets was due to right to consideration already delivered resulting to increase in billed accounts reflected in the installment contracts receivable.
e. Net decrease in Cost to Obtain Contract was due to the recognition of commission expense relative to the increase in percentage of completion of the ongoing project.
f. Net increase in Other Receivables was due to higher advances to condominium corporations, payment of real estate tax and retention on cash sales.
g. Increase in Real Estate Properties for Sale was due to additional development cost incurred for the ongoing project.
h. Increase in Financial Assets at FVOCI was due to increase in fair market value of the shares of stock held by the Company.
i. Increase in Real Estate Properties Held for Future Development was due to capitalized cost.
j. Decrease in Deferred Income Tax Assets was due to decrease in realized gain on sale of real estate transactions.
k. Increase in Other Assets was due to payment of prepaid real estate tax.

l. Increase in Accounts Payable and Accrued Expenses was substantially due to higher accrued development costs, sick leave, customers' deposit and due to related parties.
m. Decrease in Income Tax Payable was due to creditable withholding tax charged to income tax payable and decrease in taxable income.
n. Decrease in Retirement Benefit Liability was due to re-measurement gain recognized during the year.
o. Increase in Unrealized Fair Value Changes on Financial Assets at FVOCI was due to increase in value of shares of stock.
p. Increase in Retained Earnings was due to net income recognized during the year net of stock dividends declared and distributed.

Financial Condition (2019 vs. 2018)

a. Increase in Cash and Cash Equivalents was due to sales, collection and shift of placements to shorter term investments.
b. Decrease in Short-term Investments was substantially due to shift of funds to shorter period investments, payment of construction costs and operating expenses, full settlement of notes and contract payables and payment of cash dividends.
c. Decrease in Installment Contracts Receivable was due to collection of past due accounts.
d. Net increase in Contract Assets was due to higher sales and increase in the percentage of completion of an on-going project.
e. Net decrease in Cost to Obtain Contract was due to the recognition of commission expense relative to the increase in percentage of completion of an ongoing project.
f. Increase in Real Estate Properties for Sale was due to additional development cost incurred for the ongoing project.
g. Decrease in Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to sale of shares of stock and decrease in fair market value of the shares of stock held by the Company.
h. Net decrease in Other Receivables was substantially due to lower accrual of interest receivable, collection of advances to customers, condominium corporations and from related parties.
i. Decrease Real Estate Properties for Future Development was due to cost adjustment resulting to settlement of the remaining balance of the contract payable.
j. Decrease in Deferred Income Tax Assets was due to decrease in realized gain on sale of real estate transactions and unearned revenue.
k. Decrease in Other Assets was due to utilization of prepaid expenses.
l. Increase in Accounts Payable and Accrued Expenses was substantially due to higher accrued development costs, sick leave, director's fee, customers' deposit and due to related parties.
m. Decrease in Notes and Contract Payable was due to full settlement of notes payable and adjustment of contract payable resulting to its full settlement.
n. Increase in Income Tax Payable was due to the higher taxable income.
o. Decrease in Unrealized Fair Value Changes on Financial Assets at FVOCI was due to sale of shares of stock and decrease in fair market values.
p. Increase in Retained Earnings was due to net income recognized as of December 31, 2019, net of cash dividends.

Financial Condition (2018 vs. 2017)

a. Decrease in Cash and Cash Equivalents and Short-term Investments was substantially due to payment of operating and development cost, payment of cash dividends and acquisition of a new property.
b. Decrease in Installment Contracts Receivables was due to adoption of PFRS 15, Revenue from Contracts with Customers.
c. Increase in Contract Assets was due to sales of real estate properties and reclassification of Installment Contracts Receivable due to the adoption of PFRS 15.
d. Decrease in Other Receivables was due to collection of advances from customers and retention from cash sales.
e. Increase in Real Estate Properties for Sale was primarily due to transfer from real estate properties for future development and additional construction/development costs incurred.
f. Increase in Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to adoption of PFRS 9, Financial Instruments wherein available for sale financial assets were reclassified as financial assets at FVOCI.

g. Decrease in Available-for-sale-securities was due to reclassification made to Equity Instruments designated at Fair Value through Other Comprehensive Income.
h. Increase in Real Estate Properties Held for Future Development was primarily due to the newly acquired property.
i. Decrease in Deferred Income Tax Assets was due to adjustment in contract asset and effect on adoption of new accounting standard.
j. Increase in Other Assets was due to payment of prepaid real estate tax.
k. Decrease in Accounts Payable and Accrued Expenses was due to decrease in development costs.
l. Increase in Contract Liabilities was due to adoption of PFRS 15.
m. Increase in Notes and Contracts Payable was due to proceeds from issuance of short-term notes payable and contract balance payable on the newly acquired property.
n. Increase in Income Tax Payable was due higher taxable income.
o. Decrease in Retirement Benefits Liabilities was due to increase in fair value of plan assets.
p. Decrease in Unrealized Fair Value Changes on Financial Assets at FVOCI/Net Changes in Fair Values of AFS financial assets was due to decrease in market value of shares of stock.
q. Increase in Retained Earnings was due to net income recognized during the year net of stock and cash dividends declared and distributed.

Results of Operation (March 31, 2021 vs. March 31, 2020)

a. Increase in Sales of Real Estate Properties was due to increase in the percentage of completion of the ongoing project. 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).
b. Decrease in Financial Income was due to lower interest income earned from cash and cash equivalents and short-term investments.
c. Decrease in Rent Income was due to the lower income from short-term leases.
d. Increase in Other Income was due to recognition of the increase in fair market values of repossessed units.
e. Increase in Cost of Real Estate Sales was due to increase in the percentage of completion as this moves in tandem with the sale of real estate properties.
f. Decrease in Operating Expenses was due to lower taxes and licenses, repairs and maintenance and outside services.
g. Decrease in Financial Expenses was due to lower finance charges.
h. Decrease in Provision for Income Tax was due to the lower tax rate based on the CREATE Act. Further, the provision for income tax as of March 31, 2021 includes the difference of the provision for income tax reflected in the 2020 audited financial statements and the provision for income tax shown in the income tax return.
i. Increase in Net Income was due to increase in realized gross profit as a result of increase in the percentage of completion and lower provision for income tax as an impact of the implementation of CREATE Act.

Results of Operation (2020 vs. 2019)

a. Decrease in Sales of Real Estate Properties was due to lower sales as a result of the COVID-19 pandemic.
b. Decrease in Financial Income was primarily due to lower interest income earned from money market placements.
c. Decrease in Rent Income was due to lower rentals earned from units for lease.
d. Increase in Other Income was due to increase in fair market value of repossessed units.
e. Decrease in Cost of Real Estate Sales was due to lower sales and percentage of completion of One Taft Residences because of the quarantine measures implemented causing the construction to slow down.
f. Decrease in Operating Expenses was substantially due to lower personnel expenses, professional fees, taxes and licenses, insurance, repairs and maintenance and brokers' commission because of the pandemic.
g. Decrease in Financial Expenses was due to lower service and discount charges.
h. Decrease in Provision for Income Tax was due to lower taxable income.
i. Decrease in Net Income was due to lower revenues from sale of real estate properties, interest and rental income.

Results of Operation (2019 vs. 2018)

a. Increase in Sales of Real Estate Properties was due to higher sales and percentage of completion of One Taft Residences.
b. Increase in Financial Income was primarily due to higher interest income earned from installment contracts receivable, contract assets and short-term investments.
c. Increase in Rent Income was due to increase in rental rates and adjustments for the reversal of deposits to rental income for pre-terminated contracts.
d. Increase in Other Income was due to increase in fair market values of repossessed units and gain on sales of shares of stock.
e. Increase in Cost of Real Estate Sales was due to higher sales and percentage of completion of One Taft Residences.
f. Increase in Operating Expenses was substantially due to higher sales, personnel expenses, professional fees, taxes and licenses, insurance, repairs and maintenance and brokers' commission.
g. Increase in Financial Expenses was due to increase in finance charges.
h. Decrease in Other Expenses was due to lower adjustment of prior years' income of forfeited/cancelled contracts.
i. Increase in Provision for Income Tax was due to higher taxable income.

Results of Operation (2018 vs. 2017)

a. Decrease in Sales of Real Estate Properties was due to lower sales generated from the sale of the remaining units of Grand Emerald Tower, Manila Residences Bocobo and North Residences.
b. Increase in Financial Income was due to higher interest income earned from installment contracts receivable and contract assets.
c. Increase in Rent Income was due to additional lease contracts and higher rental rates.
d. Increase in Other Income was due to increase in fair market value of repossessed real estate properties for sale and collection of penalty and processing fee.
e. Decrease in Cost of Real Estate Sales was due to lower sales as this moves in tandem with the sale of real estate properties.
f. Decrease in Operating Expenses was primarily due substantially due to lower sales, personnel expenses, brokers' commission and advertising and promotions.
g. Increase in Financial Expenses was due to increase in notes payable balance and higher interest rates.
h. Increase in Other Expenses was due to forfeiture/cancellation of prior years' sales.
i. Increase in Provision for Income Tax was due to higher taxable income.
j. Increase in Net Income was due to higher financial income, rent income and other income.

9. Information on Independent Auditor

Sycip Gorres Velayo & Co. is the company's external auditor for the years 2020 and 2019. The engagement partner is Ms. Aileen L. Saringan in 2020 and 2019.

	2020	2019
Audit and audit-related Fees	₱555,000	₱550,000
Tax Fees	–	–
All other fees	–	–
Total	₱555,000	₱550,000

The Company did not avail any non-audit related services from external parties.

The Audit Committee's approval policies and procedures consist of:

a. Discussion with the external auditors of the Audited Financial Statements.
b. Recommendation to the Board of Directors for the approval and release of the Audited Financial Statements.
c. Recommendation to the Board of Directors the appointment of the external auditor.

During the Annual Stockholders' Meeting of the Company, the appointment of the external auditor and approval of the audited financial statements are being presented for ratification by the stockholders.

10. Any Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations

There are no seasonal aspects that had material effect on the financial condition or results of operations.

DIVIDENDS AND MARKET PRICE OF SHARES OF STOCK

a. Cash Dividends Per Share

2020	₱0.029
2019	₱0.042
2018	₱0.029

Cash dividends on common shares were deducted from retained earnings upon declaration by the Board of Directors (BOD). All cash dividends due during the year were paid accordingly based on the approved dates by the BOD.

b. Stock Dividends

No stock dividends were declared in 2020. The Company declared 5% stock dividends in 2019 and 2018. All stock dividends declared during the 2019 and 2018 were distributed accordingly.

Stock dividends on common shares are measured based on the total par value of declared stock dividends. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

c. Any Restrictions that may Limit Ability to Pay Dividends or that are likely to do so in the Future

Dividends declared on shares of stock are payable in cash or in additional shares of stock. Future dividend payments, if any, will depend on the earnings, cash flow and financial condition of the Company and other factors.

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

d. **Stock Prices**

		High	Low
2021	First Quarter	2.34	0.65
2020	First Quarter	0.79	0.65
	Second Quarter	0.77	0.54
	Third Quarter	0.76	0.66
	Fourth Quarter	0.95	0.62
2019	First Quarter	1.05	0.73
	Second Quarter	0.89	0.74
	Third Quarter	0.84	0.71
	Fourth Quarter	0.78	0.70

Note: Prices in 2019 took into account the stock dividends declared to the stockholders

e. Trading Market

The Company's common equity is traded in the Philippine Stock Exchange.

The Company has no plans of acquisition, business combination, or other reorganization that will take effect in the near future that involves issuances of securities.

f. Price Information on the Latest Practicable Date

The Company's shares were last traded on April 28, 2021 at ₱1.98 per share.

g. Holders

The number of shareholders of record as of March 31, 2021 was 751.

Top 20 Stockholders of record as of March 31, 2021:

	Name	No. of Shares	%
1.	Cityland Development Corporation	712,030,839	49.73
2.	Cityland, Inc.	422,918,496	29.54
3.	PCD Nominee Corporation – Filipino	122,056,793	8.52
4.	Cityplans, Incorporated.	12,447,765	0.87
5.	Roxas, Stephen C.	12,223,321	0.85
6.	Shao, Henry	11,094,363	0.77
7.	Tan, Joyce Liuson or Tan, Philip Sim	10,901,636	0.76
8.	Liuson, Andrew I.	7,695,178	0.54
9.	Credit & Land Holdings, Inc.	7,373,727	0.52
10.	Liuson, Grace C.	6,737,109	0.47
11	Co, Sharon Valerie	5,727,174	0.40
12.	Co, Stephanie Vanessa	5,727,174	0.40
13.	Co, Stephen Vincent	5,727,174	0.40
14.	Lim, Josephine	4,090,838	0.29
15.	Ecclesiastes, Inc.	3,692,420	0.26
16.	Gohoc, Josef C.	3,004,274	0.21
17.	PCD Nominee Corporation – Others	2,898,298	0.20
18.	Obadiah, Incorporated	2,509,274	0.18
19.	Roxas, Jefferson C.	2,399,867	0.17
20.	Jemimah Incorporated	2,364,037	0.17

h. Recent Sale of Unregistered Securities (including recent issuance of securities constituting an exempt transaction)

There was no sale of any unregistered securities.

The total number of shares issued and outstanding of the Company remains 1,431,785,284 as there was no stock dividend declaration in 2020. Stock dividends are exempted from registration under SRC Rule 10.1-2 (Exempt Transaction Not Requiring Notice).

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The evaluation system employed by the Company is thru a periodic self-rating system based on the criteria on the leading practices and principles on good governance.

1) Measures being undertaken by the company to fully comply with the adopted Leading Practices on Good Corporate Governance.

   We have implemented the periodic self-rating system.

2) Any deviation from the company's manual of corporate governance (including a disclosure of the name and position of the persons involved and sanctions imposed on said individual).

   There were no major deviations that require sanctions.

3) Any plan to improve corporate governance of the Company.

   Based on the outcome of the periodic self-rating, we will come up with necessary actions / procedures to improve the corporate governance of the Company.

Pursuant to SEC Memorandum Circular No. 5, Series of 2013, the Corporate Governance Section of the Annual Report has been deleted and to be submitted separately to Securities and Exchange Commission.

ACKNOWLEDGEMENT

In behalf of the Board of Directors, Consultant and Management of City & Land Developers, Incorporated, I would like to express our appreciation to all our stockholders for your trust and confidence.

I also acknowledge the time and expertise shared to us by our consultant and directors and the commitment and hard work of our managers and staff in the attainment of our corporate goals.

With God's grace, we look forward to a better year in 2021 for the Company and the real estate industry.

Upon written request, the Company undertakes to provide without charge a copy of the Annual Report on SEC Form 17A. Copies can be requested from Ms. Michelle Marcelino, 3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, Tel. 8-893-6060 local 409.

CITY & LAND DEVELOPERS, INC.

I hereby certify that the following Directors and Executive Officers of City & Land Developers, Incorporated for the year 2020 are not elected as public servants, nor appointees, nor employees of any government agency.

Directors:
1. Andrew I. Liuson
2. Stephen C. Roxas
3. Grace C. Liuson
4. Josef C. Gohoc
5. Peter S. Dee
6. Cesar E.A. Virata
7. Helen C. Roxas
8. Benjamin I. Liuson
9. Emma A. Choa

Executive Officers:
1. Rudy Go
2. Melita M. Revuelta
3. Emma G. Jularbal
4. Melita L. Tan
5. Romeo E. Ng
6. Rosario D. Perez
7. Winefreda R. Go
8. Dorothy U. So
9. Jocelyn C. De Asis

Given this 30th day of April 2021.

Certified by:

Atty. Andre Anton S. Suarez
Corporate Secretary

MAY 10 2021

SUBSRIBE AND SWORN TO before me, a Notary Public for and in MAKATI CITY this ____________ affiant exhibiting to me his SSS with ID no. 34-4251351-8 and other competent evidence of identification.

Doc. No. 330;
Page No. 67;
Book No. VIII;
Series of 2021.

ATTY. EMMA G. JULARBAL
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2021 (Per SC En Banc Resolution dated 12/01/2020)
APPOINTMENT NO.: M-85
IBP ROLL NO.: 33152
IBP NO.: 06547/Lifetime/PPLM
PTR No.: 8535331/01-06-2021/Makati
156 H.V. Dela Costa St., Makati City

COVER SHEET

SEC Registration Number

1	5	2	6	6	1

COMPANY NAME

CITY & LAND DEVELOPERS, INCORPORATED

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

3/F Cityland Condominium 10, Tower I, 156 H.V. Dela Costa Street, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
	MSRD	**Not Applicable**

Certification of Independent Director = Mr. Cesar EA Virata

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cldi_rg@cityland.net	**02-88936060**	**0968-5451452**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
750 as of 04/30/2021	**2nd Tuesday of June**	**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
Mr. Rudy Go	**cldi_rg@cityland.net**	**02-8893-6060**	**0968-5451452**

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City

NOTE1 : *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.*

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR E. A. VIRATA**, Filipino, of legal age and a resident of 105 Palm One Serendra, 11th Avenue, Global City, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **City & Land Developers, Incorporated** and have been its independent director since June 9, 2009.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Listed	***Companies***	
Rizal Commercial Banking Corp.	Vice Chairman Director (Non-Executive)	1999-present 1995-present
Belle Corporation	Director (Independent)	1996-present
Lopez Holdings Corporation	Director (Independent)	2009-present
Non-Listed	***Companies***	
ATAR IV Property Holding Co., Inc.	Chairman & Director	2012-present
Malayan Insurance Company, Inc.	Director (Non-Executive)	2004-present
RCBC Bankard Services Corp.	Chairman Director (Non-Executive)	2013-present 2001-present
RCBC Realty Corporation	Director (Non-Executive)	1998-present
Business World Publishing Corp.	Vice Chairman Director (Independent)	2012-present 1989 present
Malayan Education System, Inc. (operating under the name of Mapua University)	Trustee	1999-present
Cavitex Holdings, Inc.	Chairman Director (Non-Executive)	2016-present
Niyog Property Holdings, Inc.	Director (Non-Executive)	2005-present
Luisita Industrial Park	Vice Chairman Director (Non-Executive)	2012-present 1999-present
RCBC Land, Inc.	President Director (Non-Executive)	1999-present
YGC Corporate Services, Inc.	Director (Non-Executive)	2001-present
ALTO Pacific Company, Inc.	Chairman Director (Non-Executive)	2014-present
AY Foundation, Inc.	Trustee	1997-present
Yuchengco Center	Trustee	1994-present
World Trade Center Management, Inc.	Director (Non-Executive)	1995-present
Tan Yan Kee Foundation, Inc.	Trustee	2008-present
IFI Support Foundation, Inc.	Trustee	1998-present
UP Business Research Foundation, Inc.	Trustee	2001-present
Yuchengco Museum	Trustee	2006-present
DLSU-Dasmariñas Cultural Heritage	Trustee	2000-present
UCM Foundation, Inc.	Chairman	2020-present
Cajel Realty Corporation	Director	2020-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **City & Land Developers, Incorporated**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NONE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE		

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **City & Land Developers, Incorporated** of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand on this ___ day of APR 29 2021 2021 at MAKATI CITY.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of APR 29 2021 2021 at MAKATI CITY, affiant exhibiting to me his Tax Identification No. 167-999-197 as competent evidence of identity.

Doc. No. 310 ;
Page No. 63 ;
Book No. VIII ;
Series of 2021

ATTY. EMMA G. JULARBAL
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2021 (Per SC En Banc Resolution dated 12/01/2020)
APPOINTMENT NO.: M-85
IBP ROLL NO.: 33152
IBP NO.: 06547/Lifetime/PPLM
PTR No.: 8535331/01-06-2021/Makati
156 H.V. Dela Costa St., Makati City

C O V E R   S H E E T

SEC Registration Number

1	5	2	6	6	1

C O M P A N Y   N A M E

CITY & LAND DEVELOPERS, INCORPORATED

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

3/F Cityland Condominium 10, Tower I, 156 H.V. Dela Costa Street, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
	MSRD	**Not Applicable**

Certification of Independent Director = Mr. Peter S. Dee

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
cldi_rg@cityland.net	**02-88936060**	**0968-5451452**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
750 as of 04/30/2021	**2nd Tuesday of June**	**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
Mr. Rudy Go	**cldi_rg@cityland.net**	**02-8893-6060**	**0968-5451452**

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City

NOTE1 : *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.*

CERTIFICATION OF INDEPENDENT DIRECTOR

I, PETER S. DEE, Filipino, of legal age and resident of 7 Banaba Circle, South Forbes Park, Makati City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am a nominee for independent director of **City & Land Developers, Incorporated** and have been its independent director since November 22, 2009;

2. I am affiliated with the following companies/organizations:

COMPANY	POSITION	PERIOD OF SERVICE
Alpolac, Inc.	Director	1994 to present
China Banking Corporation	Director	1977 to present
CBC Properties & Computer Center, Inc.	Director / President	1984 to present
Cityland, Inc.	Independent Director Chairman – Corporate Governance Committee Chairman – Audit & Risk Committee	12/2006 to present 07/27/18 to present 01/2007 to present
Cityplans, Incorporated	Independent Director Chairman – Compensation Committee Chairman – Audit Committee Member - Nomination and Election Committee	1991 to present 2002 to present
Cityland Development Corporation	Independent Director Chairman – Audit & Risk Committee	12/1979 to present 2002 to present
GDSK Development Corporation	Director	1990 to present
Hydee Management & Resources Corporation	Director	1991 to present
Kemwerke, Inc.	Director	1994 to present
Makati Curbs Holdings Corporation	Director	2012 to present
Great Expectation Holdings, Inc.	Director / Chairman / President	10/2012 to present
Commonwealth Foods, Inc.	Director	May 2013 to present
The Big D Holdings Corporation	Director / Chairman / President	04/2013 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **City & Land Developers, Incorporated**, as provided for in Section 38 of the Securities Regulation Code, and its Implementing Rules and Regulations and other SEC issuance;

4. I am not related to any director/officer/substantial shareholder of **City & Land Developers, Incorporated** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code;

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
NONE	NONE	NONE

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding;

Offense - Charged/Investigated	Tribunal or Agency Involved	Status
NONE	NONE	NONE

6. I am not an independent director in any government service/affiliated with a government agency or GOCC;

7. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances; and

8. I shall inform the Corporate Secretary of **City & Land Developers, Incorporated** of any changes in the abovementioned information within five days from its occurrence.

Done this day of APR 28 2021 at MAKATI CITY.

Peter S. Dee
Affiant

SUBSCRIBED AND SWORN to before me this APR 28 2021 at MAKATI CITY, affiant personally appeared before me and exhibited to me his SSS ID with no. 03-1183011-8 and other competent evidence of identification.

Doc no. 307;
Page no. 63;
Book no. VIII;
Series of 2021.

ATTY. EMMA G. JULARBAL
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2021 (Per SC En Banc Resolution dated 12/01/2020)
APPOINTMENT NO.: M-85
IBP ROLL NO.: 33152
IBP NO.: 06547/Lifetime/PPLM
PTR No.: 8535331/01-06-2021/Makati
156 H.V. Dela Costa St., Makati City

OFFICIAL RECEIPT

Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City 1307

Accountable Form No. 51
Revised 2006

ORIGINAL

DATE MAY 03,2021

No. 1988514

PAYOR CITY AND LAND DEVELOPERS
METRO MANILA

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
Information Statement - Registrant	4020199099(678)	MSRD	7,500.00
Legal Research Fee (A0823)	2020106000(131)		75.00
		TOTAL	PHP 7,575.00

AMOUNT IN WORDS
SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Received

- [ ] Cash
- [x] Treasury Warrant
- [ ] Check
- [ ] Money Order

Treasury Warrant, Check, Money Order Number [illegible]

Date of Treasury Warrant, Check, Money Order MC 2021-05-03

Received the Amount Stated Above

Rudino G. Atienza
COLLECTING OFFICER

O.R. No. 1988514

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.

