C O V E R   S H E E T

SEC Registration Number

7 7 8 2 3

COMPANY NAME

CITYLAND DEVELOPMENT CORPORATION

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

2/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
20-IS	MSRD	Not Applicable

(Definitive Information Statement)

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
cdc_rg@cityland.net	8-893-6060	8-893-6060

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
652 (as of March 31, 2021)	1^{st} 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

3F 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.*

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting (ASM) of **CITYLAND DEVELOPMENT CORPORATION (the Company)** will be held virtually or via remote communication on **June 22, 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. Declaration of five percent (5%) stock dividend
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 24, 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 4:00PM of June 15, 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 procedures 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 June 1, 2021 through PSE Edge and the Company's website.

For ASM related queries, kindly send an email to cdcinfo@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 18, 2020 will be available upon request.

Makati City, May 10, 2021

FOR THE BOARD OF DIRECTORS

ATTY. ALBERT ANTHONY H. OCAMPO
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 1st Tuesday of June of each calendar year at four o'clock in the afternoon, when the Board of Directors shall be elected by plurality of votes by ballot system or viva voce. However, to safeguard the health and safety of the stockholders due to COVID-19 and to enable the Company to prepare all reports and matters to be submitted for the approval of the stockholders, the 2020 Annual Stockholders' Meeting (hereinafter referred to as "ASM") shall be moved to June 22, 2021.

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 to 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 require 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.

In accordance with the Revised Corporation Code, the declaration of five percent stock dividend shall be presented to the stockholders for approval of at least two-thirds (2/3) of the outstanding capital stock.

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 who will validate the votes counted by the Secretary.

The voting procedures are discussed further 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 18, 2020.

The Chairman will request the Secretary to read the minutes of the said meeting. The minutes of ASM held last August 18, 2020 are posted in the Company's 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 for 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 Corporate Governance 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 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 auditor 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 five percent (5%) stock dividend

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 special meeting held on May 10, 2021, approved the declaration of five percent (5%) stock dividend out of the unissued capital stock and unappropriated retained earnings of the Company as of December 31, 2020.

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 cdcinfo@cityland.net on or before June 15, 2021 at 4:00PM. The Company's responses to the questions shall be discussed during the ASM.

PROXY

The undersigned stockholder of CITYLAND DEVELOPMENT CORPORATION (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 22, 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 18, 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
   Stephen C. Roxas
   Grace C. Liuson
   Josef C. Gohoc
   Peter S. Dee (Independent Director)
   George Edwin Sycip (Independent Director)
   Helen C. Roxas
   Benjamin I. Liuson
   Eduardo C. Villanueva (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. 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 15, 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.

CITYLAND

CITYLAND DEVELOPMENT CORPORATION

CERTIFICATION

I, Atty. Albert Anthony H. Ocampo, Corporate Secretary of Cityland Development Corporation with SEC Registration No. of 77823 with principal office address at 2/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, on oath state:

1) That on behalf of Cityland Development Corporation, 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 Cityland Development Corporation 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 10th day of May 2021.

ATTY. ALBERT ANTHONY H. OCAMPO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2021 at MAKATI CITY affiant exhibiting me his Social Security Number 33-1925659-7 and other evidence of identification.

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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

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [**x**] Definitive Information Statement

2. Name of the Registrant as specified in its charter **Cityland Development Corporation**

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

4. SEC Identification Number **77823**

5. BIR Tax Identification Code **000-527-103**

6. **2/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 22, 2021**
   Time - **4:00PM**
   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 **June 1, 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	**4,623,925,680 (net of 1,937,947 treasury shares)**

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 22, 2021
Time	-	4:00 PM
Place	-	Virtually or via remote communication
Principal Office	-	2/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 **June 1, 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 property 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

1. 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.

2. 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

1. The Registrant has **4,623,925,680** unclassified common shares issued and outstanding (excluding treasury shares which total to **1,937,947** shares) 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.

2. 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 24, 2021**.

3. 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.

4. Security Ownership of Record and Beneficial Owner and Management

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

Title of Class	Name, Address & Relationship with Issuer	Beneficial Owner & Relationship	Citizenship	No. of Shares Held	%
Unclassified common shares	Cityland, Inc. * 3/F Cityland Condominium 10 Tower 1,156 H.V. Dela Costa Street, Makati City - principal stockholder		Filipino	2,357,085,450	50.98%
Unclassified common shares	Grace C. Liuson 2072 Lumbang corner Cypress Streets, Dasmariñas Village, Makati City - Director / Vice Chairman of the Board	-N.A-	Filipino	213,828,571	5.34%

*The following directors direct the voting or disposition of the shares held by Cityland, Inc. (Beneficial Owners):

Name	Position
Stephen C. Roxas	Director / Chairman of the Board
Andrew I. Liuson	Director / Vice Chairman of the Board
Grace C. Liuson	Director / Deputy Vice Chairman of the Board
Josef C. Gohoc	Director / President

Name	Position
Peter S. Dee	Independent Director / Chairman - Audit & Risk Committee / Chairman - Corporate Governance Committee
Anastasia Y. Dy	Independent Director
Benjamin I. Liuson	Director
Helen C. Roxas	Director