Scanned with CamScanner

COVER SHEET
for
Audited Financial Statements

SEC Registration Number

1	5	2	6	6	1					

COMPANY NAME

CITY & LAND DEVELOPERS,
INCORPORATED

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

3/F Cityland Condominium 10,
Tower I, 156 H.V. Dela Costa
Street, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	MSRD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cldi_rg@cityland.net	8-893-6060	0968-545-1452

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
756 (as of December 31, 2020)	2nd Tuesday of June	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
Rudy Go	cdc_rg@cityland.net	8-893-6060	0968-545-1452

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H. V. Dela Costa Street, 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.*

Rudy Go <cldi_rg@cityland.net>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Thu, Apr 22, 2021 at 9:07 PM
To: CLDI_RG@cityland.net
Cc: CLDI_RG@cityland.net

Hi CITY & LAND DEVELOPERS, INCORPORATED,

Valid files

- EAFS000444840TCRTY122020-02.pdf
- EAFS000444840TCRTY122020-01.pdf
- EAFS000444840RPTTY122020.pdf
- EAFS000444840AFSTY122020.pdf
- EAFS000444840ITRTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-6D8JD8LG0QQW4V1XYQNRQWVRM06BF7GBC8**
Submission Date/Time: **Apr 22, 2021 09:07 PM**
Company TIN: **000-444-840**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

==========
DISCLAIMER
==========

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.

CITYLAND e-MAIL

TAA FMSD <taa_fmsd@cityland.net>

City & Land Developers, Incorporated_Amended SEC Form 17A for the Year 2020_29April2021

2 messages

TAA FMSD <taa_fmsd@cityland.net> Thu, Apr 29, 2021 at 6:07 PM
To: ICTD Submission <ictdsubmission@sec.gov.ph>
Cc: MSRD COVID19 <msrd_covid19@sec.gov.ph>, Officer Rudy Go <cdc_rg@cityland.net>, FMSD Cityland <fmsd1@cityland.net>

Dear Sir/Madam,

Good day!

We are sending herewith the Amended SEC Form 17A of City & Land Developers, Incorporated (the Company) for the Year 2020 which was initially submitted last April 23, 2021. The Amendment was made to update the Period of Service of two of the Company's Directors reflected on page 23 of the Annual Report. We have underlined the updated portion, for your reference. Other than this, no changes were made in the Annual Report.

Thank you very much and we hope that you will find everything in order.

--
Regards,
Therese Raimunda R. Aquino-Anoos | Cityland Group of Companies

CITYLAND

City & Land Developers, Incorporated_Amended SEC Form 17-A for the Year 2020_29April2021.pdf
5263K

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Thu, Apr 29, 2021 at 6:07 PM
To: taa_fmsd@cityland.net

Dear Customer,

SUCCESSFULLY ACCEPTED
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

CITY & LAND DEVELOPERS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **City & Land Developers, Incorporated** (the Company) is responsible for the preparation and fair presentation of the balance sheets as at December 31, 2020 and 2019, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in period ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies and the schedules attached therein, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

DR. ANDREW I. LIUSON
Chairman of the Board

JOSEF C. GOHOC
President / Chief Executive Officer

RUDY GO
Senior Vice President / Chief Financial Officer

Signed this 24th day of March 2021.

MAR 31 2021 PASIG CITY

SUBSCRIBED AND SWORN to before me this day of ______________ affiant(s) exhibiting to me their Social Security System Numbers, as follows:

Name	Number
Dr. Andrew I. Liuson	03-1872470-6
Josef C. Gohoc	33-0942784-4
Rudy Go	03-4602228-9

Doc No. 147
Page No. 31
Book No. 111
Series of 2021.

ATTY. ANDRE ANTON S. SUAREZ
NOTARY PUBLIC FOR THE CITIES OF PASIG
SAN JUAN AND MUNICIPALITY OF PATEROS
UNTIL JUNE 30, 2021 (Per SC En banc Resolution dated 12/01/2020)
APPOINTMENT NO.: 25
IBP ROLL NO.: 63345
IBP NO.: 012664/Lifetime/RSM
PTR No.: 7234354/01-06-2021/Pasig
Unit 105 Grand Emerald Tower, Ortigas Center, Pasig City

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
City & Land Developers, Incorporated
3rd Floor Cityland Condominium 10, Tower I
156 H.V. dela Costa Street, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City & Land Developers, Incorporated (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Real Estate Revenue Recognition

The Company's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the input method as the measure of progress in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Company considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.
In determining the transaction price, the Company considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Company uses input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Company uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

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

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

The disclosures related to the real estate revenue are included in Notes 2, 3 and 5 to the financial statements.

Audit Response

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

For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents, such as history of payments, contracts to sell of sold units, and schedule of forfeited units.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Company's processes for determining the POC, including the cost accumulation process, and for determining and updating of total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents, such as accomplishment reports, contracts, and progress billings. We visited selected project sites and made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details, such as accomplishment and estimated development cost reports. We likewise performed inquiries with the project engineers for the revisions.

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of City & Land Developers, Incorporated. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Aileen L. Saringan.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-058-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534360, January 4, 2021, Makati City

March 24, 2021

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱178,309,538**	₱237,660,249
Short-term investments (Note 4)	**58,500,000**	10,000,000
Current portion of:		
Installment contracts receivable (Note 5)	**1,765,893**	707,509
Contract assets (Note 5)	**45,757,086**	62,223,947
Cost to obtain contracts (Note 5)	**3,598,890**	3,885,978
Other receivables (Note 6)	**2,216,653**	1,800,645
Real estate properties for sale (Note 8)	**1,138,427,667**	1,005,860,529
Other current assets (Note 10)	**4,298,601**	3,394,837
Total Current Assets	**1,432,874,328**	1,325,533,694
Noncurrent Assets		
Contract assets - net of current portion (Note 5)	**362,442,313**	405,852,058
Cost to obtain contract - net of current portion (Note 5)	**2,931,886**	4,308,635
Other receivables - net of current portion (Note 6)	**1,406,160**	1,315,259
Financial assets at fair value through other comprehensive income (FVOCI) (Note 7)	**494,298**	487,912
Real estate properties held for future development (Note 8)	**494,356,932**	491,809,557
Investment properties (Note 9)	**181,139,332**	181,139,332
Deferred income tax assets - net (Note 20)	**–**	8,192,586
Other noncurrent assets (Note 10)	**28,489,712**	28,535,350
Total Noncurrent Assets	**1,071,260,633**	1,121,640,689
TOTAL ASSETS	**₱2,504,134,961**	₱2,447,174,383
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 11)	**₱130,171,009**	₱118,543,148
Contract liabilities - current portion (Note 5)	**74,415,683**	68,011,239
Income tax payable	**786,568**	7,801,710
Total Current Liabilities	**205,373,260**	194,356,097
Noncurrent Liabilities		
Accounts payable and accrued expenses - noncurrent portion (Note 11)	**12,826,411**	17,834,209
Contract liabilities - net of current portion (Note 5)	**50,931,630**	63,993,337
Retirement benefits liability - net (Note 19)	**3,949,772**	8,314,472
Deferred income tax liabilities - net (Note 20)	**2,665,373**	–
Total Noncurrent Liabilities	**70,373,186**	90,142,018
Total Liabilities	**275,746,446**	284,498,115
Equity		
Capital stock - ₱1.00 par value (Notes 13 and 23)		
Authorized - 1,435,000,000 shares		
Issued - 1,431,785,284 shares held by 756 and 762 equity holders in 2020 and 2019, respectively	**1,431,785,284**	1,431,785,284
Additional paid-in capital	**105,136**	105,136
Unrealized fair value changes on financial assets at FVOCI (Note 7)	**398,463**	392,077
Accumulated re-measurement loss on defined benefit plans - net of deferred income tax effect (Note 19)	**(6,337,668)**	(9,298,273)
Retained earnings	**802,437,300**	739,692,044
Total Equity	**2,228,388,515**	2,162,676,268
TOTAL LIABILITIES AND EQUITY	**₱2,504,134,961**	₱2,447,174,383

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Sales of real estate properties (Note 5)	**₱253,550,492**	₱513,552,433	₱414,509,830
Financial income (Note 16)	**77,548,066**	99,451,660	84,046,822
Rent income (Note 9)	**5,331,033**	6,634,429	3,764,560
Other income - net (Note 18)	**18,037,980**	9,790,828	6,486,154
	354,467,571	629,429,350	508,807,366
COST AND EXPENSES			
Cost of real estate sales (Note 8)	**152,154,183**	291,124,974	221,180,698
Operating expenses (Note 14)	**65,449,700**	100,266,454	87,238,654
Financial expenses (Note 17)	**203,550**	575,900	400,329
	217,807,433	391,967,328	308,819,681
INCOME BEFORE INCOME TAX	**136,660,138**	237,462,022	199,987,685
PROVISION FOR INCOME TAX (Note 20)	**32,106,756**	61,754,897	50,284,869
NET INCOME	**₱104,553,382**	₱175,707,125	₱149,702,816
BASIC/DILUTED EARNINGS PER SHARE (Note 24)	**₱0.07**	₱0.12	₱0.10

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱104,553,382**	₱175,707,125	₱149,702,816
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income (Note 7)	**6,386**	(429,158)	(113,509)
Remeasurement gain (loss) on defined benefit plan - net of income tax effect (Note 19)	**2,960,605**	(3,861,852)	1,142,105
	2,966,991	(4,291,010)	1,028,596
TOTAL COMPREHENSIVE INCOME	**₱107,520,373**	₱171,416,115	₱150,731,412

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Capital Stock (Note 13)	Additional Paid-in Capital	Unrealized Fair Value Changes of Financial Assets at FVOCI (Note 7)	Accumulated Re-measurement on Defined Benefit Plan- Net of Deferred Income Tax Effect (Note 19)	Retained Earnings (Note 13)	Total
BALANCES AT JANUARY 1, 2018	**₱1,298,672,140**	**₱105,136**	**₱934,744**	**(₱6,578,526)**	**₱642,439,278**	**₱1,935,572,772**
Net income	–	–	–	–	149,702,816	149,702,816
Other comprehensive income (loss)	–	–	(113,509)	1,142,105	–	1,028,596
Total comprehensive income (loss)	–	–	(113,509)	1,142,105	149,702,816	150,731,412
Stock dividends - 5%	64,933,238	–	–	–	(64,933,238)	–
Fractional shares of stock dividends	–	–	–	–	(368)	(368)
Cash dividends - ₱0.0294 per share	–	–	–	–	(38,180,954)	(38,180,954)
BALANCES AT DECEMBER 31, 2018	**₱1,363,605,378**	**₱105,136**	**₱821,235**	**(₱5,436,421)**	**₱689,027,534**	**₱2,048,122,862**
BALANCES AT DECEMBER 31, 2018	**₱1,363,605,378**	**₱105,136**	**₱821,235**	**(₱5,436,421)**	**₱689,027,534**	**₱2,048,122,862**
Net income	–	–	–	–	175,707,125	175,707,125
Other comprehensive loss	–	–	(429,158)	(3,861,852)	–	(4,291,010)
Total comprehensive income (loss)	–	–	(429,158)	(3,861,852)	175,707,125	171,416,115
Stock dividends - 5%	68,179,906	–	–	–	(68,179,906)	–
Fractional shares of stock dividends	–	–	–	–	(363)	(363)
Cash dividends - ₱0.0417 per share	–	–	–	–	(56,862,346)	(56,862,346)
BALANCES AT DECEMBER 31, 2019	**₱1,431,785,284**	**₱105,136**	**₱392,077**	**(₱9,298,273)**	**₱739,692,044**	**₱2,162,676,268**
BALANCES AT DECEMBER 31, 2019	**₱1,431,785,284**	**₱105,136**	**₱392,077**	**(₱9,298,273)**	**₱739,692,044**	**₱2,162,676,268**
Net income	–	–	–	–	104,553,382	104,553,382
Other comprehensive income	–	–	6,386	2,960,605	–	2,966,991
Total comprehensive income	–	–	6,386	2,960,605	104,553,382	107,520,373
Cash dividends - ₱0.0292 per share	–	–	–	–	(41,808,126)	(41,808,126)
BALANCES AT DECEMBER 31, 2020	**₱1,431,785,284**	**₱105,136**	**₱398,463**	**(₱6,337,668)**	**₱802,437,300**	**₱2,228,388,515**

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱136,660,138**	₱237,462,022	₱199,987,685
Adjustments for:			
Interest income (Note 16)	**(77,537,701)**	(99,436,136)	(84,031,766)
Retirement benefits cost (Note 19)	**2,445,589**	1,555,784	1,294,641
Dividend income (Note 16)	**(10,365)**	(15,524)	(15,056)
Gain on sale of shares of stock (Notes 7 and 18)	–	(481,866)	–
Operating income before working capital changes	**61,557,661**	139,084,280	117,235,504
Decrease (increase) in:			
Installment contracts receivable	**(1,058,384)**	886,133	161,411,325
Contract assets	**59,876,606**	(109,581,709)	(358,494,296)
Other receivables	**(770,552)**	3,205,817	1,175,132
Cost to obtain contracts	**1,663,837**	2,353,146	(2,268,873)
Real estate properties for sale	**(132,567,138)**	(234,170,810)	7,802,569
Real estate properties held for future development (Note 8)	**(2,547,375)**	(2,635,904)	(496,105,209)
Other assets	**(858,128)**	2,411,402	765,823
Increase (decrease) in:			
Accounts payable and accrued expenses	**6,200,569**	65,800,491	(38,098,848)
Contract liabilities	**(6,657,263)**	(30,382,752)	162,387,328
Cash generated used in operations	**(15,160,167)**	(163,029,906)	(444,189,545)
Interest received	**77,801,344**	103,206,391	83,083,389
Income taxes paid, including creditable and final withholding taxes	**(29,532,766)**	(59,404,775)	(44,956,067)
Contributions to the plan (Note 19)	**(2,580,855)**	(2,402,063)	(1,508,101)
Net cash flows from (used in) operating activities	**30,527,556**	(121,630,353)	(407,570,324)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from matured (purchase of) short-term investments (Note 4)	**(48,500,000)**	526,000,000	306,500,000
Dividends received	**10,365**	15,524	15,056
Proceeds from sale of marketable securities	–	655,943	–
Net cash flows from (used in) investing activities	**(48,489,635)**	526,671,467	306,515,056
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid (Notes 11 and 13)	**(41,388,632)**	(56,889,787)	(37,851,072)
Proceeds from issuance of short-term notes (Note 12)	–	796,950,000	1,206,350,000
Payments of short-term notes (Note 12)	–	(990,750,000)	(1,164,850,000)
Interest paid - net of amounts capitalized (Note 12)	–	(981,278)	–
Net cash flows from (used in) financing activities	**(41,388,632)**	(251,671,065)	3,648,928
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(59,350,711)**	153,370,049	(97,406,340)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	**237,660,249**	84,290,200	181,696,540
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱178,309,538**	₱237,660,249	₱84,290,200

See accompanying Notes to Financial Statements

1. Corporate Information

City & Land Developers, Incorporated (the "Company") was incorporated in the Philippines on June 28, 1988. Its primary purpose is to establish an effective institutional medium for acquiring and developing suitable land sites for residential, office, commercial, institutional and industrial uses primarily, but not exclusively, in accordance with the subdivision, condominium, and cooperative concepts of land-utilization and land-ownership. The Company's registered office and principal place of business is 3rd Floor Cityland Condominium 10 Tower I, 156 H. V. de la Costa Street, Makati City.

The Company is 49.73%-owned by Cityland Development Corporation (CDC), a publicly listed company incorporated and domiciled in the Philippines. The Company's ultimate parent is Cityland, Inc. (CI), a company incorporated and domiciled in the Philippines, which prepares consolidated financial statements and that of its subsidiaries.

The financial statements of the Company as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were authorized for issuance by the Board of Directors (BOD) on March 24, 2021.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The financial statements of the Company have been prepared using the historical cost basis, except for financial assets measured at fair value through other comprehensive income (FVOCI) that have been measured at fair values. The financial statements are presented in Philippine peso (Peso), which is the Company's functional currency, and rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared under the going concern assumption. The Company believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

Statement of Compliance
The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) which include the availment of reliefs granted by the SEC under Memorandum Circular No. 14, Series of 2018 and Memorandum Circular No. 3, Series of 2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry.

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

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

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

  The Company also availed of the relief provided by SEC Memorandum Circular No. 4, Series of 2020, deferring the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost,* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

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

<u>Changes in Accounting Policies</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2020:

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. In 2020, the Company did not enter into any business combination. These amendments may impact future periods should the Company enter into such transaction.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments will not affect the Company since it does not have any hedge transaction.

- 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. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

- 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. The revisions made to Conceptual Framework had no significant impact on the Company's financial statements.

- 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.

  Company as Lessee
  The adoption of these amendments has no significant impact on the financial statements for the year ended December 31, 2020.

  Company as Lessor
  Modifications to operating lease terms and conditions on contracts wherein the Company is the lessor were accounted as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

- *Deferment of PIC Q&A No. 2018-12 and IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods [PAS 23 - Borrowing Cost] For Real Estate Industry PIC Q&A No. 2018-12*
  On February 14, 2018, the Philippines Interpretation Committee (PIC) issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 29, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry

by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years:

a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

Under the same SEC Memorandum Circular No. 3, Series of 2019, the adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales was also deferred.

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

However, the Commission en banc, in its meeting held on December 15, 2020, decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of POC for another period of three years or until 2023. The deferral is to give more than enough time to real estate industry to further evaluate and explore options to resolve the remaining implementing issues and help the industry to mitigate the impact of COVID-19 crisis.

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 in the financial statements had the concerned application guideline 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.

The Company availed of the deferral of adoption of the above specific provisions of PIC Q&A, specifically on PIC Q&A No. 2018-12-D *Accounting for significant financing component.* Had this provision been adopted, it would have an impact in the financial statements as to the mismatch between the POC of the real estate projects and right to consideration based on the schedule of payments explicit in the contract to sell which constitutes a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings as at January 1, 2021 and the revenue from real estate sales in 2021. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

Since the Company's current practice is in line with the PIC Q&A No. 2018-12-E, PIC Q&A No. 2018-12-H and PIC Q&A No. 2018-14, the Company does not expect significant impact on its financial statements upon adoption of these amendments.

IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods [PAS 23 - Borrowing Cost] For Real Estate Industry
In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

On December 15, 2020, the Commission en banc decided to provide relief to the real estate industry by deferring the application of the provisions of the IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* for another period of three years or until 2023.

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

The Company opted to avail of the relief as provided by the SEC. Had the Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of real estate sales, provision for deferred income tax, real estate properties for sale, deferred income tax liability and opening balance of retained earnings.

<u>Current versus Noncurrent Classification</u>
The Company presents assets and liabilities in the statements of financial position based on current/noncurrent 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 noncurrent.

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 Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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 original maturities of three months or less from dates of acquisition, and are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition.

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 Company.

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

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

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

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

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

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

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.

a. Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), 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 Company's business model for managing them. The Company 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. Installment contract receivables and contract assets 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 SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company'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 Company commits to purchase or sell the asset.

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

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

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and (b) 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 Company's financial assets at amortized cost includes cash and cash equivalents, short-term investments, installment contracts receivable, other receivables and deposits under "Other noncurrent assets".

Financial assets at FVOCI (debt instruments)
The Company measures debt instruments at FVOCI if both of the following conditions are met:

(a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows; and
(b) 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as financial assets at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Financial assets at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category (Note 7).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business

model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

The Company has no financial assets at fair value through profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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 Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or,
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Modification of contractual cash flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased

or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of comprehensive income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Impairment of financial assets
The Company 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 Company 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 installment contract receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at 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 Company's financial liabilities include accounts payable and accrued expenses.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

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

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

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

c. *Offsetting of financial instruments*
Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Real Estate Properties for Sale and Real Estate Properties Held for Future Development

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

Cost includes:
- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- 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 to complete and the estimated costs necessary to make the sale. The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Upon repossession, real estate properties for sale arising from sale cancellations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to "Other income - net" in the statement of income.

Investment Properties

Investment properties which represent real estate properties for lease are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets' deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

Investment properties are derecognized when either they have been disposed of or when the 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 investment properties are recognized in the statement of income in the year of retirement or disposal.

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

Transfers between investment properties, 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.

Impairment of Nonfinancial Assets
The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Company considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Value-added Tax (VAT)
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as 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 statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

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

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "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 Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

The retained earnings include deemed cost adjustment on land recorded under "Investment properties" that arose when the Company transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through sale. The deferred income tax liability on the deemed cost adjustment is transferred to the statement of income upon sale.

Dividend Distributions
Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

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

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

Sales of real estate properties
The Company derives its real estate revenue from sale of 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 Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Company uses the costs accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration is recognized as installment contract receivables (unconditional) or contract asset (conditional) in the asset section of the statement of financial position.

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

Cost recognition
The Company recognizes costs relating to satisfied performance obligations as these are incurred. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

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

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

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

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

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to sales personnel 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 "Operating expenses" account in the statement of income.

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

Amortization and derecognition of capitalized costs to obtain a contract
The Company amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within operating expenses.

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

Interest income
Interest income from cash in banks, cash equivalents, short-term investments, installment contracts receivable and contract assets is recognized as the interest accrues taking into account the effective yield on interest.

Dividend income
Dividend income is recognized when the Company's right to receive the payment is established.

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of office space and transportation equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. The Company does not have any lease of low-value assets. 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.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Operating expenses
Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

Financial expenses
Financial expenses consist of interest incurred on notes payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other income - net
Net other income pertains mainly to the gain or loss arising from forfeiture or cancellation of prior years' real estate sales arising from the difference between the outstanding balance of receivables and the original cost of the inventories.

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 cost comprises the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

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

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

Re-measurements 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 the statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which can be utilized anytime when needed or converted to cash upon employee separation (i.e., resignation or retirement) are presented at its discounted amount as "Accounts payable and accrued expenses - noncurrent portion" account in the statement of financial position.

Provisions and Contingencies
Provisions are recognized when the Company 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

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 end of reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the statement of financial position.

Deferred income tax
Deferred income tax is recognized on all temporary differences at the end of reporting period 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. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced 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. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the statement of comprehensive income and not in the statement of income.

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

<u>Other Comprehensive Income</u>
Other comprehensive income comprises items of income and expense that are not recognized in the statement of income in accordance with PFRSs. Other comprehensive income of the Company includes gains and losses on fair value changes of financial assets/available-for-sale financial assets, 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).

<u>Earnings Per Share</u>
Basic earnings per share is computed by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding after considering the retrospective effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares, and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

<u>Segment Reporting</u>
The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 25 in the financial statements. The Company's asset-producing revenues are located

in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company 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 Company 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 Company is not required to restate prior periods. These amendments will affect the Company if it will enter into hedge transaction in the future.

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. The amendments will not significantly affect the Company's financial statements.

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- 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 Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on its current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

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

  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.

  PFRS 17 will affect the Company if it enters insurance contracts in the future.

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 FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The amendments are not expected to affect the Company's financial statements.

- 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 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 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 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

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

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

The Company availed of the option to defer adoption of the above specific provisions except for land exclusion in the determination of POC. Had these provisions been adopted, it would have impacted retained earnings, revenue from real estate sales, cost of real estate sold, other income and real estate inventories.

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

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the real estate industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34, Series of 2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. Effective January 1, 2024, the real estate industry will adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Company opted to avail of the relief as provided by the SEC. The adoption of the IFRIC Agenda Decision is not expected to have significant impact on the financial statements.

- 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 Memorandum Circular No. 3, Series of 2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC shall 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 shall have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Company availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. The adoption of this PIC Q&A is not expected to have significant impact on the financial statements.

  As prescribed by SEC Memorandum Circular No. 34, Series of 2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Company's financial reporting during the period of deferral.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from such estimates.

Judgments
In the process of applying the Company's accounting policies, management has made the judgments enumerated below, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition
Selecting the appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the following, among others:

- *Existence of a contract*
  The Company's primary document for a contract with a buyer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of other signed documentation such as reservation agreement, official receipts and other documents, would contain all the criteria to qualify as contract with the buyer under PFRS 15.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the buyer. In evaluating whether collectability of an amount of consideration is probable, an entity considers whether the buyer has met the required down payment in relation to the total contract price. Collectability is also assessed by considering factors such as the credit standing and financial capacity of the buyer, age and location of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Revenue recognition method and measure of progress*
  The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the buyer 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 buyer is contractually obliged to make payments to the developer up to the performance completed to date.

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

- *Identifying performance obligation*
  The Company has various contracts to sell covering its sale of condominium units and other real estate properties. The Company concluded that there is one performance obligation in each of these contracts. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. For the sale of real estate properties such as raw land, the Company integrates certain activities to the said property to be able to deliver the property based on the contract with the buyer. Included also in this performance obligation is the Company's service to transfer the title of the real estate unit to the customer.

- *Principal versus agent considerations*
  The contract for the office spaces and condominium units leased out by the Company to its tenants includes the right to charge for the electricity and water usage.

  For electricity and water usage, the Company determined that it is acting as an agent because the promise of the Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primarily responsible for the provisioning of the utilities while the Company, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Company does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by utility providers.

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

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

Investment properties amounted to ₱181.14 million as of December 31, 2020 and 2019 (see Note 9).

Distinction between real estate properties for sale and investment properties
The Company determines whether a property is classified as for sale, for lease or for capital appreciation.

Real estate properties which the Company develops and intends to sell on or before completion of construction are classified as real estate properties for sale. Real estate properties for sale amounted to ₱1,138.43 million and ₱1,005.86 million as of December 31, 2020 and 2019, respectively (see Note 8). Real estate properties which are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱181.14 million as of December 31, 2020 and 2019 (see Note 9).

Distinction between real estate properties for sale and held for future development
The Company determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Company considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Company's strategic land banking activities for development or sale in the medium or long-term (real estate properties held for future development). Real estate properties for sale amounted to ₱1,138.43 million and ₱1,005.86 million as of December 31, 2020 and 2019, respectively (see Note 8). Real estate properties held for future development amounted to ₱494.36 million and ₱491.81 million as of December 31, 2020 and 2019, respectively (see Note 8).

Operating lease commitments - Company as lessor
Management has determined that the Company retains all the significant risks and rewards of ownership of the properties and thus, accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life.

Lease modification - Company as lessor
Throughout the government-imposed community quarantine, the Company waived rentals and offered deferral of payments to certain tenants. Such rental waivers and deferrals are accounted as a lease modification under PFRS 16 since impact of COVID-19 pandemic is not contemplated by the parties upon inception of the lease contracts.

Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates
In accordance with Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*, the Company has assessed whether it has any uncertain tax position. The Company applies significant judgement in identifying uncertainties over its income tax treatments.

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition method and measure of progress
The measurement of progress for revenue recognition requires management to make use of estimates and assumptions. The Company's real estate sales is based on the percentage-of-completion method measured principally on the basis of total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total estimated development cost of the project. Estimated development costs of the project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. The estimated development cost is prepared by the Company's project engineers and are independently reviewed by the Company's third-party independent project engineers. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Estimation of POC of real estate projects
The Company estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as management's monitoring of the costs, progress and improvements of the projects. Gross profit on sales of real estate properties amounted to ₱101.40 million, ₱222.43 million, and ₱193.33 million in 2020, 2019 and 2018, respectively.

Provision for expected credit losses of installment contract receivables and contract assets
The Company uses a provision matrix to calculate ECLs for installment contract receivables and contract assets. The provision rates are based on past collection history and other factors, which include, but are not limited to the length of the Company's relationship with the buyer, the buyer's payment behavior, known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as the inflation rate, gross domestic product, interest rate and unemployment rate. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions such as inflation rate, gross domestic product, interest rate and unemployment rate and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of buyer's actual default in the future. The information about the ECLs on the Company's installment contract receivables and contract assets is disclosed in

Note 22. As of December 31, 2020 and 2019, installment contracts receivable, contract assets and other receivables aggregated to ₱413.59 million and ₱471.90 million, respectively. There was no provision for expected credit loss on receivables in 2020 and 2019 (see Notes 5 and 6).

Revenue and cost recognition
The Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost. The Company's revenue from real estate properties based on the POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work. Gross profit on sales of real estate properties amounted to ₱101.40 million, ₱222.43 million and ₱193.33 million and in 2020, 2019 and 2018, respectively.

Determination of net realizable value of real estate properties for sale and held for future development
The Company's estimates of the net realizable value of real estate properties for sale and held for future development are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale and held for future development are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale and held for future development to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. The Company's real estate properties for sale amounted to ₱1,138.43 million and ₱1,005.86 million as of December 31, 2020 and 2019, respectively (see Note 8). Real estate properties held for future development amounted to ₱494.36 million and ₱491.81 million as of December 31, 2020 and 2019, respectively (see Note 8).

Determination of the fair value of investment properties
The Company discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*. The Company engaged SEC-accredited independent valuation specialists to determine the fair value as of December 31, 2020 and 2019. The Company's investment properties consist of land and building pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others. The fair value of investment properties as of December 31, 2020 and 2019 amounted to ₱927.28 million and ₱788.50 million, respectively (see Notes 9 and 22). The carrying value of the investment properties as of December 31, 2020 and 2019 amounted to ₱181.14 million (see Note 9).

Determination of impairment indicators on investment properties
The Company determines whether its nonfinancial assets such as investment properties are impaired when impairment indicators exist such as significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. When an impairment indicator is noted, the Company makes an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Company to

make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of December 31, 2020 and 2019. Net book values of investment properties as of December 31, 2020 and 2019 amounted to ₱181.14 million (see Note 9).

Estimation of retirement benefits cost
The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the PDEX PDST-R2 rates at various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

The mortality rate is based on publicly available mortality table in the Philippines. Future salary increases are based on expected future inflation rates. Further details about assumptions used are given in Note 19.

Net retirement benefits costs amounted to ₱2.45 million, ₱1.56 million and ₱1.29 million in 2020, 2019 and 2018, respectively. Retirement benefits liability amounted to ₱3.95 million and ₱8.31 million as of December 31, 2020 and 2019, respectively (see Note 19).

Recognition of deferred income tax assets
The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets 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.

As of December 31, 2020 and 2019, deferred income tax asset amounted to ₱9.02 million and ₱20.54 million, respectively (see Note 20).

4. Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents consist of:

	2020	2019
Cash on hand and in banks	**₱28,806,738**	₱9,160,249
Cash equivalents	**149,502,800**	228,500,000
	₱178,309,538	₱237,660,249

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Short-term investments amounting to ₱58.50 million and ₱10.00 million as of December 31, 2020 and 2019, respectively have maturities of more than three months to one year from the date of acquisition and earn interest at the prevailing market rates.

Interest income earned from cash in banks, cash equivalents and short-term investments amounted to ₱7.41 million, ₱30.24 million and ₱28.12 million in 2020, 2019 and 2018, respectively (see Note 16).

5. Revenue from Contracts with Customers

a. *Disaggregated Revenue Information*

The Company derives revenue from real estate sales over time in different product types. The disaggregation of each sources of revenue from contracts with customers are as follows:

Type of Product	**2020**	2019	2018
High-rise condominium units	**₱239,490,023**	₱489,140,244	₱380,676,557
Parking slots and others	**14,060,469**	24,412,189	33,833,273
Total	**₱253,550,492**	₱513,552,433	₱414,509,830

Real estate sales of the Company pertain to sale of properties within Metro Manila for the years ended December 31, 2020, 2019 and 2018. All of the Company's real estate sales are revenue from contracts with customers recognized over time. In 2020, 2019 and 2018, sales for real estate properties arose from contracts with external buyers. There were no intercompany sales/transactions made on the said years.

Contract Balances

	2020	2019
Installment contracts receivable	**₱1,765,893**	₱707,509
Contract asset		
Current	**45,757,086**	62,223,947
Noncurrent	**362,442,313**	405,852,058
Contract liabilities		
Current	**74,415,683**	68,011,239
Noncurrent	**50,931,630**	63,993,337

Installment contracts receivable arise from sales of real estate properties and are collectible in monthly installments for periods ranging from one (1) to ten (10) years which bears monthly interest rates of 0.92% to 1.46% in 2020 and 2019 computed on the diminishing balance.

The Company, CI, and CDC entered into a contract of guaranty under Retail Guaranty Line with Home Guaranty Corporation (HGC). The amount of installment contracts receivable enrolled and renewed by the Company amounted to ₱293.00 million and ₱454.00 million in 2020 and 2019, respectively. The Company paid a guaranty premium of 1.00% based on the outstanding principal balances of the receivable/s enrolled (see Note 14).

Contract assets represent the right to consideration that was already delivered by the Company in excess of the amount recognized as installment contracts receivable. This is reclassified as installment contracts receivable when the monthly amortization of the buyer is already due for collection.

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

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

Interest income earned from installment contracts receivable and contract assets amounted to ₱70.13 million, ₱69.19 million and ₱55.91 million in 2020, 2019 and 2018, respectively (see Note 16).

Contract liabilities amounting to ₱125.35 million and ₱132.00 million as of 2020 and 2019, respectively, consist of collections from real estate buyers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Company based on percentage of completion. Revenue included in the contract liability is recognized based on the movement of the percentage of completion. Contract liabilities amounting to ₱48.58 million and ₱95.79 million were recognized as revenue in 2020 and 2019, respectively.

Movement in contract liabilities in 2020 and 2019 was recognized as income based on the percentage of completion of the ongoing projects.

b. *Performance obligations*

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

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

The sale of real estate unit covers condominium unit and the Company concluded that there is one performance obligation in each of the contracts. The Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the buyer. The financing scheme would include down payment of generally 5% to 10% of the contract price with the remaining balance payable through in-house financing which ranges from one (1) month to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the buyer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

In order to cope with the current trend in the real estate industry, the Company offered to customers the "installment down payment" scheme starting 2020 wherein certain projects were offered with 18 to 24 months to pay the corresponding down payment. The new scheme introduced by the Company resulted to sales with percentage of collection lower than 10%. The Company records these collections as "Customers' deposits" under "Accounts Payable and Accrued Expenses" account in the statements of financial position.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	**₱125,504,737**	₱150,070,143
More than one year	**102,244,185**	166,392,450
	₱227,748,922	₱316,462,593

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Company's real estate projects. The Company's condominium units are generally completed within three to five years from start of construction.

c. *Cost to obtain contracts*

The balances below pertain to the cost to obtain contracts as of December 31, 2020 and 2019 as presented in the statements of financial position:

	2020	2019
Balance at beginning of year	**₱8,194,613**	₱10,547,759
Additions	**3,915,072**	6,342,120
Amortization	**(5,578,909)**	(8,695,266)
Balance at end of year	**6,530,776**	8,194,613
Less noncurrent portion	**2,931,886**	4,308,635
Current portion	**₱3,598,890**	₱3,885,978

6. Other Receivables

Other receivables consist of:

	2020	2019
Advances to customers	**₱1,160,192**	₱1,095,472
Advances to condominium corporations	**917,501**	627,169
Retention (Note 21)	**810,000**	710,000
Accrued interest	**300,048**	563,692
Rent receivable	**269,499**	–
Others	**165,573**	119,571
	3,622,813	3,115,904
Less noncurrent portion	**1,406,160**	1,315,259
Current portion	**₱2,216,653**	₱1,800,645

Advances to customers are receivables of the Company for the real estate property taxes of sold condominium units initially paid by the Company. Advances to condominium corporations pertain to disbursements that are collectible from condominium corporations. Retention pertains to the amount held on cash sale of real estate properties. Accrued interest pertains to interest income earned as of December 31 but not yet received by the Company. Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 9). Other receivables include receivables from buyers relating to registration of title and other expenses initially paid by the Company on behalf of the buyers and employees' advances.

7. Financial Assets at FVOCI

Financial Assets at FVOCI consist of investments in quoted equity securities amounting to ₱0.49 million as of December 31, 2020 and 2019, in which the fair values were determined based on published prices in the active market.

The movements in "Unrealized fair value change on financial assets at FVOCI" account presented in the equity section of the statements of financial position are as follows:

	2020	2019
Balances at beginning of year	**₱392,077**	₱821,235
Changes in fair value	**6,386**	(429,158)
Balances at end of year	**₱398,463**	₱392,077

In 2019, the Company sold shares of stock with listed corporations recorded under "Financial Assets at FVOCI" resulting to a gain on sale amounting to ₱0.48 million (see Note 18).

8. Real Estate Properties for Sale and Real Estate Properties Held for Future Development

Real estate properties for sale
Real estate properties for sale consists of costs incurred in the development of condominium units and residential houses for sale.

The movements in real estate properties for sale are as follows:

	2020	2019
Balances at beginning of year	**₱1,005,860,529**	₱772,012,891
Construction/development costs incurred	**249,120,524**	518,635,938
Cost of real estate sales	**(152,154,183)**	(291,124,974)
Borrowing costs capitalized (Notes 12 and 17)	–	6,602,142
Transfer to real estate properties held for future development	–	(323,172)
Other adjustments - net	**35,600,797**	57,704
Balances at end of year	**₱1,138,427,667**	₱1,005,860,529

Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties (see Notes 12 and 17). The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 3.61% in December 31, 2019. No interest was capitalized in 2020.

Other adjustments include realized deemed cost adjustment and the recognition of repossessed real estate properties measured at fair value less cost to sell at the date of repossession.

Real estate properties held for future development
Real estate properties held for future development include land properties reserved by the Company for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	2020	2019
Balances at beginning of year	**₱491,809,557**	₱496,348,473
Additions	**2,547,375**	2,635,904
Cost adjustment (Note 12)	**–**	(7,497,992)
Transfer from real estate properties for sale	**–**	323,172
Balances at end of year	**₱494,356,932**	₱491,809,557

In January 2018, the Company purchased a property along Boni Avenue, Mandaluyong City which is held for future development. The said acquisition in 2018 resulted to an outstanding balance of contract payable amounting to ₱7.50 million which was settled in 2019 through adjustment of the cost of the property (see Note 12).

9. Investment Properties

Investment properties as of December 31, 2020 and 2019 represent the real estate properties for lease which consist of:

Land - at cost	
Balances at beginning and end of year	₱181,139,332
Building - at cost	
Cost	
Balances at beginning and end of year	814,458
Accumulated depreciation	
Balances at beginning and end of year	(814,458)
Net book value	–
Total net book value	₱181,139,332

The net book value of land includes net deemed cost adjustment amounting to ₱11.83 million as of December 31, 2020 and 2019. The deemed cost adjustment arose when the Company transitioned to PFRSs in 2005.

Based on the appraisal reports by SEC-accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2020 and 2019, appraised values of these investment properties amounted to ₱927.28 million and ₱788.50 million as of dates of appraisal in 2020 and 2019, respectively (see Note 22).

Rental agreements

The Company entered into lease agreements for its office spaces and condominium units for lease with the following identified performance obligations: (a) lease of space; and (b) provisioning of water and electricity. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to issue post-dated check on the monthly rental payments. In case of delay in payments, a penalty of about 4% per annum is charged for the amount due for the duration of delay. The lease arrangement for the Company's long-term lease transactions would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Rent income from investment properties amounted to ₱5.33 million, ₱6.63 million and ₱3.76 million in 2020, 2019 and 2018, respectively.

Investment properties are rented out at different rates generally for a one-year term renewable every year.

The Company has an existing non-cancellable operating lease contract with a domestic corporation as of December 30, 2020 which commenced in July 2018 with a lease term of five (5) years. In 2020, the Company granted lease concessions to its lessee resulting to modifications in the lease contract. The Company accounted the modification to operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The direct operating expenses on investment properties pertaining to depreciation, real estate taxes and other expenses amounted to ₱3.05 million, ₱2.32 million and ₱0.57 million in 2020, 2019 and 2018, respectively (see Note 14).

The future minimum lease payments for these lease agreements are as follows:

	2020	2019
Not later than one year	**₱1,959,259**	₱1,865,959
Later than one year and not later than five years	**2,584,071**	4.543,330
	₱4,543,330	₱6,409,289

10. **Other Assets**

Other current assets consist of prepaid expenses, input VAT and advances to contractors amounting to ₱4.30 million and ₱3.39 million as of December 31, 2020 and 2019, respectively.

Other noncurrent assets consist of:

	2020	2019
Unused input VAT	**₱26,785,714**	₱26,785,714
Utility deposits	**778,556**	824,194
Rental deposit and others	**925,442**	925,442
	₱28,489,712	₱28,535,350

The unused input VAT arose from the purchase of parcels of land in previous years which were presented as part of “Real estate properties held for future development” account (see Note 8). Utility deposits pertain to water and electricity deposits by the Company. Rental deposits and others pertain to deposits from lease contracts and advances made by the Company for the contractors’ supply requirements.

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2020	2019
Trade payables	**₱22,657,220**	₱22,183,340
Accrued expenses:		
Development costs	**94,795,218**	84,318,926
Sick leave (Note 19)	**10,134,553**	11,009,739
Directors' fee (Note 21)	**2,696,293**	9,681,159
Customers' deposits	**4,793,568**	2,509,620
Dividends payable	**3,116,716**	2,697,222
Withholding taxes payable	**2,244,195**	1,753,970
Due to related parties (Note 21)	**1,444,845**	887,307
Others	**1,114,812**	1,336,074
	142,997,420	136,377,357
Less noncurrent portion	**12,826,411**	17,834,209
Current portion	**₱130,171,009**	₱118,543,148

Trade payables consist of payables to suppliers, contractors and other counterparties. Accrued expenses represent various accruals of the Company for its expenses and real estate projects. Accrued development costs represent the corresponding accrued expenses for the completed condominium units of the Company. Customers' deposits consist of buyers' reservation fees, rental deposits and collected deposits for water and electric meters of the sold units. Other payables pertain to deferred rent income and employees' payable.

The movements in dividends payable and accrued interest are as follows:

			Payments		
	January 1, 2020	**Additions**	**Expensed**	**Capitalized**	**December 31, 2020**
Dividends payable (Note 13)	**₱2,697,222**	**₱41,808,126**	**(₱41,388,632)**	**₱–**	**₱3,116,716**
Accrued interest (Note 12)	–	–	–	–	–
	₱2,697,222	**₱41,808,126**	**(₱41,388,632)**	**₱–**	**₱3,116,716**

			Payments		
	January 1, 2019	Additions	Expensed	Capitalized	December 31, 2019
Dividends payable (Note 13)	₱2,724,300	₱56,862,709	(₱56,889,787)	₱–	₱2,697,222
Accrued interest (Note 12)	981,278	6,602,142	(981,278)*	(6,602,142)	–
	₱3,705,578	₱63,464,851	(₱57,871,065)	(₱6,602,142)	₱2,697,222

**Expensed in 2018 but paid in 2019.*

12. Notes and Contracts Payable

In 2020 and 2019, the Company no longer applied for a new Certificate of Permit to Offer Securities for Sale. All outstanding commercial papers in 2019 have been paid to the investors on or before November 6, 2019.

Contract payable amounting to ₱7.50 million as of December 31, 2018 was settled in 2019 through adjustment of the cost of the property (see Note 8).

No interest expense was incurred for the year 2020. Interest expense related to commercial papers amounted to ₱6.60 million and ₱4.51 million in 2019 and 2018, respectively (see Note 17). Capitalized borrowing costs in real estate properties for sale amounted to ₱6.60 million, and ₱4.51 million in 2019 and 2018, respectively (see Notes 8 and 17). The average capitalization rates used to determine the amount of borrowing cost eligible for capitalization was 3.61% in 2019 and 1.88% in 2018. Total interest paid amounted to ₱6.60 million and ₱4.51 million in 2019 and 2018, respectively.

The Company, CI, CDC and Cityplans, Incorporated (the Group) have credit lines with financial institutions aggregating to about ₱2.30 billion and ₱2.50 billion as of December 31, 2020 and 2019, respectively, which are available for drawing by any of the companies within the Group. No loans were availed by the Group from the credit line as of December 31, 2020 and 2019.

The Company has no specific credit lines with financial institutions as of December 31, 2020 and 2019.

The carrying values of CDC's investment properties and real estate properties for sale amounting to ₱146.67 million and ₱50.48 million, respectively, can be used as collaterals for the Group's credit lines.

13. **Equity**

The Company registered 175,000,000 shares with the SEC on April 21, 1989 with an initial offer price of ₱1.00. On December 13, 1999, the issued and outstanding capital stock of the Company was listed in the Philippine Stock Exchange after the initial public offering on November 29, 1999. As of December 31, 2020 and 2019, the Company has 1,431,785,284 shares held by 756 and 762 equity holders, respectively.

The following table summarizes the authorized and outstanding shares of capital stock:

	2020	2019	2018
Authorized common stock - ₱1.00 par value	**1,435,000,000**	1,435,000,000	1,435,000,000
Issued and outstanding			
Beginning of year	**1,431,785,284**	1,363,605,378	1,298,672,140
Stock dividends	–	68,179,906	64,933,238
End of year	**1,431,785,284**	1,431,785,284	1,363,605,378

In a special meeting held on August 20, 2020, the Board of Directors of the Company approved the declaration of cash dividends to stockholders of record as of September 18, 2020 which was paid last October 14, 2020. The cash dividends were taken from the unappropriated retained earnings of the Company as of December 31, 2019.

No stock dividends declared for the year 2020.

Dividends declared and issued/paid by the Company in 2020, 2019 and 2018 follows:

Dividends	Board Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	August 20, 2020	–	₱0.0292	September 18, 2020	October 14, 2020
	June 7, 2019	–	0.0417	June 24, 2019	July 5, 2019
	May 21, 2018	–	0.0294	June 04, 2018	June 20, 2018
Stock	April 29, 2019	June 11, 2019	5.00%	July 11, 2019	August 6, 2019
	May 9, 2018	June 13, 2018	5.00%	July 13, 2018	August 8, 2018

As of December 31, 2020 and 2019, the unappropriated retained earnings include the impact of the remaining balance of deemed cost adjustment of investment properties amounting to ₱11.83 million, net of related deferred tax of ₱5.07 million, which arose when the Company transitioned to PFRSs in 2005. This amount has yet to be realized through sales. The balance of unappropriated retained earnings is restricted for the payment of dividends to the extent of the balance of the deemed cost adjustment.

The balance of retained earnings is restricted for the payment of dividends to the extent of the following:

	2020	2019
Deemed cost adjustment	**₱11,825,377**	₱11,825,377
Fair value adjustment arising from repossessed inventories	**(5,526,199)**	2,851,301
Deferred income tax assets (Note 20)	**6,308,197**	16,558,290
	₱12,607,375	₱31,234,968

14. Operating Expenses

Operating expenses consist of:

	2020	2019	2018
Personnel (Note 15)	**₱35,754,573**	₱53,213,124	₱44,993,053
Taxes and licenses	**12,496,369**	14,599,111	13,083,524
Professional fees	**5,024,502**	15,207,653	9,332,325
Insurance (Note 5)	**2,438,574**	5,191,642	4,541,325
Repairs and maintenance	**1,705,792**	1,968,966	1,443,000
Brokers' commission	**977,419**	1,419,583	1,181,899
Rent expense	**829,064**	947,262	1,011,536
Outside services	**757,523**	1,334,042	2,973,391
Advertising and promotions	**607,439**	823,217	1,456,975
Membership dues	**537,580**	1,392,809	2,780,834
Postage, telephone and telegraph	**501,639**	605,539	606,355
Power, light and water	**423,050**	874,318	908,607
Transportation	**164,338**	194,838	190,656
Stationery and office supplies	**96,750**	132,235	227,124
Others	**3,135,088**	2,362,115	2,508,050
	₱65,449,700	₱100,266,454	₱87,238,654

Rent expense pertains to the lease payments on the short-term lease transactions entered into by the Company.