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

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

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
Directors:					
Unclassified common shares	Andrew I. Liuson Director / Chairman of the Board	168,266,436	Direct / Indirect	Filipino	3.64%
Unclassified common shares	Stephen C. Roxas Director / Chairman of the Executive Committee	213,828,571	Direct / Indirect	Filipino	4.62%
Unclassified common shares	Grace C. Liuson Director / Vice Chairman of the Board	246,711,953	Direct	Filipino	5.34%
Unclassified common shares	Josef C. Gohoc Director / President	111,494,272	Direct / Indirect	Filipino	2.41%
Unclassified common shares	Peter S. Dee Independent Director / Chairman - Audit & Risk Committee	591,234	Direct	Filipino	0.01%
Unclassified common shares	George Edwin Y. SyCip Independent Director / Chairman - Corporate Governance Committee	1,174	Direct	American	0.00%
Unclassified common shares	Helen C. Roxas Director	70,286,922	Direct	Filipino	1.52%
Unclassified common shares	Benjamin I. Liuson Director	498,802	Direct	Filipino	0.01%
Unclassified common shares	Eduardo C. Villanueva Independent Director *(effective March 10, 2021)*	1,000	Direct	Filipino	0.00%
Unclassified common shares	Emma A. Choa Director / Executive Vice President/ Treasurer *(resigned as Director effective March 10, 2021)*	3,122,844	Direct	Filipino	0.07%
Executive Officers:					
Unclassified common shares	Andrew I. Liuson Director / Chairman of the Board	–	–	Filipino	–
Unclassified common shares	Stephen C. Roxas Director / Chairman of the 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 Executive Vice President / Treasurer	–	–	Filipino	–
Unclassified	Rudy Go	2,107,423	Direct	Filipino	0.05%

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
common shares	Senior Vice President / Chief Financial Officer / Compliance Officer & Corporate Information Officer / Data Protection Officer / Investor Relations Officer				
Unclassified common shares	Melita M. Revuelta Vice President / Alternate Compliance Officer & Corporate Information Officer	196,131	Direct	Filipino	0.00%
Unclassified common shares	Melita L. Tan Vice President	707,276	Direct	Filipino	0.02%
Unclassified common shares	Romeo E. Ng Vice President	2,703,354	Direct	Filipino	0.06%
Unclassified common shares	Rosario D. Perez Vice President – Executive Affairs	744,950	Direct	Filipino	0.02%
Unclassified common shares	Winefreda R. Go Vice President – Purchasing Department	8,533	Direct	Filipino	0.00%
Unclassified common shares	Atty. Emma G. Jularbal* Vice President - Legal Affairs / Corporate Secretary	4,075	Direct	Filipino	0.00%
Unclassified common shares	Dorothy U. So Assistant Vice President - Head of Internal Audit Department	3,697,117	Direct	Filipino	0.08%
Unclassified common shares	Catherine Grace T. Wong** Assistant Corporate Secretary	5,225,062	Direct	Filipino	0.11%
Security Ownership of all Directors and Officers		**830,197,129**			**17.96%**

**Retired effective April 5, 2021. Atty. Albert Anthony H. Ocampo was appointed as the Corporate Secretary effective April 5, 2021.*
***Resigned effective April 5, 2021. Ms. Jocelyn C. De Asis was appointed as the Assistant Corporate Secretary effective April 5, 2021.*

It is the policy of the Parent Company and its subsidiaries (the Group) to have a timely and accurate disclosures to regulatory agencies. Any change in the shareholdings of the Group resulting from transactions entered into by the directors and executive officers, either by acquisition or disposal are reported to the Philippine Stock Exchange and Securities and Exchange Commission within five days from the date of the transaction. The Group requires its directors and officers to report to the Group immediately any plan to transact with the Company's shares.

For the past five (5) years, there were no trading by insiders. The Group continues to adhere with existing government regulations.

d. The Registrant knows no person holding more than 5% of common shares under a voting trust or similar agreement.

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

Nationality	Number of shares	Percentage of ownership
Local-owned shares (Filipino)	4,505,927,084	97.45
Foreign-owned shares (Non-Filipino)	117,998,596	2.55
Total	4,623,925,680	100.00

V. Directors and Executive Officers

1. Identify Directors, Including Independent Directors, and Executive Officers

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

Name	Citizenship	Position(s)	Term of Office (Year)	Period of Service	Age	Family Relationship
Dr. Andrew I. Liuson	Filipino	Director Chairman of the Board	1	09/25/79 to present 12/13/17 to present	76	Husband of Grace C. Liuson; brother-in-law of Stephen C. Roxas; and brother of Benjamin I. Liuson
Stephen C. Roxas	Filipino	Director Chairman of the Executive Committee	1	09/25/79 to present 07/01/97 to present	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
Grace C. Liuson	Filipino	Director Vice Chairman of the Board	1	09/25/79 to present 01/05/18 to present	75	Wife of Dr. Andrew I. Liuson; sister of Stephen C. Roxas; aunt of Josef C. Gohoc; and sister-in-law of Helen C. Roxas and Benjamin I. Liuson
Josef C. Gohoc	Filipino	Director President	1	01/04/11 to present 02/01/11 to present	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	1	10/1979 to present 08/2002 to present	78	---
George Edwin Y. SyCip	American	Independent Director Chairman - Corporate Governance Committee	1	12/13/17 to present 04/06/18 to present	64	---
Helen C. Roxas	Filipino	Director	1	09/25/79 to present	71	Wife of Stephen C. Roxas; sister-in-law of Grace C. Liuson and Dr. Andrew I. Liuson
Benjamin I. Liuson	Filipino	Director	1	06/06/19 to present	71	Brother of Dr. Andrew I. Liuson; and brother-in-law of Grace C. Liuson
Emma A. Choa	Filipino	Director Executive Vice President Treasurer	1	08/18/2020 to 03/10/2021