15. Personnel Expenses

Personnel expenses consist of:

	2020	2019	2018
Salaries and wages	**₱17,614,579**	₱21,722,492	₱19,223,552
Bonuses and other employee benefits	**9,887,359**	18,003,720	15,567,895
Commissions	**5,807,046**	11,931,128	8,906,965
Retirement benefits cost (Note 19)	**2,445,589**	1,555,784	1,294,641
	₱35,754,573	₱53,213,124	₱44,993,053

16. Financial Income

Financial income consists of:

	2020	2019	2018
Interest income from:			
Installment contracts receivable and contract assets (Note 5)	**₱70,127,330**	₱69,191,827	₱55,911,926
Cash equivalents and short-term investments (Note 4)	**7,374,239**	30,219,300	27,868,573
Cash in banks (Note 4)	**36,132**	25,009	251,267
Dividend income	**10,365**	15,524	15,056
	₱77,548,066	₱99,451,660	₱84,046,822

17. Financial Expense

Financial expense consists of:

	2020	2019	2018
Interest expense on notes payable (Note 12)	**₱–**	₱6,602,142	₱4,513,092
Capitalized borrowing costs (Notes 8 and 12)	–	(6,602,142)	(4,513,092)
	–	–	–
Finance charges and others	**203,550**	575,900	400,329
	₱203,550	₱575,900	₱400,329

18. Other Income - net

Net other income amounting to ₱18.04 million, ₱9.79 million and ₱6.49 million in 2020, 2019 and 2018, respectively, pertains to penalties for buyers' late payments, sale of scraps, gain on sale of shares of stock and net gains or losses on forfeiture/cancellation of sales.

19. **Employee Benefits**

Under the existing regulatory framework, Republic Act No. 7641, *The Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees retirement benefit under the collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

Retirement benefits cost
The Company, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of the employee's final monthly salary and the number of years of service.

The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan who is responsible for the investment strategy of the plan.

The details of net retirement benefits cost, which is included in "Personnel expenses" account (see Note 15), are as follows:

	2020	2019	2018
Current service cost	**₱2,028,202**	₱1,286,506	₱985,069
Net interest cost on net defined benefit obligation	**417,387**	269,278	309,572
Net retirement benefits cost	**₱2,445,589**	₱1,555,784	₱1,294,641

Re-measurement loss (gain) recognized in the statements of comprehensive income comprises the following:

	2020	2019	2018
Actuarial loss (gain) on defined benefit obligation:			
Due to change in financial assumption	**(₱1,884,753)**	₱5,362,470	(₱1,449,737)
Due to experience adjustments	**(2,582,759)**	795,978	1,175,477
Loss (gain) on plan assets excluding amounts included in net interest cost	**238,078**	(641,517)	(1,357,319)
Re-measurement loss (gain)	**(4,229,434)**	5,516,931	(1,631,579)
Tax effect (Note 20)	**1,268,829**	(1,655,079)	489,474
	(₱2,960,605)	₱3,861,852	(₱1,142,105)

The details of the net retirement benefits liability are as follows:

	2020	2019
Present value of defined benefit obligation	**₱22,533,309**	₱25,388,520
Fair value of plan assets (Note 21)	**18,583,537**	17,074,048
Retirement benefits liability	**₱3,949,772**	₱8,314,472

Movements in net retirement benefits liability are as follows:

	2020	2019
Beginning balances	**₱8,314,472**	₱3,643,820
Retirement benefits cost	**2,445,589**	1,555,784
Re-measurement loss (gain)	**(4,229,434)**	5,516,931
Contributions (Note 21)	**(2,580,855)**	(2,402,063)
Ending balances	**₱3,949,772**	₱8,314,472

Changes in present value of defined benefit obligation are as follows:

	2020	2019
Balances at beginning of year	**₱25,388,520**	₱16,708,787
Current service cost	**2,028,202**	1,286,506
Interest cost on defined benefit obligation	**1,274,504**	1,234,779
Benefits paid	**(1,690,405)**	–
Actuarial loss (gain)	**(4,467,512)**	6,158,448
Balances at end of year	**₱22,533,309**	₱25,388,520

Changes in fair value of plan assets are as follows:

	2020	2019
Balances at beginning of year	**₱17,074,048**	₱13,064,967
Contributions to the plan	**2,580,855**	2,402,063
Interest included in net interest costs	**857,117**	965,501
Benefits paid	**(1,690,405)**	–
Actuarial gain (loss) excluding amount recognized in net interest cost	**(238,078)**	641,517
Balances at end of year	**₱18,583,537**	₱17,074,048

The major categories of plan assets of the Company with its affiliated companies as a percentage of the fair value of net plan assets are as follows:

	2020	2019
Cash and cash equivalents	**54.41%**	52.64%
Investment properties	**41.94%**	43.31%
Investments in equity securities	**3.76%**	3.88%
Receivables	**0.02%**	0.23%
Payables	**(0.13%)**	(0.06%)
	100.00%	100.00%

Cash and cash equivalents consist of savings deposits and short-term time deposits with maturities of less than 3 months. Investment properties pertain to condominium units which are held for lease and are stated at fair value (see Note 21). Investments in equity securities consist of investment in shares of stock of listed companies. Investments in equity securities have quoted market prices in an active market. Receivables include loans to individuals and accrued interest income

The Company expects to contribute ₱1.86 million to the retirement fund in 2021.

The Company does not currently employ any asset-liability matching. The latest actuarial valuation report is as of December 31, 2020. The principal assumptions used in determining retirement benefits cost for the Company's plan as of January 1 are as follows:

	2020	2019
Number of employees	**68**	69
Discount rate per annum	**5.02%**	7.39%
Future annual increase in salary	**5.00%**	5.00%
Mortality rate	**1994 GAM***	1994 GAM*
Disability rate	**1952 Disability Study**	1952 Disability Study

**Group Annuity Mortality Table*

As of December 31, 2020, the discount rate is 3.77% and the future increase in salary is 3.00%.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2020 and 2019, assuming all other assumptions were held constant.

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation **2020**	2019
Discount rate	+0.50%	**(₱1,176,255)**	(₱1,358,818)
	-0.50%	**1,307,390**	1,514,240
Salary increase rate	+1.00%	**2,688,131**	3,096,569
	-1.00%	**(2,222,965)**	(2,550,139)

Shown below is the maturity analysis of the undiscounted expected benefit payments as of December 31, 2020:

Plan year	No. of Retirees	Total Benefit
More than 1 year to 5 years	2	₱6,700,593
More than 5 years to 10 years	4	15,233,246
More than 10 years to 15 years	4	9,811,764
More than 15 years to 20 years	2	7,312,304
More than 20 years	45	110,984,586
	57	₱150,042,493

The average duration of the defined benefit obligation as of December 31, 2020 is 21 years.

Accrued sick leave
Employees are entitled to paid sick leave of 15 days per year of service after issuance of regular appointment, computed at 1.25 days per month of service, enjoyable only after one year of regular service. Unused sick leaves are cumulative and convertible to cash based on the employee's salary at the time that the employee is leaving the Company. Accrued sick leave, presented under "Accounts payable and accrued expenses - noncurrent portion" account, amounted to ₱10.13 million and ₱11.01 million as of December 31, 2020 and 2019, respectively (see Note 11).

20. **Income Taxes**

a. Provision for (benefit from) income tax consists of:

	2020	2019	2018
Current	**₱21,035,552**	₱53,790,311	₱44,661,424
Deferred	**9,589,130**	1,915,724	(523)
	30,624,682	55,706,035	44,660,901
Final tax on interest income	**1,482,074**	6,048,862	5,623,968
	₱32,106,756	₱61,754,897	₱50,284,869

b. The components of net deferred income tax assets (liabilities) as of December 31 are as follows:

	2020	2019
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets on:		
Accrued expenses	**₱3,849,254**	₱6,207,269
Difference between tax basis and book basis of accounting for real estate transactions	**1,369,997**	9,233,556
Unamortized past service cost	**1,011,741**	1,028,426
Unearned revenue	**77,205**	89,039
	6,308,197	16,558,290
Deferred income tax liabilities on:		
Deemed cost adjustment in real estate properties (Notes 9 and 13)	**(5,068,019)**	(5,068,019)
Capitalized borrowing costs	**(3,131,251)**	(3,333,642)
Cost to obtain contract (Note 5)	**(1,959,233)**	(2,458,384)
Accumulated excess contributions over retirement benefits cost	**(1,531,211)**	(1,490,632)
	(11,689,714)	(12,350,677)
	(5,381,517)	4,207,613
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	**2,716,144**	3,984,973
Net deferred income tax assets (liabilities)	**(₱2,665,373)**	₱8,192,586

c. The reconciliation of income tax computed at statutory tax rate to the provision for income tax follows:

	2020	2019	2018
Income tax at statutory tax rate	**₱40,998,041**	₱71,238,607	₱59,996,304
Adjustments to income tax resulting from:			
Interest income subjected to final tax	**(2,223,111)**	(9,073,293)	(8,435,952)
Tax-exempt interest income	**(7,993,537)**	(8,389,846)	(6,870,596)
Final tax on interest income	**1,482,074**	6,048,862	5,623,968
Nontaxable income	**(153,602)**	–	–

(Forward)

	2020	2019	2018
Nondeductible expense	**₱–**	₱1,935,225	₱1,141,790
Net income entitled to income tax holiday	–	–	(1,166,128)
Others	**(3,109)**	(4,658)	(4,517)
Provision for income tax	**₱32,106,756**	₱61,754,897	₱50,284,869

d. On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", reconciling the disagreeing provisions of Senate Bill No. 1357 and House Bill No. 4157.

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

The enrolled bill was submitted to the President on February 24, 2021 for his approval and upon receipt of the bill, the President may do any of the following:
1. Sign the enrolled bill without vetoing any line or item therein;
2. Sign the enrolled bill with line or item veto which veto may be overridden by Congress; or
3. Inaction within 30 days from receipt which would result to the automatic approval of the enrolled bill as it is.

Once signed, the measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Among the salient provisions of the aforementioned Bicameral version is the reduction in the corporate income tax rate as follows:

Domestic Corporation
For total assets of a Company of ₱100 million and below:
- 20% - if their net taxable income is ₱5 million and below
- 25% - if their net taxable income is more than ₱5 million

For a company with total assets of more than ₱100 million, corporate income tax rate is 25% based on net taxable income. Total assets are exclusive of the value of the land on which the particular company's office, plant, and equipment are situated.

The target effectivity date is on July 1, 2020.

For the allowable deduction for interest expense reduced by a percentage (currently at 33%) of interest income subjected to final tax, the following rates shall apply:

- 20% interest reduction if the applicable corporate tax rate is 25%
- 0% interest reduction if the applicable corporate tax rate is 20%

Also, a reduction of minimum corporate income tax from 2% to 1% for a period of three years (i.e., July 1, 2020 until June 30, 2023).

As of March 24, 2021, the said bill has not been passed into law.

21. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement. The Company, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

			Outstanding Balances				
	Amount of trpansactions		Receivable (Note 6)		Payable (Note 11)		
Nature of Transaction	**2020**	2019	**2020**	2019	**2020**	2019	Terms and conditions
Ultimate Parent Company (CI)							
Sharing of expenses charged to the Company (b)	**(₱843,516)**	(₱388,309)	**₱–**	₱–	**₱1,444,845**	₱601,329	30-day, unsecured, non-interest bearing to be settled in cash;
Parent Company (CDC)							
Sharing of expenses charged by (to) the Company (b)	**285,978**	(464,440)	**–**	–	**–**	285,978	30-day, unsecured, non-interest bearing to be settled in cash;
Affiliate (CPI)							
Sharing of expenses charg to the Company (b)	**–**	(186,765)	**–**	–	**–**	–	30-day, unsecured, non-interest bearing to be settled in cash
Sale of real estate property under pre-completion contracts (a)	**–**	–	**150,000**	150,000	**–**	–	To be settled in cash upon turnover; interest-bearing (Note 5)

(Forward)

	Amount of trpansactions		Outstanding Balances				
			Receivable (Note 6)		Payable (Note 11)		
Retirement plan							
Contributions to the plan (c)	**₱2,580,855**	₱2,402,063	**₱–**	₱–	**₱–**	₱–	Settled in cash
Key management personnel							
Salaries and other compensation (d)	**4,263,952**	5,968,894	**–**	–	**2,696,293**	9,681,159	Settled in cash
BOD							
Shares of stock (e)	**445,231**	2,644,218	**–**	–	**–**	–	Pertains to 47,810,670 and 47,365,439 common shares at ₱1 par value per share
Total			**₱150,000**	₱150,000	**₱4,141,138**	₱10,568,466	

a. In 2016, the Company sold condominium units of an on-going real estate project to CPI with a contract price amounting to ₱19.42 million (realized as revenue based on percentage of completion). Retention for this sale transaction amounted to ₱0.15 million as of December 31, 2020 and 2019 (see Note 6).

b. The Company has various shared expenses with other affiliates pertaining to general and administrative expenses such as salaries, transportation, association dues, professional fees and rent. Outstanding balances are recorded as due from related parties under "Other receivables" and "Accounts payable and accrued expenses" account in the statements of financial position.

c. The Company, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third-party trustee bank under the supervision of the Retirement Committee of the plan who is responsible for the investment strategy of the plan. The Company's share in the Group's fair value of plan assets amounted to ₱18.58 million and ₱17.07 million as of December 31, 2020 and 2019, respectively. The Company's share in the carrying value of plan assets is equivalent to its share in the fair value.

   The major categories of plan assets are cash and cash equivalents, investment properties, investments in equity securities and loans and receivables (see Note 19). Investments in equity securities of plan assets include investment in shares of CDC. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in CDC amounted to ₱4.85 million and ₱4.84 million as of December 31, 2020 and 2019, respectively, with original cost of ₱3.40 million. Unrealized gain on changes of fair value of these investments amounted to ₱1.45 million and ₱1.44 million as of December 31, 2020 and 2019, respectively. Loans and receivables of plan assets include installment contracts receivable purchased in prior years on a non-recourse basis from CDC amounting to ₱0.11 million as of December 31, 2020 and 2019. The retirement plan assets as of December 31, 2020 and 2019 include fair value of investment properties held for lease amounting to ₱54.04 million, which was purchased from CDC in 2013. The sale was conducted in the normal course of business and was measured at current selling price and settled in cash.

   Contributions to the fund amounted to ₱2.58 million and ₱2.40 million in 2020 and 2019, respectively (see Note 19).

d. Compensation of key management personnel are as follows:

	2020	2019	2018
Salaries	**₱2,107,670**	₱2,228,228	₱1,903,657
Bonuses	**363,171**	568,682	491,577
Other benefits	**1,793,111**	3,171,984	3,704,322
	₱4,263,952	₱5,968,894	₱6,099,556

Other benefits consist of incentives, retirement benefits and performance bonuses.

The Company has no standard arrangements with regard to remuneration of its directors. In 2020, 2019 and 2018, the BOD received a total of ₱5.33 million, ₱8.41 million and ₱5.40 million, respectively. Moreover, the Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Company does not have any arrangements for stock warrants or options offered to its employees.

e. Shares of stock of the Company held by members of the BOD aggregated to ₱47.81 million and ₱47.37 million par value as of December 31, 2020 and 2019, respectively.

22. Financial Instruments and Fair Value Measurement

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents and short-term investments. The main purpose of these financial instruments is to finance the Company's operations. The Company's other financial instruments consist of financial assets at FVOCI, which are held for investing purposes. The Company has various other financial instruments such as installment contracts receivable, contract assets, other receivables and accounts payable and accrued expenses which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are market risk (i.e., cash flow interest rate risk, and equity price risk), credit risk, and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized below.

Market risk

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's notes payable, with repriced interest rates.

The Company's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

There is no impact on the Company's equity other than those already affecting income before income tax.

Equity price risk
Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market values of individual shares of stock. The Company is exposed to equity price risk because of investments held by the Company classified as financial assets at FVOCI in the statements of financial position. The Company employs the service of a third-party stockbroker to manage its investments in shares of stock.

The following table demonstrates the sensitivity analysis of the Company's equity to a reasonably possible change in equity price based on forecasted and average movements of equity prices (with all other variables held constant):

	Change in equity price	Effect on equity
2020	**+/-0.0437**	**+/-₱21,601**
2019	+/-0.0979	+/-₱47,766

Credit risk
Credit risk arises when the Company will incur a loss because its buyers, clients, or counterparties fail to discharge their obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all buyers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Company's exposure to bad debts is not significant. The risk is further mitigated because the Company holds the title to the real estate properties with outstanding installment contracts receivable balance and the Company can repossess such real estate properties upon default of the buyer in paying the outstanding balance. The Company's policy is to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Company.

The tables below show the Company's exposure to credit risk for the components of the statements of financial position. The exposure as of December 31, 2020 and 2019 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and the maximum exposure at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

December 31, 2020:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit Enhancements
Financial assets at amortized cost				
Cash and cash equivalents*	**₱178,293,538**	**₱–**	**₱178,293,538**	**₱–**
Short-term investments	**58,500,000**	**–**	**58,500,000**	**–**
Installment contracts receivable	**1,765,893**	**114,769,005**	**–**	**1,765,893**
Refundable deposits	**993,121**	**–**	**993,121**	**–**
Other receivables:				
Advances to customers	**1,160,192**	**–**	**1,160,192**	**–**
Advances to condominium corporations	**917,501**	**–**	**917,501**	**–**

(Forward)

	Gross maximum exposure	**Fair value of collaterals/credit enhancements**	**Net exposure**	**Financial effect of collaterals/credit Enhancements**
Retention	**₱810,000**	**₱–**	**₱810,000**	**₱–**
Accrued interest	**300,048**	**–**	**300,048**	**–**
Rent receivable	**269,499**	**–**	**269,499**	**–**
Others	**165,573**	**–**	**165,573**	**–**
Contract asset	**408,199,399**	**1,133,210,791**	**–**	**408,199,399**
Total credit risk exposure	**₱651,374,764**	**₱1,247,979,796**	**₱241,409,472**	**₱409,965,292**

**Excluding cash on hand amounting to ₱16,000.*

December 31, 2019:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit Enhancements
Financial assets at amortized cost				
Cash and cash equivalents*	₱237,644,249	₱–	₱237,644,249	₱–
Short-term investments	10,000,000	–	10,000,000	–
Installment contracts receivable	707,509	62,569,171	–	707,509
Refundable deposits	1,038,759	–	1,038,759	–
Other receivables:				
Advances to customers	1,095,472	–	1,095,472	–
Retention	710,000	–	710,000	–
Advances to condominium corporations	627,169	–	627,169	–
Accrued interest	563,692	–	563,692	–
Others	119,571	–	119,571	–
Contract asset	468,076,005	1,185,029,888	–	468,076,005
Total credit risk exposure	₱720,582,426	₱1,247,599,059	₱251,798,912	₱468,783,514

**Excluding cash on hand amounting to ₱16,000.*

The Company has performed an ECL calculation for its financial assets at amortized cost. The ECL is a product of the probability of default, loss given default and exposure at default.

In determining the probability of default, the Company used historical default rates for the last five years for the installment sales from its buyers and last two years for other receivables. The Company applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Company determined the fair value less cost of repossession of collaterals upon default is higher than the exposure at default. Thus, no expected credit loss was recognized for the Company's installment contract receivables, contract assets and other receivables from its buyer.

The Company considers its cash and cash equivalent and short-term investments as high grade since these are placed in financial institution of high credit standing. Accordingly, ECL relating to cash and cash equivalent and short-term investment rounds to nil.

The Company considers other receivables from third parties and related parties as medium grade. Third parties are primarily managed through screening based on credit history and financial information submitted. Whereas, related parties have low risk of default and have a strong capacity to meet their contractual cash flows in the near term. The following tables summarize the aging analysis of receivables on which expected credit loss rate was applied:

December 31, 2020:

				Days past due				
	Contract asset	**Current**	**More than one year**	**Less than 30 days**	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Installment contracts receivable	**₱–**	**₱–**	**₱–**	**₱1,543,077**	**₱163,276**	**₱59,540**	**₱–**	**₱1,765,893**
Contract asset	**408,199,399**	**–**	**–**	**–**	**–**	**–**	**–**	**408,199,399**
Refundable deposits	**–**	**993,121**	**–**	**–**	**–**	**–**	**–**	**993,121**
Other receivables:								
Advances to customers	**–**	**960,312**	**4,841**	**–**	**–**	**57,141**	**137,898**	**1,160,192**
Advances to condominium corporations	**–**	**326,182**	**591,319**	**–**	**–**	**–**	**–**	**917,501**
Retention	**–**	**–**	**810,000**	**–**	**–**	**–**	**–**	**810,000**
Accrued interest	**–**	**300,048**	**–**	**–**	**–**	**–**	**–**	**300,048**
Rent receivable	**–**	**269,499**	**–**	**–**	**–**	**–**	**–**	**269,499**
Others	**–**	**165,573**	**–**	**–**	**–**	**–**	**–**	**165,573**
	₱408,199,399	**₱3,014,735**	**₱1,406,160**	**₱1,543,077**	**₱163,276**	**₱116,681**	**₱137,898**	**₱414,581,226**

December 31, 2019:

				Days past due				
	Contract asset	Current	More than one year	Less than 30 days	30-60 days	61-90 days	Over 90 days	Total
Installment contracts receivable	₱–	₱–	₱–	₱488,467	₱142,962	₱–	₱76,080	₱707,509
Contract asset	468,076,005	–	–	–	–	–	–	468,076,005
Refundable deposits	–	1,038,759	–	–	–	–	–	1,038,759
Other receivables:								
Advances to customers	–	980,367	–	–	–	33,919	81,186	1,095,472
Retention	–	–	710,000	–	–	–	–	710,000
Advances to condominium corporations	–	39,741	587,428	–	–	–	–	627,169
Accrued interest	–	563,692	–	–	–	–	–	563,692
Others	–	119,571	–	–	–	–	–	119,571
	₱468,076,005	₱2,742,130	₱1,297,428	₱488,467	₱142,962	₱33,919	₱157,266	₱472,938,177

The tables below show the credit quality by class of financial assets based on the Company's credit rating system.

December 31, 2020:

	High Grade*	**Medium Grade****	**Total**
Financial assets at amortized cost			
Cash and cash equivalents, excluding cash on hand	**₱178,293,538**	**₱–**	**₱178,293,538**
Short-term investments	**58,500,000**	**–**	**58,500,000**
Installment contracts receivable	**–**	**1,765,893**	**1,765,893**
Contract assets	**–**	**408,199,399**	**408,199,399**
Refundable deposits	**–**	**993,121**	**993,121**
Other receivables:			
Advances to customers	–	**1,160,192**	**1,160,192**
Advances to condominium corporations	–	**917,501**	**917,501**
Retention	–	**810,000**	**810,000**
Accrued interest	**300,048**	–	**300,048**
Rent receivable	–	**269,499`**	**269,499**
Others	–	**165,573**	**165,573**
	₱237,093,586	**₱414,281,178**	**₱651,374,764**

**High Grade - financial assets with reputable counterparties and which management believes as reasonably assured as recoverable.*
***Medium Grade - financial assets for which there is low risk of default of counterparties.*

December 31, 2019:

	High Grade*	Medium Grade**	Total
Financial assets at amortized cost			
Cash and cash equivalents, excluding cash on hand	₱237,644,249	₱–	₱237,644,249
Short-term investments	10,000,000	–	10,000,000
Installment contracts receivable	–	707,509	707,509
Contract assets	–	468,076,005	468,076,005
Refundable deposits	–	1,038,759	1,038,759
Other receivables:			
Advances to customers	–	1,095,472	1,095,472
Retention	–	710,000	710,000
Advances to condominium corporations	–	627,169	627,169
Accrued interest	563,692	–	563,692
Others	–	119,571	119,571
	₱248,207,941	₱472,374,485	₱720,582,246

**High Grade - financial assets with reputable counterparties and which management believes as reasonably assured as recoverable.*
***Medium Grade - financial assets for which there is low risk of default of counterparties.*

Liquidity risk

Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of commercial papers.

The tables below summarize the maturity analysis of the Company's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

December 31, 2020:

	1-30 days	31-90 days	91-180 days	181-365 days	Above 1 year	Total
Financial Assets						
Cash and cash equivalents	**₱149,309,538**	**₱29,000,000**	**₱–**	**₱–**	**₱–**	**₱178,309,538**
Short-term investments	–	**58,500,000**	–	–	–	**58,500,000**
Installment contracts receivable	**1,543,077**	**222,816**	–	–	–	**1,765,893**
Refundable deposits	–	–	–	–	**993,121**	**993,121**
Other receivables	**1,508,755**	**492,338**	**74,093**	**141,467**	**1,406,160**	**3,622,813**
Financial assets at FVOCI	–	–	–	–	**494,298**	**494,298**
Contract assets	**4,729,988**	**7,748,234**	**11,658,808**	**21,620,056**	**362,442,313**	**408,199,399**
	157,091,358	**95,963,388**	**11,732,901**	**21,761,523**	**365,335,892**	**651,885,062**
Financial Liabilities						
Accounts payable and accrued expenses*	**125,250,475**	**8,687**	**13,031**	**26,062**	**10,661,402**	**135,959,657**
Liquidity position	**₱31,840,883**	**₱95,954,701**	**₱11,719,870**	**₱21,735,461**	**₱354,674,490**	**₱515,925,405**

** Excludes customers' deposits amounting to ₱4,793,568 and statutory liabilities amounting to ₱2,244,195.*

December 31, 2019:

	1-30 days	31-90 days	91-180 days	181-365 days	Above 1 year	Total
Financial Assets						
Cash and cash equivalents	₱190,660,249	₱47,000,000	₱–	₱–	₱–	₱237,660,249
Short-term investments	–	10,000,000	–	–	–	10,000,000
Installment contracts receivable	488,467	142,962	76,080	–	–	707,509
Refundable deposits	–	–	–	–	1,038,759	1,038,759
Other receivables	1,130,874	612,598	27,574	29,599	1,315,259	3,115,904
Financial assets at FVOCI	–	–	–	–	487,912	487,912
Contract assets	6,021,211	10,155,915	15,548,978	30,497,843	405,852,058	468,076,005
	198,300,801	67,911,475	15,652,632	30,527,442	408,693,988	721,086,338
Financial Liabilities						
Accounts payable and accrued expenses*	93,659,255	11,609	9,860,584	11,623,968	15,519,718	130,675,134
	93,659,255	11,609	9,860,584	11,623,968	15,519,718	130,675,134
Liquidity position	₱104,641,546	₱67,899,866	₱5,792,048	₱18,903,474	₱393,174,270	₱590,411,204

** Excludes customers' deposits amounting to ₱2,509,620 and statutory liabilities amounting to ₱1,753,970.*

Fair Values

The tables below provide fair value hierarchy of the Company's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

As of December 31, 2020:

	Fair value		
	Level 1	**Level 2**	**Level 3**
Assets measured at fair value:			
Financial assets at FVOCI	**₱494,298**	**₱–**	**₱–**
Asset for which fair values are disclosed:			
Investment properties	**–**	**–**	**927,276,000**

As of December 31, 2019:

	Fair value		
	Level 1	Level 2	Level 3
Assets measured at fair value:			
Financial assets at FVOCI	₱487,912	₱–	₱–
Asset for which fair values are disclosed:			
Investment properties	–	–	788,500,000

The following method and assumptions were used to estimate the fair value of each class of financial instruments and investment properties, for which it is practicable to estimate such value.

Cash and cash equivalents, short-term investments, installment contracts receivable, other receivables and accounts payable and accrued expenses

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term investments, other receivables and accounts payable and accrued expenses approximate their carrying amounts. The fair value of installment contracts receivable approximates its carrying amount as it carries interest rates that approximate the interest rate for comparable instruments in the market.

Financial Assets at FVOCI

Financial assets at FVOCI are stated at fair value based on quoted market prices.

Investment properties

The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of other land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparable. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair value of the investment properties as of December 31, 2020 and 2019 represents the highest and best use of the said properties which is the same with its current use.

23. **Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. It monitors its use of capital using leverage ratios on both gross debt and debt coverage basis. Debt consists of short-term debt. Debt coverage includes short-term debt less cash and cash equivalents and short-term investments. The Company considers as capital the total equity excluding the accumulated other comprehensive items.

As of December 31, 2020 and 2019, the Company has the following ratios:

	2020	2019
Notes and contracts payable	**₱–**	₱–
Total equity	**₱2,228,388,515**	₱2,162,676,268
Add (less):		
Net changes in fair values of financial assets at FVOCI	**(398,463)**	(392,077)
Accumulated re-measurement on defined benefit plan	**6,337,668**	9,298,273
Capital	**₱2,234,327,720**	₱2,171,582,464
Debt-to-capital ratio	**0.00:1**	0.00:1

	2020	2019
Cash and cash equivalents	**₱178,309,538**	₱237,660,249
Short-term investments	**58,500,000**	10,000,000
Notes and contracts payable	**–**	–
Debt coverage	**₱236,809,538**	₱247,660,249

As of December 31, 2020 and 2019, the Company has no externally imposed capital requirements.

In accordance with the rule on Minimum Public Ownership issued by the Philippine Stock Exchange (PSE) requiring listed companies to maintain a 10% public float at all times, the total number of shares owned by the public as of December 31, 2020 and 2019 are 227,316,830 shares which are approximately 15.88% of the total number issued and outstanding shares of the Company.

On December 13, 1999, the PSE approved the listing of the Company's common shares totaling 175,000,000 shares. The shares were initially issued at an offer price of ₱1.00 per share.

After listing in 1999, there had been subsequent issuances covering a total of 1,431,785,284 shares.

Below is the summary of the Company's track record of registration of securities with the SEC and PSE as at December 31:

	Number of Shares Registered	Number of holders of securities as of yearend
December 31, 2018	1,363,605,378	766
Add/(Deduct) Movement	68,179,906	(4)
December 31, 2019	1,431,785,284	762
Add/(Deduct) Movement	–	(6)
December 31, 2020	1,431,785,284	756

24. **Basic/Diluted Earnings Per Share**

Basic/diluted earnings per share amounts were computed as follows:

	2020	2019	2018
Net income	**₱104,553,382**	₱175,707,125	₱149,702,816
Weighted average number of outstanding shares	**1,431,785,284**	1,431,785,284	1,431,785,284*
Basic/diluted earnings per share	**₱0.07**	₱0.12	₱0.10

**After retroactive effect of 5% stock dividends in 2019.*

The Company has no potential dilutive common shares as of December 31, 2020, 2019 and 2018. Thus, the basic and diluted earnings per share are the same as of those dates.

25. **Business Segments**

The Company derives its revenues primarily from the sale and lease of real estate properties. These are the operating segments classified as business groups which are consistent with the segments reported to the BOD, its Chief Operating Decision Maker (CODM).

Segment Revenue and Expenses

	2020		
	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Total**
Revenue:			
Sales of real estate	**₱253,550,492**	**₱–**	**₱253,550,492**
Financial income	**77,548,066**	**–**	**77,548,066**
Rent income	**–**	**5,331,033**	**5,331,033**
Other income - net	**18,037,980**	**–**	**18,037,980**
Cost of real estate sales	**152,154,183**	**–**	**152,154,183**
Operating expenses:			
Personnel	**35,754,573**	**–**	**35,754,573**
Taxes and licenses	**12,348,477**	**147,892**	**12,496,369**
Professional fees	**5,024,502**	**–**	**5,024,502**
Insurance	**2,438,574**	**–**	**2,438,574**
Others	**9,307,543**	**428,139**	**9,735,682**
Financial expenses	**203,550**	**–**	**203,550**
Provision for income tax	**30,680,255**	**1,426,501**	**32,106,756**
Net income	**₱101,224,881**	**₱3,328,501**	**₱104,553,382**

	2019		
	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Revenue:			
Sales of real estate	₱513,552,433	₱–	₱513,552,433
Financial income	99,451,660	–	99,451,660
Rent income	–	6,634,429	6,634,429
Other income - net	9,790,828	–	9,790,828
Cost of real estate sales	291,124,974	–	291,124,974
Operating expenses:			
Personnel	53,213,124	–	53,213,124
Taxes and licenses	14,088,266	510,845	14,599,111

(Forward)

	2019		
	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Professional fees	₱15,207,653	₱–	₱15,207,653
Insurance	5,191,642	–	5,191,642
Others	10,246,109	1,808,815	12,054,924
Financial expenses	575,900	–	575,900
Provision for income tax	60,460,466	1,294,431	61,754,897
Net income	₱172,686,787	₱3,020,338	₱175,707,125

	2018		
	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Revenue:			
Sales of real estate	₱414,509,830	₱–	₱414,509,830
Financial income	84,046,822	–	84,046,822
Rent income	–	3,764,560	3,764,560
Other income - net	6,486,154	–	6,486,154
Cost of real estate sales	221,180,698	–	221,180,698
Operating expenses:			
Personnel	44,993,053	–	44,993,053
Taxes and licenses	12,890,845	192,679	13,083,524
Professional fees	9,332,325	–	9,332,325
Insurance	4,541,325	–	4,541,325
Others	14,907,688	380,739	15,288,427
Financial expenses	400,329	–	400,329
Provision for income tax	49,327,526	957,343	50,284,869
Net income	₱147,469,017	₱2,233,799	₱149,702,816

Segment Assets and Liabilities

December 31, 2020:

	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Total**
Total assets	**₱2,322,185,629**	**₱181,949,332**	**₱2,504,134,961**
Total liabilities	**275,495,914**	**250,532**	**275,746,446**
Additions to real estate properties held for future development (Note 8)	**2,547,375**	**–**	**2,547,375**

December 31, 2019:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Total assets	₱2,265,225,051	₱181,949,332	₱2,447,174,383
Total liabilities	284,194,574	303,541	284,498,115
Additions to real estate properties held for future development (Note 8)	2,635,904	–	2,635,904

26. Contingencies

The Company is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the financial statements. Hence, no provision was recognized as of December 31, 2020 and 2019.

27. Other Matters

COVID-19 Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020.

On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. After which, modified ECQ was implemented in Metro Manila until May 31, 2020.

Starting June 1, 2020, NCR and other parts of the Philippines were declared to be under general community quarantine (GCQ), until June 15, 2020. The GCQ was further extended until June 30, 2020, then again until July 15, 2020. Afterwards, the GCQ was extended until July 30, 2020.

On August 3, 2020, the President of the Philippines reverted Metro Manila, and the provinces of Laguna, Cavite, Rizal and Bulacan to modified enhanced community quarantine from general community quarantine from August 4, 2020 until August 18, 2020. Starting August 19, 2020, Metro Manila, as well as the provinces of Laguna, Cavite, Rizal, and Bulacan, returned to general community quarantine unless earlier lifted or extended.

The COVID-19 pandemic has caused disruptions in the Company's business activities. Further, the scale and duration of the impact of the pandemic remain uncertain as at the report date. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects. The outbreak could have a material impact on the Company's financial results for the rest of 2021 and even periods thereafter. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

28. Supplementary Information Required Under Revenue Regulations No. 15-2010

In compliance with the requirements set forth in Revenue Regulations No. 15-2010, the information on taxes and license fees paid or accrued for the period ended December 31, 2020 is as follows:

a. Net sales/receipts and output VAT declared in the Company's VAT returns filed in 2020:

	Net sales/receipt	Output VAT
Vatable sales	₱224,972,526	₱26,996,704
Exempt	98,659,116	–
	₱323,631,642	₱26,996,704

The Company does not have zero-rated sales/receipts in 2020. The Company's net sales/receipts are based on actual collections received, hence, may not be the same as the amounts accrued/reflected in the "Sales of real estate properties" account in the Company's 2020 statement of income.

The Company has exempt sale transactions pursuant to Section 109 of the 1997 Tax Code, as amended.

b. Input VAT

The following table shows the sources of input VAT claimed:

Balance at beginning of year	₱3,061,762
Purchases of:	
Goods other than for resale	7,887,124
Services lodged under other accounts	14,553,021
Total available input VAT during the year	25,501,907
Less input VAT applied against output VAT and other adjustments	22,288,357
Balance at end of year	₱3,213,550

c. There are no importations in 2020.

d. Details of taxes and licenses are shown below:

	Under Real Estate for Future Development	Under Cost of Real Estate Sales	Under Operating Expenses	Total
Business permit and registration	₱–	₱–	₱11,112,365	₱11,112,365
Real estate property taxes	94,500	–	1,112,331	1,206,831
Documentary stamps taxes	–	–	1,112	1,112
Other taxes and licenses	788,468	149,391	270,561	1,208,420
	₱882,968	₱149,391	₱12,496,369	₱13,528,728

e. Documentary stamp taxes

In 2020, the Company paid documentary stamp taxes in relation to the payment for accident insurance while no documentary stamp taxes for loan instruments and for shares of stock were incurred.

f. Withholding taxes

The following are the categories of the Company's withholding taxes in 2020:

Compensation and benefits	₱3,424,926
Expanded taxes	4,632,833
Final taxes on cash dividends	769,469
	₱8,827,228

The outstanding balance of withholding taxes as of December 31, 2020 amounted to ₱2.24 million.

g. Tax contingencies:

i. The Company has no final deficiency tax assessments as of December 31, 2020.
ii. The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
City & Land Developers, Incorporated
3rd Floor, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of City & Land Developers, Incorporated (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and have issued our report thereon dated March 24, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-058-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534360, January 4, 2021, Makati City

March 24, 2021

CITY & LAND DEVELOPERS, INCORPORATED

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SCHEDULE I

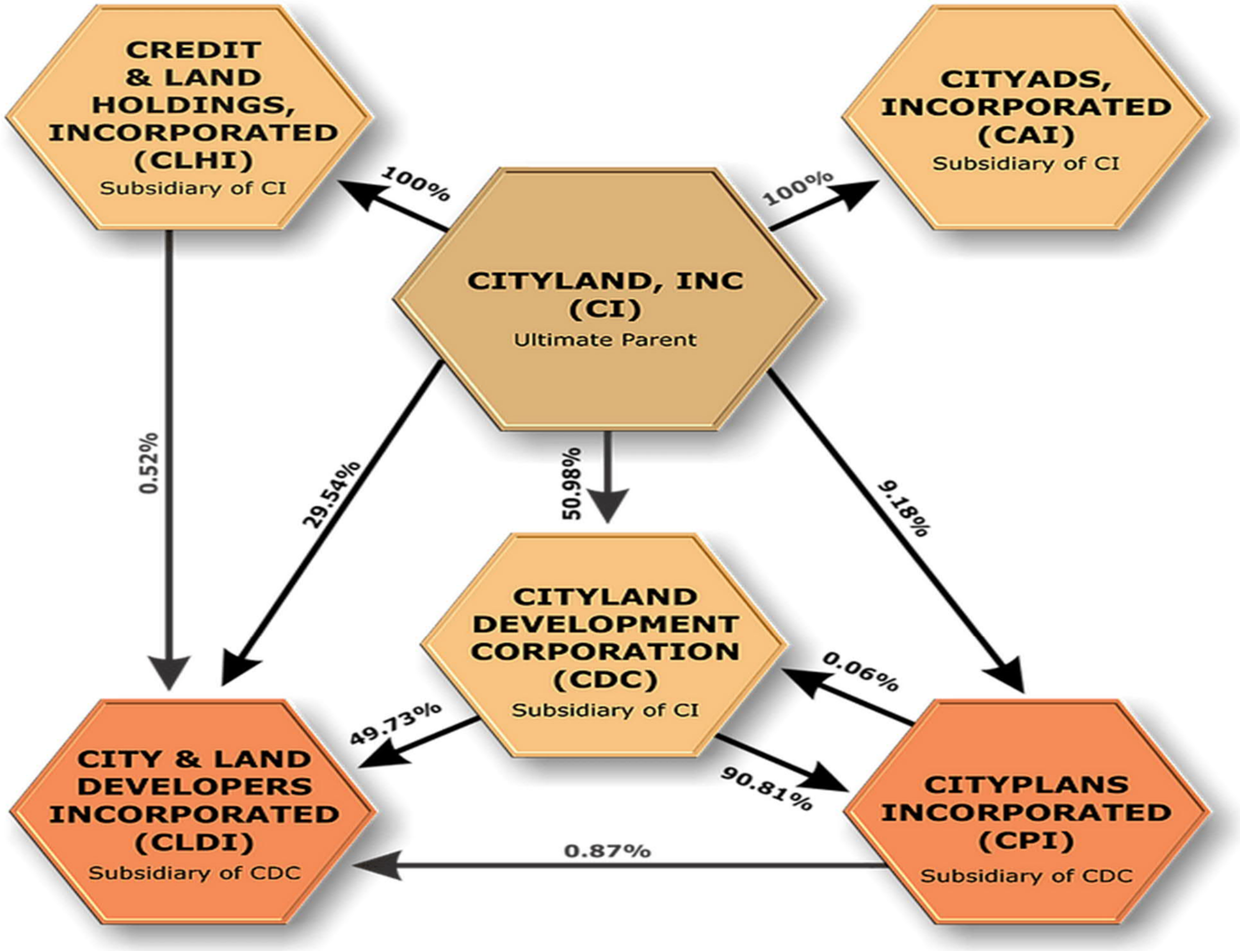
CITY & LAND DEVELOPERS, INCORPORATED
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2020

Retained earnings, beginning		₱739,692,044
Deemed cost adjustment on real estate properties, net of tax		(11,825,377)
Deferred income tax assets, beginning		(16,558,290)
Fair value adjustment arising from repossessed inventories, beginning		(2,851,301)
Retained earnings, as adjusted to available for dividends declaration, beginning		708,457,076
Add:	Net income actually earned/realized during the year	
	Net income during the year closed to retained earnings	104,553,382
	Movement in deferred income tax assets	10,250,093
	Movement in fair value adjustment arising from repossessed inventories	8,377,500
		123,180,975
Less:	Dividends declared during the year	
	Cash dividends	41,808,126
		41,808,126
Retained earnings available for dividends declaration, end		₱789,829,925

SCHEDULE II

CITY & LAND DEVELOPERS, INCORPORATED

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



CITY & LAND DEVELOPERS, INCORPORATED

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E

SCHEDULE A. FINANCIAL ASSETS

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of financial position	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
CASH AND CASH EQUIVALENTS				
Cash on hand and in banks	₱–	₱28,806,738	₱–	₱36,132
Cash equivalents				
Amalgamated Investment Bancorporation	–	38,500,000	–	522,167
China Bank Savings	–	–	–	698,570
Citysavings Bank	–	43,500,000	–	246,524
China Trust Bank Corp.	–	–	–	38,224
Malayan Bank	–	–	–	115,124
Maybank	–	–	–	52,743
Philippine Commercial Capital, Inc.	–	–	–	434,884
Philippine National Bank	–	47,000,000	–	680,817
Philippine Savings Bank	–	–	–	168,476
Philippine Trust Co.	–	6,502,800	–	1,069,852
Philippine Veterans Bank	–	–	–	112
UCPB Savings Bank	–	14,000,000	–	3,231,515
	₱–	**₱178,309,538**	**₱–**	**₱7,295,140**
SHORT-TERM INVESTMENTS				
Citysavings Bank	₱–	₱33,000,000	₱–	₱49,498
China Bank Savings	–	25,500,000	–	65,733
	₱–	**₱236,809,538**	**₱–**	**₱7,410,371**

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of financial position	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
FINANCIAL ASSETS AT FVOCI				
Empire East	₱300,301	₱94,595	₱94,595	₱–
Ayala Land "B" Preferred	16,875	1,688	1,688	–
First Holding "B"	5,126	394,702	394,702	–
Swift Foods	150	19	19	–
Ayala Corporation "B" Preferred	227	227	227	–
Ayala Land "B" Common	75	3,067	3,067	–
	₱322,754	**₱494,298**	**₱494,298**	**₱–**

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period

Not applicable. No directors, officers, employees, and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than P100,000 or one percent of total assets, whichever is less, is owed.

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period

Not Applicable

SCHEDULE D. LONG–TERM DEBT

Title of Issue and type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet

Not applicable. The Company has no long-term debt.

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES

Name of related parties	Balance at beginning of period	Balance at end of period
CI (Ultimate Parent)	₱601,329	₱1,444,845
CDC (Parent)	285,978	–
CPI (Affiliate)	–	–
Key management personnel	9,681,159	2,696,293

SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
	Not applicable. The Company has no guarantees of securities of other issuers.			

SCHEDULE G. CAPITAL STOCK

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock – P1 par value	1,435,000,000	1,431,785,284	–	1,154,770,827	49,697,627	227,316,830

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
City & Land Developers, Incorporated
3rd Floor, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of City & Land Developers, Incorporated (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 24, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-058-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534360, January 4, 2021, Makati City

March 24, 2021

SCHEDULE IV

CITY & LAND DEVELOPERS, INCORPORATED

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	December 31		
	2020	2019	2018
Current	**6.98**	6.82	4.58
Asset-to-equity	**1.12**	1.13	1.22
Debt-to-equity	**–**	–	0.10
Asset-to-liability	**9.08**	8.60	5.59
Solvency	**0.38**	0.62	0.34
Interest rate coverage	**–**	–	–
Acid-test	**1.40**	1.61	2.35
Return on equity	**4.69%**	8.12%	7.31%
Return on asset	**4.18%**	7.18%	6.00%
Net profit margin	**29.50%**	27.92%	29.42%
Basic/Diluted earnings per share*	**₱0.07**	₱0.12	₱0.10*

**After retroactive effect of 5% stock dividend in 2019.*

Manner of Calculation:

Current ratio	=	Total Current Assets / Total Current Liabilities
Asset-to-equity ratio	=	Total Assets / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)
Debt-to-equity ratio	=	Notes and Contracts Payable / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Solvency ratio	=	Net Income after Tax + Depreciation Expense / Total Liabilities
Interest rate coverage ratio	=	Net Income Before Tax + Depreciation Expense + Interest Expense / Interest Expense
Acid-test ratio	=	Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, current + Other Receivables, current / Total Current Liabilities
Return on equity ratio	=	Net Income after Tax / Stockholder's Equity
Return on assets ratio	=	Net Income / Total Assets

$$\text{Net Profit Margin} = \frac{\text{Net Income after Tax}}{\text{Total Revenue}}$$

$$\text{Basic/Diluted earnings per share} = \frac{\text{Net income after Tax}}{\text{Outstanding shares}}$$

SCHEDULE V

CITY & LAND DEVELOPERS, INCORPORATED

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2020

In 2020 and 2019, the Company no longer applied for a new Certificate of Permit to Offer Securities for Sale. All outstanding commercial papers in 2019 have been paid to the investors on or before November 6, 2019.

C O V E R   S H E E T

SEC Registration Number

1	5	2	6	6	1					

COMPANY NAME

CITY & LAND DEVELOPERS, INCORPORATED

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

3/F Cityland Condominium 10 Tower I, 156 H. V. dela Costa Street, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cldi_rg@cityland.net	8-893-6060	0968-545-1452

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
751 (as of March 31, 2021)	2nd Tuesday of June	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
Rudy Go	cdc_rg@cityland.net	8-893-6060	0968-545-1452

CONTACT PERSON'S ADDRESS

3/F Cityland Condominium 10 Tower II, 154 H. V. Dela Costa Street, 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.*

City & Land Developers, Incorporated_SEC Form 17Q March 31, 2021_14May2021

2 messages

TAA FMSD <taa_fmsd@cityland.net> Fri, May 14, 2021 at 1:43 PM
To: ICTD Submission <ictdsubmission@sec.gov.ph>, MSRD COVID19 <msrd_covid19@sec.gov.ph>
Cc: Officer Rudy Go <cdc_rg@cityland.net>, FMSD Cityland <fmsd1@cityland.net>

Dear Sir/Madam,

Good day!

We are submitting herewith the SEC Form 17Q of City & Land Developers, Incorporated as of and for the period ended March 31, 2021.

The said file will also be submitted to PSE Edge portal and to be uploaded to the Company's website. We have also attached the Certification signed by our Senior Vice President/Compliance Officer, Mr. Rudy Go.

We hope that you will find everything in order. Thank you very much.

--
Regards,
Therese Raimunda R. Aquino-Anoos | Cityland Group of Companies

2 attachments

City & Land Developers, Incorporated_SEC Form 17Q Certification_14May2021.pdf
123K

City & Land Developers, Incorporated_SEC Form 17Q March 31, 2021_14May2021.pdf
2845K

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, May 14, 2021 at 1:43 PM
To: taa_fmsd@cityland.net

Dear Customer,

SUCCESSFULLY ACCEPTED
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17- Q
QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **March 31, 2021**

2. SEC Identification Number **152661**   3. BIR Tax Identification No. **000-444-840**

4. Exact name of issuer as specified in its charter
CITY & LAND DEVELOPERS, INCORPORATED

5. **Makati City, Philippines**
Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
Industry Classification Code

7. **3/F Cityland Condominium 10 Tower I,**
156 H.V. Dela Costa Street, Makati City
Address of Principal Office

1226
Postal Code

8. **632-8-893-6060**
Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Unclassified Common Shares	**1,431,785,284**

11. Are any or all of these securities listed on a Stock Exchange.
Yes [**x**] No [ ]

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

Stock Exchange	Title of Each Class
Philippine Stock Exchange	**Unclassified Common Shares**

12. Check whether the issuer:

(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 that the registrant was required to file such reports):

Yes [**x**] No [ ]

(b) Has been subject to such filing requirements for the past 90 days.
Yes [**x**] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements and accompanying notes are filed as part of this form (pages 9 to 63).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

During the Year 2020, the Philippine economy has encountered significant threats due to several unexpected events such as the Taal Volcano eruption and the effects of the COVID-19 pandemic that led to the implementation of community quarantines to mitigate the risk of the pandemic which caused some industries to slow down its operations.

Despite the risks that the economy encountered during the previous year, the Philippine economy showed a positive start in the Year 2021 due to slight increase in the Gross Domestic Product (GDP) posted for the 1st quarter. From the 2020 4th quarter's -8.3% decline in GDP, the first quarter of 2021 has lessened the contraction to -4.2% which is 49.40% higher compared to that of the previous quarter. In terms of seasonally-adjusted quarter-to-quarter basis, the GDP actually grew by 0.3%. The human health and social work activities are the highest contributors to the growth of the country's GDP. However, the real estate, together with the ownership of dwellings, was ranked third as the main contributors of the GDP's decline.

Regardless of the economic disruptions caused by the COVID-19 pandemic, City & Land Developers, Incorporated (the Company) believes that long-term prospects remain attractive to the real estate industry. Further, the Development Budget Coordination Committee (DBCC) projected a growth of 6.5% to 7.5% for the Year 2021 which keeps the Group optimistic during this pandemic.

On the other hand, the Philippine Government implemented the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" that provides tax deductions to businesses of all sizes as part of the recovery program. Although the scale and duration of the impact of the pandemic remain uncertain as at the report date, the Company is optimistic that the real estate sector will eventually show a healthy position in the market in the succeeding periods. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

The Company completed last March 2018 the North Residences, which is a 29-storey residential and commercial condominium, located at EDSA corner Lanutan, Barangay Veterans Village, Quezon City (beside Waltermart).

On October 20, 2016, the Company launched One Taft Residences, a 40-storey mixed residential, office and commercial condominium located at 1939 Taft Avenue, Malate, Manila. This project is currently under construction and expected to be completed by September 2022.

Internal sources of liquidity come from sales of condominium units and real estate properties, collection of installment contracts receivables and contract assets and maturing short-term investments. Other sources include rental income, interest and dividend income.

Future Project:

One Hidalgo

One Hidalgo is a 39-storey mixed residential, office and commercial condominium to be located at 1730 P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila. It is near various universities (De La Salle University, University of the Philippines - Manila, Philippine Christian University), government agencies (Supreme Court, Court of Appeals, Department of Justice) and other leisure establishments.

The Company has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments. In January 2018, the Company acquired a new property along Boni Ave., Mandaluyong City which is held for future development.

Financial Condition (March 31, 2021 vs. December 31, 2020)

The Company's balance sheet as of March 31, 2020 remained solid with total assets of ₱2.56 billion, higher by 2.26% as compared to the balance as of December 31, 2020 of ₱2.50 billion. The increase in total assets was significantly due to the increase in real estate properties for sale and real estate properties held for future development. The percentage of completion of the Company's on-going project continue to progress as it goes near its estimated completion date.

Excess funds were placed in short-term investments to maintain liquidity and generate additional interest income. The financial position remained stable as total cash and cash equivalents and short-term investments stood at ₱236.63 million and ₱236.81 million, as of March 31, 2021 and December 31, 2020, respectively.

On the liabilities side, total liabilities increased by 10.53% from ₱275.75 million as of December 31, 2020 to ₱304.78 million as of March 31, 2021. This was primarily due to the increase in accrued development costs.

Total equity as of March 31, 2021 stood at ₱2.26 billion from ₱2.23 billion as of December 31, 2020, higher by 1.24%, due to comprehensive income of ₱27.54 million.

As a result of the foregoing, the Company registered current and acid test ratio of 5.94:1 and 1.07:1 as of the first quarter of 2021, as compared to 6.98:1 and 1.40:1 as of December 31, 2020. Asset-to-liability remained stable at 8.40:1 in March 31, 2021 as compared to 9.08:1 in December 31, 2020.

Results of Operation (March 31, 2021 vs. March 31, 2020)

Sales of real estate properties reached ₱129.43 million as of March 31, 2021 as compared to the previous year's sales of ₱73.09 million. Sales for the first quarter came from sale of condominium units of One Taft Residences and North Residences. The increase in sales amount was attributed to the increase in the percentage of completion since 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).

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents and short-term investments accounted for 12.15% of total revenues. Likewise, rental income amounted to ₱1.43 million as of the first quarter of 2021 as compared to ₱1.73 million of the same period last year. Other income - net, on the other hand, pertains to adjustment of market value of repossessed units, penalties charged to clients, gain on sale of shares of stock and other miscellaneous income. Revenue contribution of this account amounted to ₱1.40 million and ₱0.62 million as of March 31, 2021 and 202-, respectively.

On the cost side, cost of real estate sales increased as this moves in tandem with the sales of real estate properties. In addition, provision for income tax decreased due to lower tax rate as an impact of the approval of CREATE Act.

As a result of the foregoing, the Company recorded a net income as of March 31, 2021 of ₱27.14 million as compared to ₱24.04 million as of March 31, 2020. This translated into an annualized earnings per share and return on equity of ₱0.08 and 4.81%, respectively as compared to the same period last year of ₱0.07 and 4.40%, respectively.

Financial Ratios

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2020 (Unaudited)
Current	**5.94**	6.98	7.81
Asset-to-equity	**1.13**	1.12	1.11
Debt-to-equity	–	–	–
Asset-to-liability	**8.40**	9.08	9.49
Solvency*	**0.36**	0.38	0.37
Interest rate coverage	–	–	–
Acid-test ratio	**1.07**	1.40	2.09
Return on equity (%)*	**4.81%**	4.69%	4.40%
Return on asset (%)*	**4.24%**	4.18%	3.93%
Net profit margin	**18.03%**	29.50%	24.88%
Basic/Diluted earnings per share*	**₱0.08**	₱0.07	₱0.07

** Annualized for the period of March 31, 2021 and March 31, 2020*

Manner of Calculation:

Current ratio = Total Current Assets / Total Current Liabilities

Asset-to-equity ratio = Total Assets / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)

Debt-to-equity ratio = Notes and Contracts Payable / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)

Asset-to-liability ratio = Total Assets / Total Liabilities

Solvency ratio = Net Income after Tax + Depreciation Expense / Total Liabilities

Interest rate coverage ratio = Net Income Before Tax + Depreciation Expense + Interest Expense / Interest Expense

Acid-test ratio = Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, current + Other Receivables, current / Total Current Liabilities

Return on equity ratio = Net Income after Tax / Stockholder's Equity

Return on assets ratio	=	$\frac{\text{Net Income}}{\text{Total Assets}}$
Net Profit Margin	=	$\frac{\text{Net Income after Tax}}{\text{Total Revenue}}$
Basic/Diluted earnings per share	=	$\frac{\text{Net income after Tax}}{\text{Outstanding shares}}$

Items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents

There are no unusual items affecting assets, liabilities, equity, net income or cash flows.

Any 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 that have a material effect in the current interim period

There are no 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 that have a material effect in the current interim period.

Any issuances, repurchases, and repayments of debt and equity securities

Debt securities

In 2020 and 2019, the Company no longer applied for a new Certificate of Permit to Offer Securities for Sale. All outstanding commercial papers in 2019 have been paid to the investors on or before November 6, 2019.

Equity securities

There are no issuances, repurchases and repayments of equity securities during the first quarter of 2021.

Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

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, restructuring, and discontinuing operations.

There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

Any changes in contingent liabilities or contingent assets since the last annual balance sheet date

There are no contingent liabilities or contingent assets since the last annual balance sheet date.

Any Known Trends, Events or Uncertainties (Material impact on liquidity)

The COVID-19 pandemic has caused business disruptions due to the community quarantines implemented over Luzon. The Company's liquidity was affected due to the decline in sales of real estate properties and lower collections as a result of higher number of forfeitures.

Internal and External Sources of Liquidity

Internal sources come from sales of condominium and real estate properties, collection of installment contracts receivables and maturing short-term investments. Other sources include rental income, interest and dividend income.

Any Material Commitments for Capital Expenditures and Expected Sources of Funds of such Expenditures

The estimated development cost of ₱140.11 million as of March 31, 2021 representing the accrued payable of real estate properties sold will be sourced through:

a. Sales and lease of condominium and real estate properties
b. Collection of installment contract receivables
c. Maturing short-term investments

Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income from Continuing Operations)

On March 16, 2020, Philippine President Rodrigo Duterte declared the entire Luzon area under "enhanced community quarantine" restricting movement of the population in response to the growing pandemic of the Coronavirus disease 2019 (COVID-19) in the country. This has been extended in the National Capital Region and in some other affected areas until May 31, 2020.

Starting June 1, 2020, NCR and other parts of the Philippines were declared to be under general community quarantine (GCQ), until June 15, 2020. The GCQ was further extended until June 30, 2020, then again until July 15, 2020. Afterwards, the GCQ was extended until July 30, 2020.

On August 3, 2020, the President of the Philippines reverted Metro Manila, and the provinces of Laguna, Cavite, Rizal and Bulacan to modified enhanced community quarantine from general community quarantine from August 4, 2020 until August 18, 2020. Starting August 19, 2020, Metro Manila, as well as the provinces of Laguna, Cavite, Rizal, and Bulacan, returned to general community quarantine unless earlier lifted or extended.

As of March 31, 2021, Metro Manila and some nearby provinces were placed under the enhanced community quarantine due to the surge in the number of COVID cases. The quarantine measures were implemented in order to manage the spread of the virus.

The COVID-19 pandemic has caused disruptions in the Company's business activities. Further, the scale and duration of the impact of the pandemic remain uncertain as at the report date. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects. The outbreak could have a material impact on the Company's financial results for the rest of 2021 and even periods thereafter. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

Any Significant Elements of Income or Loss that did not arise from Registrant's Continuing Operations

There were no significant elements of income or loss that did not arise from registrant's continuing operations.

Causes for any Material Changes from Period to Period in One or More Line of the Registrants Financial Statements

Financial Condition (March 31, 2021 vs. December 31, 2020)

a) Increase in Cash and Cash Equivalents was due to sales, collection and shift of placements to shorter term investments.
b) Decrease in Short-term Investments was shift of placements to shorter term investments..
c) Decrease in Installment Contracts Receivable was due collection of receivables from clients.
d) Decrease in Contract Assets was due to collection from sales of real estate properties.
e) Decrease in Cost to Obtain Contract was due to the recognition of commission expense relative to the increase in percentage of completion of an ongoing project.
f) Increase in Real Estate Properties for Sale was due to construction costs incurred as reflected in the increase in the percentage of completion of the Company's on-going project.
g) Decrease in Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of shares of stock.
h) Increase in Other Receivables was due to higher due from related parties and advances to customers.
i) Increase in Prepaid Tax was due to the reduction in regular corporate income tax rate as an impact of the CREATE Act which was passed into bill on March 26, 2021. The reduction in the tax rate is effective July 1, 2020.
j) Increase in Real Estate Properties for Future Development was due to additional development costs incurred as of March 31, 2021.
k) Decrease in Other Assets was due to utilization of input VAT and prepaid expenses.
l) Increase in Accounts Payable and Accrued Expenses was substantially due to higher accrued expense on development costs and directors' fee and increase in withholding taxes payable.
m) Decrease in Contract Liabilities was due to increase in percentage of completion which satisfied the payments made by the clients
n) Decrease in Income Tax Payable was due to the reduction of tax rate as an effect of the CREATE Act.
o) Decrease in Deferred Income Tax Liabilities was due to remeasurement as an effect of the CREATE Act.
p) Decrease in Unrealized Fair Value of Investments on FVOCI was due to decrease in market value of shares of stock.
q) Decrease in Accumulated Re-measurement Loss on Defined Benefit Plans - net of deferred income tax effect was due to the remeasurement of the deferred income tax as result of the reduction in tax rate.
r) Increase in Retained Earnings was due to the comprehensive income recognized as of March 31, 2021.

Results of Operation (March 31, 2021 vs. March 31, 2020)

a) Increase in Sales of Real Estate Properties was due to increase in the percentage of completion of the ongoing project. 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).

b) Decrease in Financial Income was due to lower interest income earned from cash and cash equivalents and short-term investments.
c) Decrease in Rent Income was due to the lower income from short-term leases.
d) Increase in Other Income was due to recognition of the increase in fair market values of repossessed units.
e) Increase in Cost of Real Estate Sales was due to increase in the percentage of completion as this moves in tandem with the sale of real estate properties.
f) Decrease in Operating Expenses was due to lower taxes and licenses, repairs and maintenance and outside services .
g) Decrease in Financial Expenses was due to lower finance charges.
h) Decrease in Provision for Income Tax was due to the lower tax rate based on the CREATE Act. Further, the provision for income tax as of March 31, 2021 includes the difference of the provision for income tax reflected in the 2020 audited financial statements and the provision for income tax shown in the income tax return.
i) Increase in Net Income was due to increase in realized gross profit as a result of increase in the percentage of completion and lower provision for income tax as an impact of the implementation of CREATE Act.

Any seasonal aspects that had a material effect on the financial condition and results of operation

There are no seasonal aspects that had a material effect on the financial condition and results of operations.

Compliance to Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*

The Company's unaudited interim financial statements is in compliance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The same accounting policies and methods of computation are followed as compared with the most recent annual audited financial statements. However, the unaudited interim financial statements as of March 31, 2021 do not include all of the information and disclosures required in the annual audited financial statements and therefore, should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2020. There are no any events or transactions that are material to an understanding of the current interim period.

PART II – OTHER INFORMATION

Disclosures not made under SEC Form 17-C

There are no reports that were not made under SEC Form 17-C.

SIGNATURES

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

By: **CITY & LAND DEVELOPERS, INCORPORATED**

______________________ Date: May 14, 2021
Josef C. Gohoc
President / Director

______________________ Date: May 14, 2021
Rudy Go
Senior Vice President / Compliance Officer

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF FINANCIAL POSITION

	Unaudited March 31, 2021	Audited December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱236,632,833**	₱178,309,538
Short-term investments (Note 4)	–	58,500,000
Current portion of:		
Installment contracts receivable (Note 5)	**1,282,382**	1,765,893
Contract assets (Note 5)	**19,239,060**	45,757,086
Cost to obtain contract (Note 5)	**3,568,307**	3,598,890
Other receivables (Note 6)	**2,780,134**	2,216,653
Real estate properties for sale (Note 8)	**1,172,313,146**	1,138,427,667
Prepaid tax	**6,088,232**	–
Other current assets (Note 10)	**52,451**	4,298,601
Total Current Assets	**1,441,956,545**	1,432,874,328
Noncurrent Assets		
Contract assets - net of current portion (Note 5)	**387,855,598**	362,442,313
Cost to obtain contract- net of current portion (Note 5)	**1,761,280**	2,931,886
Other receivables - net of current portion (Note 6)	**1,426,160**	1,406,160
Financial assets at fair value through other comprehensive income (FVOCI) (Note 7)	**446,541**	494,298
Real estate properties held for future development (Note 8)	**517,581,282**	494,356,932
Investment properties (Note 9)	**181,139,332**	181,139,332
Other noncurrent assets (Note 10)	**28,546,311**	28,489,712
Total Noncurrent Assets	**1,118,756,504**	1,071,260,633
TOTAL ASSETS	**₱2,560,713,049**	₱2,504,134,961
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	**₱167,360,387**	₱130,171,009
Contract liabilities (Note 5)	**75,439,315**	74,415,683
Income tax payable	–	786,568
Total Current Liabilities	**242,799,702**	205,373,260
Noncurrent Liabilities		
Accounts payable and accrued expenses - noncurrent portion (Note 12)	**23,875,219**	12,826,411
Contract liabilities - net of current portion (Note 5)	**32,026,756**	50,931,630
Retirement benefits liability - (Note 20)	**3,949,772**	3,949,772
Deferred income tax liabilities - net (Note 19)	**2,128,513**	2,665,373
Total Noncurrent Liabilities	**61,980,260**	70,373,186
TOTAL LIABILITIES	**₱304,779,962**	₱275,746,446

(Forward)

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF FINANCIAL POSITION

	Unaudited March 31, 2021	Audited December 31, 2020
Equity		
Capital stock - ₱1.00 par value (Note 14)		
Authorized - 1,435,000,000 shares as of March 31, 2021 and December 31, 2020		
Issued - 1,431,785,284 shares held by 751 and 756 equity holders as of March 31, 2021 and December 31, 2020, respectively	**₱1,431,785,284**	₱1,431,785,284
Additional paid-in capital	**105,136**	105,136
Unrealized fair value changes on financial assets at fair value through other comprehensive income (FVOCI) (Note 7)	**350,706**	398,463
Accumulated re-measurement loss on defined benefit plans - net of deferred income tax effect	**(5,884,977)**	(6,337,668)
Retained earnings (Note 15)	**829,576,938**	802,437,300
TOTAL EQUITY	**2,255,933,087**	2,228,388,515
TOTAL LIABILITIES AND EQUITY	**₱2,560,713,049**	₱2,504,134,961

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF INCOME

	UNAUDITED	
	For the 3-month ended March 31, 2021	For the 3-month ended March 31, 2020
REVENUES		
Sales of real estate properties (Note 5)	**₱129,434,441**	₱73,094,804
Financial income (Note 15)	**18,295,211**	21,170,020
Rent income (Note 9)	**1,434,046**	1,733,654
Other income - net (Note 16)	**1,400,086**	616,709
	150,563,784	96,615,187
EXPENSES		
Cost of real estate sales (Note 8)	**91,717,668**	38,922,830
Operating expenses (Note 17)	**27,026,929**	27,576,799
Financial expenses (Note 19)	**43,750**	123,450
	118,788,347	66,623,079
INCOME BEFORE INCOME TAX	**31,775,437**	29,992,108
PROVISION FOR INCOME TAX (Note 21)	**4,635,799**	5,953,511
NET INCOME	**₱27,139,638**	₱24,038,597
BASIC/DILUTED EARNINGS PER SHARE (Note 22)	**₱0.02**	₱0.02

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME

	UNAUDITED	
	For the 3-month ended March 31, 2021	For the 3-month ended March 31, 2020
NET INCOME	**₱27,139,638**	₱24,038,597
OTHER COMPREHENSIVE INCOME		
Not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at FVOCI (Note 7)	**(47,757)**	92,441
Remeasurement gain due to change in tax rate (Note 21)	**452,691**	–
TOTAL COMPREHENSIVE INCOME	**₱27,544,572**	₱24,131,038
BASIC/DILUTED EARNINGS PER SHARE	**₱0.02**	₱0.02

See accompanying Notes to Financial Statements.

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY

	Capital stock (Note 14)	Additional Paid in Capital	Unrealized fair value changes on Financial Assets at FVOCI (Note 7)	Accumulated re-measurement on defined benefit plan	Retained earnings (Note 14)	Total
BALANCES AT JANUARY 1, 2021	**₱1,431,785,284**	**₱105,136**	**₱398,463**	**(₱6,337,668)**	**₱802,437,300**	**₱2,228,388,515**
Net income	**–**	**–**	**–**	**–**	**27,139,638**	**27,139,638**
Other comprehensive loss	**–**	**–**	**(47,757)**	**–**	**–**	**(47,757)**
Remeasurement gain due to change in tax rate (Note 21)	**–**	**–**	**–**	**452,691**	**–**	**452,691**
Total comprehensive income (loss)	**–**	**–**	**(47,757)**	**452,691**	**27,139,638**	**27,544,572**
BALANCES AT MARCH 31, 2021	**₱1,431,785,284**	**₱105,136**	**₱350,706**	**(₱5,884,977)**	**₱829,576,938**	**₱2,255,933,087**

	Capital stock	Additional Paid in Capital	Unrealized fair value changes on Financial Assets at FVOCI	Accumulated re-measurement on defined benefit plan	Retained earnings	Total
BALANCES AT JANUARY 1, 2020	₱1,431,785,284	₱105,136	₱392,077	(₱9,298,273)	₱739,692,044	₱2,162,676,268
Net income	–	–	–	–	24,038,597	24,038,597
Other comprehensive income	–	–	92,441	–	–	92,441
Total comprehensive income	–	–	92,441	–	24,038,597	24,131,038
BALANCES AT MARCH 31, 2020	₱1,431,785,284	₱105,136	₱484,518	(₱9,298,273)	₱763,730,641	₱2,186,807,306

CITY & LAND DEVELOPERS, INCORPORATED
STATEMENTS OF CASH FLOWS

	UNAUDITED	
	As of March 31, 2021	As of March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	**₱31,775,437**	₱29,992,108
Adjustments for:		
Interest income (Note 15)	**(18,295,211)**	(21,170,020)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Real estate properties for sale (Note 8)	**(33,885,479)**	32,088,451
Contract assets (Note 5)	**1,104,741**	3,049,096
Installment contracts receivable (Note 5)	**483,511**	(11,767,389)
Other receivables (Note 6)	**(700,696)**	(2,574,054)
Real estate properties for future development (Note 8)	**(23,224,350)**	(944,671)
Cost to obtain contracts (Note 5)	**1,201,189**	(624,470)
Other assets (Note 10)	**4,189,551**	2,954,816
Increase (decrease) in:		
Contract liabilities (Note 5)	**(17,881,242)**	22,708,812
Accounts payable and accrued expenses (Note 11)	**48,238,187**	(51,591,242)
Cash from (used in) operations	**(6,994,362)**	2,121,437
Interest received	**18,412,427**	21,398,371
Income taxes paid, including prepaid tax	**(11,594,770)**	(7,689,304)
Net cash flows from operating activities	**(176,705)**	15,830,504
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short-term investment	**58,500,000**	(15,500,000)
Net cash from (used in) investing activities	**58,500,000**	(15,500,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows used in financing activities	**–**	(7,531)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**58,323,295**	322,973
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**178,309,538**	237,660,249
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 4)	**₱236,632,833**	₱237,983,222

CITY & LAND DEVELOPERS, INCORPORATED
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

City & Land Developers, Incorporated (the Company) was incorporated in the Philippines on June 28, 1988. Its primary purpose is to establish an effective institutional medium for acquiring and developing suitable land sites for residential, office, commercial, institutional and industrial uses primarily, but not exclusively, in accordance with the subdivision, condominium, and cooperative concepts of land-utilization and land-ownership. The Company's registered office and principal place of business is 3/F Cityland Condominium 10, Tower I, 156 H. V. de la Costa Street, Makati City.

The Company is 49.73% -owned by Cityland Development Corporation (CDC), a publicly listed company incorporated and domiciled in the Philippines. The Company's ultimate parent is Cityland, Inc. (CI), a company incorporated and domiciled in the Philippines, which prepares consolidated financial statements and that of its subsidiaries.

On May 14, 2021, the Audit and Risk Committee approved and authorized the issuance of the Company's unaudited financial statements as of and for the period ended March 31, 2021.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis, except for financial assets measured at fair value through other comprehensive income (FVOCI) that have been measured at fair values. The financial statements are presented in Philippine peso (Peso), which is the Company's functional currency, and rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared under the going concern assumption. The Company believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

Statement of Compliance

The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) which include the availment of reliefs granted by the SEC under Memorandum Circular No. 14, Series of 2018 and Memorandum Circular No. 3, Series of 2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry.

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

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

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

  The Company also availed of the relief provided by SEC Memorandum Circular No. 4, Series of 2020, deferring the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost,* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

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

<u>Changes in Accounting Policies</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting 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 Company 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 Company is not required to restate prior periods. These amendments will affect the Company if it will enter into hedge transaction in the future. As of March 31, 2021, the Company has not entered into any hedge transactions.

Effective January 1, 2020

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. As of March 31, 2021 and December 31, 2020, the Company did not enter into any business combination. These amendments may impact future periods should the Company enter into such transaction.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments will not affect the Company since it does not have any hedge transaction.

- 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. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

- 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. The revisions made to Conceptual Framework had no significant impact on the Company's financial statements.

- 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.

Company as Lessee
The adoption of these amendments has no significant impact on the financial statements for the period ended March 31, 2021 and year ended December 31, 2020.

Company as Lessor
Modifications to operating lease terms and conditions on contracts wherein the Company is the lessor were accounted as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

- *Deferment of PIC Q&A No. 2018-12 and IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods [PAS 23 - Borrowing Cost] For Real Estate Industry PIC Q&A No. 2018-12*
  On February 14, 2018, the Philippines Interpretation Committee (PIC) issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 29, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years:

  a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
  b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
  c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

  Under the same SEC Memorandum Circular No. 3, Series of 2019, the adoption of PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales was also deferred.

  Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

  Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  However, the Commission en banc, in its meeting held on December 15, 2020, decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of POC for another period of three years or until 2023. The deferral is to give more than enough time to real estate industry to further evaluate and explore options to resolve the remaining implementing issues and help the industry to mitigate the impact of COVID-19 crisis.

  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 in the financial statements had the concerned application guideline 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.

The Company availed of the deferral of adoption of the above specific provisions of PIC Q&A, specifically on PIC Q&A No. 2018-12-D *Accounting for significant financing component*. Had this provision been adopted, it would have an impact in the financial statements as to the mismatch between the POC of the real estate projects and right to consideration based on the schedule of payments explicit in the contract to sell which constitutes a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings as at January 1, 2021 and the revenue from real estate sales in 2021. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

Since the Company's current practice is in line with the PIC Q&A No. 2018-12-E, PIC Q&A No. 2018-12-H and PIC Q&A No. 2018-14, the Company does not expect significant impact on its financial statements upon adoption of these amendments.

IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods [PAS 23 - Borrowing Cost] For Real Estate Industry
In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

On December 15, 2020, the Commission en banc decided to provide relief to the real estate industry by deferring the application of the provisions of the IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* for another period of three years or until 2023.

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

The Company opted to avail of the relief as provided by the SEC. Had the Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of real estate sales, provision for deferred income tax, real estate properties for sale, deferred income tax liability and opening balance of retained earnings.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statements of financial position based on current/noncurrent 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 noncurrent.

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 Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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 original maturities of three months or less from dates of acquisition, and are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition.

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 Company.

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

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

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

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

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

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

<u>Financial Instruments</u>
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.

a. Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), 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 Company’s business model for managing them. The Company 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. Installment contract receivables and contract assets 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 SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’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 Company commits to purchase or sell the asset.

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

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

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and (b) 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 Company's financial assets at amortized cost includes cash and cash equivalents, short-term investments, installment contracts receivable, other receivables and deposits under "Other noncurrent assets".

Financial assets at FVOCI (debt instruments)
The Company measures debt instruments at FVOCI if both of the following conditions are met:
(a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows; and
(b) 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as financial assets at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Financial assets at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category (Note 7).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

The Company has no financial assets at fair value through profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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 Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or,
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of comprehensive income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Impairment of financial assets

The Company 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 Company 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 installment contract receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at 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 Company's financial liabilities include accounts payable and accrued expenses.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

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

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

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

c. *Offsetting of financial instruments*
Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Real Estate Properties for Sale and Real Estate Properties Held for Future Development
Property acquired or being constructed for sale in the ordinary course of business and held for future development, rather than to be held for rental or capital appreciation, is classified as real estate properties for sale and real estate properties held for future development and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- 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 to complete and the estimated costs necessary to make the sale. The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Upon repossession, real estate properties for sale arising from sale cancellations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to “Other income - net” in the statement of income.

Investment Properties
Investment properties which represent real estate properties for lease are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets’ deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

Investment properties are derecognized when either they have been disposed of or when the 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 investment properties are recognized in the statement of income in the year of retirement or disposal.

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

Transfers between investment properties, 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.

Impairment of Nonfinancial Assets
The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Company considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Value-added Tax (VAT)
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as 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 statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

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

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "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 Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

The retained earnings include deemed cost adjustment on land recorded under "Investment properties" that arose when the Company transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through sale. The deferred income tax liability on the deemed cost adjustment is transferred to the statement of income upon sale.

Dividend Distributions
Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

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

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

Sales of real estate properties
The Company derives its real estate revenue from sale of 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 Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Company uses the costs accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration is recognized as installment contract receivables (unconditional) or contract asset (conditional) in the asset section of the statement of financial position.

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

Cost recognition
The Company recognizes costs relating to satisfied performance obligations as these are incurred. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

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

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

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

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

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to sales personnel 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 "Operating expenses" account in the statement of income.

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

Amortization and derecognition of capitalized costs to obtain a contract
The Company amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within operating expenses.

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

Interest income
Interest income from cash in banks, cash equivalents, short-term investments, installment contracts receivable and contract assets is recognized as the interest accrues taking into account the effective yield on interest.

Dividend income
Dividend income is recognized when the Company's right to receive the payment is established.

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of office space and transportation equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. The Company does not have any lease of low-value assets. 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.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Operating expenses
Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

Financial expenses
Financial expenses consist of interest incurred on notes payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other income - net
Net other income pertains mainly to the gain or loss arising from forfeiture or cancellation of prior years' real estate sales arising from the difference between the outstanding balance of receivables and the original cost of the inventories.

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 cost comprises the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

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

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

Re-measurements 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 the statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which can be utilized anytime when needed or converted to cash upon employee separation (i.e., resignation or retirement) are presented at its discounted amount as "Accounts payable and accrued expenses - noncurrent portion" account in the statement of financial position.

Provisions and Contingencies
Provisions are recognized when the Company 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

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 end of reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Prepaid tax" account in the statement of financial position.

Deferred income tax
Deferred income tax is recognized on all temporary differences at the end of reporting period 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. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced 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. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the statement of comprehensive income and not in the statement of income.

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

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in the statement of income in accordance with PFRSs. Other comprehensive income of the Company includes gains and losses on fair value changes of financial assets/available-for-sale financial assets, 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).

Earnings Per Share
Basic earnings per share is computed by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding after considering the retrospective effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares, and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

Segment Reporting
The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business

segments is presented in Note 24 in the financial statements. The Company's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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

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. The amendments will not significantly affect the Company's financial statements.

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - 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 Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on its current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

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

  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.

  PFRS 17 will affect the Company if it enters insurance contracts in the future.

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 FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The amendments are not expected to affect the Company's financial statements.

- 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 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 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 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

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

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

The Company availed of the option to defer adoption of the above specific provisions except for land exclusion in the determination of POC. Had these provisions been adopted, it would have impacted retained earnings, revenue from real estate sales, cost of real estate sold, other income and real estate inventories.

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

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the real estate industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34, Series of 2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. Effective January 1, 2024, the real estate industry will adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Company opted to avail of the relief as provided by the SEC. The adoption of the IFRIC Agenda Decision is not expected to have significant impact on the financial statements.

- 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 Memorandum Circular No. 3, Series of 2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC shall 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 shall have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Company availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. The adoption of this PIC Q&A is not expected to have significant impact on the financial statements.

  As prescribed by SEC Memorandum Circular No. 34, Series of 2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Company’s financial reporting during the period of deferral.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from such estimates.

<u>Judgments</u>

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

Revenue recognition upon adoption of PFRS 15

Selecting the appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the following, among others:

- *Existence of a contract*

  The Company's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of other signed documentation such as reservation agreement, official receipts and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

  In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company 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 whether the customer has met the required down payment in relation to the total contract price. Collectability is also assessed by considering factors such as the credit standing and financial capacity of the buyer, age and location 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.

- *Revenue recognition method and measure of progress*

  The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company'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 Company has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the buyers.

- *Identifying performance obligation*

  The Company has various contracts to sell covering sale of condominium units and other real estate properties. The Company concluded that there is one performance obligation in each of these contracts. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. For the sale of real estate properties such as raw land, the Company integrates certain activities to the said property to be able to deliver the property based on the contract with the buyer. Included also in this performance obligation is the Company's service to transfer the title of the real estate unit to the customer.

- *Principal versus agent considerations*
  The contract for the office spaces and condominium units leased out by the Company to its tenants includes the right to charge for the electricity and water usage.

  For the electricity and water usage, the Company determined that it is acting as an agent because the promise of the Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primarily responsible for the provisioning of the utilities while the Company, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Company does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

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

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

Investment properties amounted to ₱181.14 million as of March 31, 2021 and December 31, 2020 (see Note 9).

Distinction between real estate properties for sale and investment properties
The Company determines whether a property is classified as for sale, for lease or for capital appreciation.

Real estate properties which the Company develops and intends to sell on or before completion of construction are classified as real estate properties for sale. Real estate properties for sale amounted to ₱1,172.31 million and ₱1,138.43 million as of March 31, 2021 and December 31, 2020, respectively (see Note 8). Real estate properties which are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱181.14 million as of March 31, 2021 and December 31, 2020 (see Note 9).

Distinction between real estate properties for sale and held for future development
The Company determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Company considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Company's strategic land banking activities for development or sale in the medium or long-term (real estate properties held for future development). Real estate properties for sale amounted to ₱1,172.31 million and ₱1,138.43 million as of March 31, 2021 and December 31, 2020, respectively (see Note 8). Real estate properties held for future development amounted to ₱517.58 million and ₱494.36 million as of March 31, 2021 and December 31, 2020, respectively (see Note 8).

Estimates

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

Revenue recognition upon adoption of PFRS 15 - Revenue recognition method and measure of progress

The measurement of progress for revenue recognition requires management to make use of estimates and assumptions. The Company's real estate sales is based on the percentage-of-completion method measured principally on the basis of total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total estimated development cost of the project. Estimated development costs of the project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. The estimated development cost is prepared by the Company's project engineers and are independently reviewed by the Company's third party independent project engineers. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Estimation of POC of real estate projects

The Company estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as management's monitoring of the costs, progress and improvements of the projects. Gross profit on sales of real estate properties amounted to ₱37.71 million and ₱34.17 million as of March 31, 2021 and March 31 2020, respectively.

Provision for expected credit losses of installment contract receivables and contract assets - Effective starting January 1, 2018

The Company uses a provision matrix to calculate ECLs for installment contract receivables and contract assets. The provision rates are based on past collection history and other factors, which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior, known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as the inflation rate, gross domestic product, interest rate and unemployment rate. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions such as inflation rate, gross domestic product, interest rate and unemployment rate and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's installment contract receivables and contract assets is disclosed in Note 23. As of March 31, 2021 and December 31, 2020, installment contracts receivable, contract assets and other receivables aggregated to ₱412.58 million and ₱413.59 million, respectively. There was no provision for expected credit loss on receivables in first quarter of 2021 and 2020 (see Notes 5 and 6).

Revenue and cost recognition
The Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost. The Company's revenue from real estate properties based on the POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Determination of net realizable value of real estate properties for sale and held for future development
The Company's estimates of the net realizable value of real estate properties for sale and held for future development are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale and held for future development are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale and held for future development to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. The Company's real estate properties for sale amounted to ₱1,172.31 million and ₱1,138.43 million as of March 31, 2021 and December 31, 2020, respectively (see Note 8). Real estate properties held for future development amounted to ₱517.58 million and ₱494.36 million as of March 31, 2021 and December 31, 2020, respectively (see Note 8).

Determination of the fair value of investment properties
The Company discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property.* The Company engaged SEC-accredited independent valuation specialists to determine the fair value as of December 31, 2020 and 2019. The Company's investment properties consist of land and building pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others (see Note 23).

Determination of impairment indication on investment properties
The Company determines whether its nonfinancial assets such as investment properties are impaired when impairment indicators exist such as significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. When an impairment indicator is noted, the Company makes an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of March 31, 2021 and December 31, 2020. Net book values of investment properties as of March 31, 2021 and December 31, 2020 amounted to ₱181.14 million (see Note 9).

Estimation of retirement benefits cost
The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

Recognition of deferred income tax assets
The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets 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.

4. **Cash and Cash Equivalents and Short-term Investments**

Cash and cash equivalents consist of:

	March 31, 2021	December 31, 2020
Cash on hand and in banks	**₱7,132,833**	₱28,806,738
Cash equivalents	**229,500,000**	149,502,800
	₱236,632,833	₱178,309,538

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Short-term investments amounting to nil and ₱58.50 million as of March 31, 2021 and December 31, 2020, respectively have maturities of more than three months to one year from the date of acquisition and earn interest at the prevailing market rates.

Interest income earned from cash in banks, cash equivalents and short-term investments amounted to ₱0.93 million and ₱2.34 million as of March 31, 2021 and March 31, 2020, respectively.

5. **Revenue from Contracts with Customers**

a. Disaggregated Revenue Information

The Company derives revenue from real estate sales over time in different product types. The disaggregation of each sources of revenue from contracts with customers are as follows:

Type of Product	**March 31, 2021**	March 31, 2020
Medium-rise condominium units	**₱127,038,844**	₱68,441,768
Parking slots	**2,395,597**	4,653,036
Total	**₱129,434,441**	₱73,094,804

Real estate sales of the Company pertain to sale of properties within Metro Manila for the quarter ended March 31, 2021 and 2020. All of the Company's real estate sales are revenue from contracts with customers recognized over time. In 2021 and 2020, sales for real estate properties and rental income arose from contracts with external customers. There were no intercompany sales/transactions made on the said quarters.

Contract Balances

	March 31, 2021	December 31, 2020
Installment contracts receivable	**₱1,282,382**	₱1,765,893
Contract asset		
Current	**19,239,060**	45,757,086
Noncurrent	**387,855,598**	362,442,313
Contract liabilities		
Current	**75,439,315**	74,415,683
Noncurrent	**32,026,756**	50,931,630

Installment contracts receivable arise from sales of real estate properties and are collectible in monthly installments for periods ranging from one (1) to 10 years which bears monthly interest rates of 0.92% to 1.46% in March 31, 2021 and December 31, 2020 computed on the diminishing balance.

The Company, CI and CDC (collectively known as the Group) entered into a contract of guaranty under Retail Guaranty Line with Home Guaranty Corporation (HGC). The amount of installment contracts receivable enrolled and renewed by the Company amounted to ₱293.00 million as of March 31, 2021 and December 31, 2020. The Company paid a guaranty premium of 1.00% based on the outstanding principal balances of the receivables enrolled (see Note 17).

Contract assets represent the right to consideration that was already delivered by the Company in excess of the amount recognized as installment contracts receivable. This is reclassified as installment contracts receivable when the monthly amortization of the buyer is already due for collection.

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

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

Interest income earned from installment contracts receivable and contract assets amounted to ₱17.37 million and ₱18.83 million as of March 31, 2021 and March 31, 2020, respectively (see Note 15).

b. *Performance Obligations*

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

Real estate sales

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

The sale of real estate unit covers condominium unit and the Company concluded that there is one performance obligation in each of the contracts. The Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the buyer. The financing scheme would include down payment of generally 5% to 10% of the contract price with the remaining balance payable through in-house financing which ranges from one (1) month to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the buyer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

In order to cope with the current trend in the real estate industry, the Company offered to customers the “installment down payment” scheme starting 2020 wherein certain projects were offered with 18 to 24 months to pay the corresponding down payment. The new scheme introduced by the Company resulted to sales with percentage of collection lower than 10%. The Company records these collections as “Customers’ deposits” under “Accounts Payable and Accrued Expenses” account in the statements of financial position.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Within one year	**₱119,933,082**	₱125,504,737
More than one year	**59,197,739**	102,244,185
	₱179,130,821	₱227,748,922

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Company’s real estate projects. The Company’s condominium units are generally completed within three to five years from start of construction.

c. *Cost to obtain contract*

The balances below pertain to the cost to obtain contracts as of March 31, 2021 and December 31, 2020 as presented in the statement of financial position:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱6,530,776**	₱8,194,613
Additions	**982,913**	3,915,072
Amortization	**(2,184,102)**	(5,578,909)
Balance at end of year	**5,329,587**	6,530,776
Less noncurrent portion	**1,761,280**	2,931,886
Current portion	**₱3,568,307**	₱3,598,890

6. **Other Receivables**

Other receivables consist of:

	March 31,2021	December 31, 2020
Advances to customers	**₱2,053,558**	₱1,160,192
Advances to condominium corporations	**330,416**	917,501
Rent receivable	**265,327**	269,499
Retention (Note 13)	**830,000**	810,000
Accrued interest	**182,833**	300,048
Due from related parties (Note 13)	**465,326**	–
Others	**78,834**	165,573
	4,206,295	3,622,813
Less noncurrent portion	**1,426,160**	1,406,160
Current portion	**₱2,780,134**	₱2,216,653

Advances to customers are receivables of the Company for the real estate property taxes of sold condominium units initially paid by the Company while advances to condominium corporations pertain to disbursements which are collectible from condominium corporations. Retention pertains to the amount held on cash sale of real estate properties. Other receivables include receivables from customers relating to registration of title and other expenses initially paid by the Company on behalf of the buyers and employees' advances.

7. **Financial Assets at Fair Value through Other Comprehensive Income**

Financial assets at FVOCI consist of investments in quoted equity securities amounting to ₱0.45 million and ₱0.49 million as of March 31, 2021 and December 31, 2020, respectively in which the fair values were determined based on published prices in the active market.

The movements in "Unrealized fair value change on financial assets at FVOCI" account presented in the equity section of the statements of financial position are as follows:

	March 31, 2021	December 31, 2020
Balances at beginning of year	**₱398,463**	₱392,077
Changes in fair value	**(47,757)**	6,386
Balances at end of year	**₱350,706**	₱398,463

8. **Real Estate Properties for Sale and Real Estate Properties Held for Future Development**

Real estate properties for sale
Real estate properties for sale consists of cost incurred in the development of condominium units and residential houses for sale.

The movements of real estate properties for sale are as follows:

	March 31, 2021	December 31, 2020
Balances at beginning of year	**₱1,138,427,667**	₱1,005,860,529
Construction/development costs incurred	**116,285,826**	249,120,524
Cost of real estate sales	**(91,717,668)**	(152,154,183)
Other adjustments - net	**9,317,321**	35,600,797
Balances at end of year	**₱1,172,313,146**	₱1,138,427,667

Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties. No interest was capitalized in 2020.

Other adjustments include the effect of stating repossessed real estate properties fair value less cost to sell.

Real estate properties held for future development
Real estate properties held for future development include land properties reserved by the Company for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	March 31, 2021	December 31, 2020
Balances at beginning of year	**₱494,356,932**	₱491,809,557
Additions	**23,224,350**	2,547,375
Balances at end of year	**₱517,581,282**	₱494,356,932

9. **Investment Properties**

Investment properties as of March 31, 2021 and December 31, 2020 represent the real estate properties for lease which consist of:

Land - at cost	
Balances at beginning and end of year/period	₱181,139,332
Building - at cost	
Cost	
Balances at beginning and end of year/period	814,458
Accumulated Depreciation	
Balances at beginning and end of year/period	814,458
Net book value	–
Total net book values	₱181,139,332

The net book value of land includes deemed cost adjustment amounting to ₱11.83 million as of March 31, 2021 and December 31, 2020. The deemed cost adjustment arose when the Company transitioned to PFRSs in 2005.

Rent income from real estate properties for lease amounted to ₱1.43 million and ₱1.73 million in March 31, 2021 and March 31, 2020, respectively.

Investment properties are rented out at different rates generally for a one-year term renewable every year.

The Company has an existing non-cancellable operating lease contract with a domestic corporation as of December 31, 2019 which commenced in July 2018 with a lease term of five (5) years.

The future minimum lease payments for these lease agreements are as follows:

	March 31, 2021	December 31, 2020
Not later than one year	**₱1,863,686**	₱1,959,259
Later than one year and not later than five years	**2,082,309**	2,584,071
Later than five years	–	–
	₱3,945,995	₱4,543,330

Rental agreements

The Company entered into lease agreements for its office spaces and condominium units for lease with the following identified performance obligations: (a) lease of space; and (b) provisioning of water and electricity. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to issue post-dated check on the monthly rental payments. In case of delay in payments, a penalty of about 4% per annum is charged for the amount due for the duration of delay. The lease arrangement for the Company's long-term lease transactions would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

10. Other Assets

Other current assets consist of prepaid expenses, input VAT and advances to contractors amounting to ₱0.05 million and ₱4.30 million as of March 31, 2021 and December 31, 2020, respectively.

Other noncurrent assets consist of:

	March 31, 2021	December 31, 2020
Unused input VAT	**₱26,785,714**	₱26,785,714
Utility deposits	**835,155**	778,556
Rental deposits and others	**925,442**	925,442
	₱28,546,311	₱28,489,712

The unused input VAT arose from the purchase of parcels of land in previous years which were presented as part of "Real estate properties held for future development" account (see Note 8). Utility deposits pertain to water and electricity deposits by the Company. Rental deposits and others pertain to deposits from lease contracts and advances made by the Company for the contractors' supply requirements.

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	March 31, 2021	December 31, 2020
Trade payables	**₱21,683,625**	₱22,657,220
Accrued expenses:		
Development costs	**140,106,428**	94,795,218
Directors' fee (Note 13)	**3,957,990**	2,696,293
Sick leave	**10,134,553**	10,134,553
Dividends payable	**3,116,716**	3,116,716
Customers' deposits	**4,239,387**	4,793,568
Withholding taxes payable	**3,832,132**	2,244,195
VAT Payable	**2,019,351**	
Due to related parties (Note 13)	**1,393,187**	1,444,845
Others	**752,237**	1,114,812
	191,235,606	142,997,420
Less noncurrent portion	**23,875,219**	12,826,411
Current portion	**₱167,360,387**	₱130,171,009

Trade payables consist of payables to suppliers, contractors and other counterparties. Accrued expenses represent various accruals of the Company for its expenses and real estate projects. Accrued development costs represent the corresponding accrued expenses for the completed condominium units of the Company. Customers' deposits consist of customers' reservation fees, rental deposits and collected deposits for water and electric meters of the sold units. Other payables pertain to deferred rent income and employees' payable.

12. Notes and Contract Payable

In 2020, the Company no longer applied for a new Certificate of Permit to Offer Securities for Sale. All outstanding commercial papers in 2019 have been paid to the investors on or before November 6, 2019. No interest expense was incurred for 2021 and 2020.

Further, the contract payable amounting to ₱7.50 million as of December 31, 2018 was settled through adjustment of the cost of the property (see Note 8).

The Company, CI, CDC and Cityplans, Incorporated (the Group) have credit lines with financial institutions aggregating to about ₱2.30 billion as of March 31, 2021 and December 31, 2020, which are available for drawing by any of the companies within the Group. No loans were availed by the Group from the credit line as of March 31, 2021 and December 31, 2020.

The Company has no specific credit lines with financial institutions as of March 31, 2021 and December 31, 2020.

The carrying values of CDC's investment properties and real estate properties for sale amounting to ₱146.67 million and ₱50.48 million, respectively, can be used as collaterals for the Group's credit lines.

13. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

a. In 2016, the Company sold condominium units of an on-going real estate project to CPI with a contract price amounting to ₱19.42 million (realized as revenue based on percentage of completion). Retention for this sale transaction amounted to ₱0.15 million as of March 31, 2021 and December 31, 2020 (see Note 6).

b. The Company has various shared expenses with its affiliates pertaining to general and administrative expenses such as salaries, transportation, association dues, professional fees and rent. Outstanding balances are recorded as due from/to related parties under "Other receivables" and "Accounts payable and accrued expenses" account in the statement of financial position.

c. The Company has no standard arrangements with regard to remuneration of its directors. Moreover, the Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Company does not have any arrangements for stock warrants or options offered to its employees.

Refer to succeeding pages for the transactions and account balances with related parties.

	Amount of transactions		Outstanding Balances				
			Receivable (Note 6)		Payable (Note 11)		
Nature of Transaction	**March 31, 2021**	December 31, 2020	**March 31, 2021**	December 31, 2020	**March 31, 2021**	December 31, 2020	Term and Conditions
Ultimate parent (CI)							
Sharing of expenses charged by (to) the Company (Note 13b)	**(₱213,054)**	(₱843,516)	**₱–**	₱–	**₱1,231,791**	₱1,444,845	30-day, unsecured, non-interest bearing; to be settled in cash
Parent Company (CDC)							
Sharing of expenses charged by (to) the Company (Note 13b)	**303,930**	285,978	**465,326**	–	**161,396**	–	30-day, unsecured, non-interest bearing; to be received or settled in cash
Affiliate (CPI)							
Sharing of expenses charged by (to) the Company (Note 13b)	–	–	–	–	**–**	–	30-day, unsecured, non-interest bearing; to be received or settled in cash
Sale of real estate property under pre-completion contracts (Note 13a)	–	–	**150,000**	150,000	**–**	–	Settled in cash
Directors							
Directors' Fee	–	–	–	–	**3,957,990**	2,696,293	Settled in cash
Total			**₱615,326**	₱150,000	**₱5,351,177**	₱4,141,138	

14. **Equity**

The following table summarizes the authorized and outstanding shares of capital stock as of March 31, 2021 and December 31, 2020:

Authorized common stock - ₱1 par value	
Balance at beginning and end of period/year	1,435,000,000
Issued and outstanding	
Beginning of period/ year	1,431,785,284
Stock dividends	−
End of period/year	1,431,785,284

On April 26, 2021, the Board of Directors approved the Board Resolution regarding the following:

a. Declaration of Five Percent (5%) stock dividend;
b. Increase in authorized capital stock from 1,435,000,000 shares to 1,715,000,000 shares with par value of Php1.00 per share; and
c. To cause the amendment of the Articles of Incorporation to increase the authorized capital stock to 1,715,000,000 shares with par value of Php1.00 per share.

The said items will be submitted to the stockholders for approval and ratification during the Annual Stockholders' Meeting to be held on June 8, 2021.

Dividends declared and issued/paid by the Company in 2020 and 2019 are as follows:

Dividends	Board Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	August 20, 2020	−	₱0.0292	September 18, 2020	October 14, 2020
	June 7, 2019	−	0.0417	June 24, 2019	July 5, 2019
Stock	April 29, 2019	June 11, 2019	5.00%	July 11, 2019	August 6, 2019

As of March 31, 2021 and December 31, 2020, the unappropriated retained earnings include the impact of the remaining balance of deemed cost adjustment of investment properties amounting to ₱11.83 million, net of related deferred tax of ₱5.07 million, which arose when the Company transitioned to PFRS in 2005. This amount has yet to be realized through sales. The balance of unappropriated retained earnings is restricted for the payment of dividends to the extent of the balance of the deemed cost adjustment.

In accordance with the rule on Minimum Public Ownership issued by the Philippine Stock Exchange (PSE) requiring listed companies to maintain a 10% public float at all times, the total number of shares owned by the public as of March 31, 2021 and December 31, 2020 are 227,316,830 shares which are approximately 15.88% of the total number issued and outstanding shares of the Company.

On December 13, 1999, the PSE approved the listing of the Company's common shares totaling 175,000,000 shares. The shares were initially issued at an offer price of ₱1.00 per share.

After listing in 1999, there had been subsequent issuances covering a total of 1,431,785,284 shares.

Below is the summary of the Company's track record of registration of securities with the SEC and PSE as at March 31, 2021:

	Number of Shares Registered	Number of holders of securities as of yearend
December 31, 2019	1,431,785,284	762
Add/(Deduct) Movement	–	(6)
December 31, 2020	1,431,785,284	756
Add/(Deduct) Movement	–	(5)
March 31, 2021	**1,431,785,284**	**751**

15. Financial Income

	March 31, 2021	March 31, 2020
Interest income from:		
Installment contracts receivable and contract assets	**₱17,366,572**	₱18,832,026
Cash and cash equivalents and short-term investments	**928,639**	2,337,994
	₱18,295,211	₱21,170,020

16. Other Income - net

Other income amounting to ₱1.40 million and ₱0.62 million as of March 31, 2021 and 2020, respectively, pertains to penalties for customers' late payments, sale of scraps, gain on sale of shares of stock and forfeiture of reservations/downpayments received on sales which were not consummated.

17. Operating Expenses

	March 31, 2021	March 31, 2020
Personnel (Note 18)	**₱11,278,776**	₱10,259,028
Taxes and licenses	**11,130,243**	12,462,729
Professional fees	**2,098,292**	1,755,386
Insurance expense (Note 5)	**417,347**	173,485
Repairs and maintenance	**335,675**	796,964
Rent expense	**273,608**	246,430
Power, light and water	**264,086**	122,251
Outside services	**196,350**	224,809
Brokers' commission	**195,575**	652,695
Postage, telephone and telegraph	**172,218**	122,944
Advertising and promotion	**114,312**	202,599
Transportation	**44,894**	43,959
Office supplies	**25,372**	21,612
Membership, association dues and others	**480,181**	491,908
	₱27,026,929	₱27,576,799

18. **Personnel Expenses**

	March 31, 2021	March 31, 2020
Salaries and wages	**₱5,887,190**	₱5,604,681
Commissions	**1,997,372**	1,221,350
Other employee benefits	**3,394,214**	3,432,997
	₱11,278,776	₱10,259,028

Other employee benefits include performance and incentive bonus.

19 **Financial Expense**

Financial expense amounting to ₱43,750 and ₱123,450 as of March 31, 2021 and 2020, respectively pertains to finance charges. No interest expense was incurred on notes payable in 2021 and 2020.

20. **Retirement Plan**

Under the existing regulatory framework, Republic Act No. 7641, The Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees retirement benefit under the collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

Retirement benefits cost

The Company, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of the employee's final monthly salary and the number of years of service.

The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan who is responsible for the investment strategy of the plan.

21. **Income Taxes**

Provision for (benefit from) income tax consists of:

	March 31, 2021	March 31, 2020
Current	**₱4,534,242**	₱9,305,723
Final tax on interest income	**185,728**	467,599
Deferred	**(84,171)**	(3,819,811)
	₱4,635,799	₱5,953,511

Deferred income tax assets - net consists of the following:

	March 31, 2021	December 31, 2020
Deferred income tax assets:		
Difference between tax basis and book basis of accounting real estate transactions	**₱539,406**	₱1,369,997
Accrued expenses	**3,523,136**	3,849,254
Unamortized past service cost	**843,117**	1,011,741
Unearned revenue	**65,381**	77,205
	4,971,040	6,308,197
Deferred income tax liabilities:		
Deemed cost adjustment in real estate properties	**(4,223,349)**	(5,068,019)
Accumulated excess contributions over retirement benefits cost	**(1,276,010)**	(1,531,211)
Cost to obtain contract	**(1,332,397)**	(1,959,233)
Capitalized borrowing costs	**(2,531,250)**	(3,131,251)
	(9,363,006)	(11,689,714)
	4,391,966	5,381,517
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	**2,263,453**	2,716,144
Deferred income tax liabilities - net	**(₱2,128,513)**	(₱2,665,373)

On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", reconciling the disagreeing provisions of Senate Bill No. 1357 and House Bill No. 4157.

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

The enrolled bill was submitted to the President on February 24, 2021 for his approval and upon receipt of the bill, the President may do any of the following:
1. Sign the enrolled bill without vetoing any line or item therein;
2. Sign the enrolled bill with line or item veto which veto may be overridden by Congress; or
3. Inaction within 30 days from receipt which would result to the automatic approval of the enrolled bill as it is.

Once signed, the measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Among the salient provisions of the aforementioned Bicameral version is the reduction in the corporate income tax rate as follows:

Domestic Corporation
For total assets of a Company of ₱100 million and below:
- 20% - if their net taxable income is ₱5 million and below
- 25% - if their net taxable income is more than ₱5 million

For a company with total assets of more than ₱100 million, corporate income tax rate is 25% based on net taxable income. Total assets are exclusive of the value of the land on which the particular company's office, plant, and equipment are situated.

The target effectivity date is on July 1, 2020.

For the allowable deduction for interest expense reduced by a percentage (currently at 33%) of interest income subjected to final tax, the following rates shall apply:

- 20% interest reduction if the applicable corporate tax rate is 25%
- 0% interest reduction if the applicable corporate tax rate is 20%

Also, a reduction of minimum corporate income tax from 2% to 1% for a period of three years (i.e., July 1, 2020 until June 30, 2023).

The CREATE Act was passed into law on March 26, 2021.

Since CREATE Act was passed into law after the approval date of the 2020 financial statements, the provision for current income tax reflected in the 2020 financial statements pertains to the computed tax using the 30% regular corporate income tax rate. On the other hand, the income tax expense reflected in the 2020 Income Tax Return was computed using the average of 30% and 25%, which is 27.5%.

The provision for current income tax as of March 31, 2021 includes the difference between the income tax per 2020 audited financial statements and the 2020 Income Tax Return. The difference of 2020 provision for current income tax amounted to **₱1.75 million**.

Deferred tax assets and liabilities as of March 31, 2021 was remeasured using the tax rate. The impact of remeasurement is recognized in profit or loss (i.e. provision for/benefit from deferred income tax), unless it can be recognized in other comprehensive income or another equity account. The impact of remeasurement as of March 31, 2021 in the profit or loss and other comprehensive income amounted to ₱0.17 million and ₱0.45 million, respectively.

22. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	March 31, 2021	March 31, 2020
a. Net income	**₱27,139,638**	₱24,038,597
b. Weighted average number of shares	**1,431,785,284**	1,431,785,284
c. Basic/diluted earnings per share (a/b)	**₱0.02**	₱0.02

The Company has no potential dilutive common shares as of March 31, 2021 and 2020. Thus, the basic and diluted earnings per share are the same as of those dates.

23. **Financial Instruments and Fair Value Measurement**

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents and short-term investments. The main purpose of these financial instruments is to finance the Company's operations. The Company's other financial instruments consist of financial assets at FVOCI, which are held for investing purposes. The Company has various other financial instruments such as installment contracts receivable, contract assets, other receivables and accounts payable and accrued expenses which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The Company has no investment in foreign securities.

The main risks arising from the Company's financial instruments are cash flow interest rate risks, credit risk, equity price risk and liquidity risk. The Board of Directors is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company and they are summarized as follows:

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's notes payable, with repriced interest rates. However, as of March 31, 2021 and December 31, 2020, the Company has no outstanding notes payable.

The Company's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

Credit risk

Credit risk arises when the Company will incur a loss because its customers, clients, or counterparties fail to discharge their obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Company's exposure to bad debts is not significant. The risk is further mitigated because the Company holds the title to the real estate properties with outstanding installment contracts receivable balance and the Company can repossess such real estate properties upon default of the customer in paying the outstanding balance. The Company's policy is to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Company.

The tables below show the Company's exposure to credit risk for the components of the statements of financial position. The exposure as of March 31, 2021 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and the maximum exposure at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit Enhancements
Financial assets at amortized cost:				
Cash and cash equivalents*	**₱236,616,833**	**₱–**	**₱236,616,833**	–
Short-term investments	–	–	–	–
Installment contracts receivable	**1,282,382**	**78,808,768**	–	**1,282,382**
Refundable deposits	**1,049,721**	–	**1,049,721**	–
Other receivables:				
Due from related parties	**465,326**	–	**465,326**	–
Advances to customers	**2,053,558**	–	**2,053,558**	–
Advances to condominium corporations	**330,416**	–	**330,416**	–
Retention	**830,000**	–	**830,000**	–
Accrued interest	**182,833**	–	**465,326**	–
Rent receivable	**265,327**	–	**265,327**	
Others	**78,834**	–	**78,834**	–
Contract asset	**407,094,658**	**1,174,704,277**	–	**407,094,658**
Total credit risk exposure	**₱650,249,888**	**₱1,253,513,045**	**₱242,155,341**	**₱408,377,040**

** Excluding cash on hand amounting to ₱16,000.*

	Neither past due nor impaired			Days past due				
	Contract asset	**Current**	**> One Year**	**Less than 30 days**	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Installment contracts receivable	**₱–**	**₱–**	**₱–**	**₱847,019**	**₱66,022**	**₱384,233**	**(₱14,892)**	**₱1,282,382**
Contract asset	**407,094,658**	–	–	–	–	–	–	**407,094,658**
Refundable deposits	–	**1,049,721**	–	–	–	–	–	**1,049,721**
Other receivables:								
Due from related parties	–	**465,326**	–	–	–	–	–	**465,326**
Advances to customers	–	**1,271,959**	–	–	–	–	**781,599**	**2,053,558**
Advances to condominium corporations	–	–	**330,416**	–	–	–	–	**330,416**
Retention	–	–	**830,000**	–	–	–	–	**830,000**
Accrued interest	–	**182,833**	–	–	–	–	–	**182,833**
Rent receivable	–	**265,327**	–	–	–	–	–	**265,327**
Others	–	–	**78,384**	–	–	–	–	**78,384**
	₱407,094,658	**₱3,235,166**	**₱1,238,800**	**₱847,019**	**₱66,022**	**₱384,233**	**₱766,707**	**₱413,632,605**

The following table summarizes the aging analysis of receivables and the credit quality of the receivables as of March 31, 2021:

The table below shows the credit quality by class of asset for loan-related balance sheet lines as of March 31, 2021 based on the Company's credit rating system.

	Neither past due nor impaired		
	High Grade*	**Medium Grade****	**Total**
Financial assets at amortized cost:			
Cash and cash equivalents, excluding cash on hand	**₱236,616,833**	**₱–**	**₱236,616,833**
Short-term investments	–	–	–
Installment contracts receivable	–	**1,282,382**	**1,282,382**
Contract asset	–	**407,094,658**	**407,094,658**
Refundable deposits	–	**1,049,721**	**1,049,721**
Other receivables:			
Due from related parties	–	**465,326**	**465,326**
Advances to customers	–	**2,053,558**	**2,053,558**
Advances from condominium corporations	–	**330,416**	**330,416**
Retention	–	**830,000**	**830,000**
Accrued interest	**182,833**	–	**182,833**
Rent receivable	–	**265,327**	**265,327**
Others	–	**78,834**	**78,834**
	₱236,799,666	**₱413,450,222**	**₱650,249,888**

* *High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.*
** *Medium Grade - financial assets for which there is low risk on default of counterparties.*

The Company has performed an expected credit loss (ECL) calculation for its financial assets at amortized cost. The expected credit loss is a product of the probability of default, loss given default and exposure at default.

In determining the probability of default, the Company used historical default rates for the last five years for the installment sales from its buyers and last two years for other receivables. The Company applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Company determined the fair value less cost of repossession of collaterals upon default is higher than the exposure at default. Thus, no expected credit loss was recognized for the Company's installment contract receivables, contract assets and other receivables from its buyer.

The Company considers its cash and cash equivalent and short-term investments as high grade since these are placed in financial institution of high credit standing. Accordingly, ECL relating to cash and cash equivalent and short-term investment rounds to nil.

The Company considers other receivables from third parties and related parties as medium grade. Third parties are primarily managed through screening based on credit history and financial information submitted. Whereas, related parties have low risk of default and have a strong capacity to meet their contractual cash flows in the near term.

Equity price risk
Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market values of individual shares of stock. The Company is exposed to equity price risk because of investments held by the Company classified as financial assets at FVOCI in the statements of financial position. The Company employs the service of a third-party stockbroker to manage its investments in shares of stock.

A sensitivity analysis to a reasonable change in the equity price (with all other variables held constant) of 0.12 higher or lower, would increase or decrease the equity by ₱71,267.39

Liquidity risk
Liquidity is defined as the risk that the Company could not be able to settle or meet its obligations on time or at a reasonable price.

The table below summarizes the maturity analysis of the Company's financial liabilities as of March 31, 2021:

	Up to One Year	**Above One Year**	**Total**
Accounts payable and accrued expenses *	**₱163,492,191**	**₱23,875,219**	**₱187,367,410**

** Excluding statutory liabilities amounting to ₱3,868,196.*

Fair Values

The following tables provide fair value hierarchy of the Company's financial assets, repossessed real estate properties for sale and investment properties, other than those with carrying amounts are reasonable approximations of fair values:

	Date of Valuation	Fair value Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets at FVOCI	March 31, 2021	**₱446,541**	**₱–**	**₱–**
Asset for which fair values are disclosed				
Investment properties	December 31, 2020	**–**	**–**	**927,276,000**

The following method and assumptions were used to estimate the fair value of each class of financial instruments, repossessed inventories and investment properties for which it is practicable to estimate such value:

Cash and cash equivalents, short-term investments, installment contracts receivable, other receivables, accounts payable and accrued expenses
Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term investments, other receivables, accounts payable and accrued expenses approximate their carrying amounts. The fair value of installment contracts receivable approximate its carrying amount as it carries interest rates that approximate the interest rate for comparable instruments in the market.

Financial Assets at FVOCI
Financial assets at FVOCI are stated at fair value based on quoted market prices.

Repossessed real estate properties for sale
The fair value of repossessed real estate properties for sale is based on the Company's current selling price per area/slot of the property.

Investment properties
The fair value of investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair value of the investment properties as of March 31, 2021 and December 31, 2020 represents the highest and best use of the said properties which is the same with its current use.

24. **Business Segments**

The Company derives its revenues primarily from the sale and lease of real estate properties. The Company does not have any major customers and all sales and leases of real estate properties are made to external customers.

Segment Revenues and Expenses:

	March 31, 2021		March 31, 2020	
Sales of real estate properties*	**₱146,801,013**	**97.50%**	₱91,926,830	95.15%
Rent income	**1,434,046**	**0.95%**	1,733,654	1.79%
Others -net	**2,328,725**	**1.55%**	2,954,703	4.75%
	₱150,563,784	**100.00%**	₱96,615,187	100.00%

**Includes interest income from installment contracts receivable and contract assets amounting to ₱17.37 million and ₱18.83 million as of March 31, 2021 and March 31, 2020, respectively.*

The Company's real estate projects, investments, and properties under lease are primarily located in Metro Manila.

26. **Other Matters**

COVID-19 Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020.

On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. After which, modified ECQ was implemented in Metro Manila until May 31, 2020.

Starting June 1, 2020, NCR and other parts of the Philippines were declared to be under general community quarantine (GCQ), until June 15, 2020. The GCQ was further extended until June 30, 2020, then again until July 15, 2020. Afterwards, the GCQ was extended until July 30, 2020.

On August 3, 2020, the President of the Philippines reverted Metro Manila, and the provinces of Laguna, Cavite, Rizal and Bulacan to modified enhanced community quarantine from general community quarantine from August 4, 2020 until August 18, 2020. Starting August 19, 2020, Metro Manila, as well as the provinces of Laguna, Cavite, Rizal, and Bulacan, returned to general community quarantine unless earlier lifted or extended.

As of March 31, 2021, Metro Manila and some nearby provinces were placed under the enhanced community quarantine due to the surge in the number of COVID cases. The quarantine measures were implemented in order to manage the spread of the virus.

The COVID-19 pandemic has caused disruptions in the Company's business activities. Further, the scale and duration of the impact of the pandemic remain uncertain as at the report date. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects. The outbreak could have a material impact on the Company's financial results for the rest of 2021 and even periods thereafter. As this global problem evolves, the Company will continually adapt and adjust its business model according to the business environment in the areas where the Company operates, in full cooperation with the national and local government units.

CITY & LAND DEVELOPERS, INCORPORATED

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2020 (Unaudited)
Current	**5.94**	6.98	7.81
Asset-to-equity	**1.13**	1.12	1.11
Debt-to-equity	–	–	–
Asset-to-liability	**8.40**	9.08	9.49
Solvency*	**0.36**	0.38	0.37
Interest rate coverage	–	–	–
Acid-test ratio	**1.07**	1.40	2.09
Return on equity (%)*	**4.81%**	4.69%	4.40%
Return on asset (%)*	**4.24%**	4.18%	3.93%
Net profit margin	**18.03%**	29.50%	24.88%
Basic/Diluted earnings per share*	**₱0.08**	₱0.07	₱0.07

* *Annualized for the period of March 31, 2021 and March 31, 2020*

Manner of calculation:

Current ratio	=	Total Current Assets / Total Current Liabilities
Asset-to-equity ratio	=	Total Assets / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)
Debt-to-equity ratio	=	Notes and Contracts Payable / Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Solvency ratio	=	Net Income after Tax + Depreciation Expense / Total Liabilities
Interest rate coverage ratio	=	Net Income Before Tax + Depreciation Expense + Interest Expense / Interest Expense
Acid-test ratio	=	Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, current + Other Receivables, current / Total Current Liabilities
Return on equity ratio	=	Net Income after Tax / Stockholder's Equity
Return on assets ratio	=	Net Income / Total Assets
Net profit margin	=	Net Income after Tax / Total Revenue
Basic/Diluted earnings per share	=	Net income after Tax / Outstanding shares

CITY & LAND DEVELOPERS, INCORPORATED

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP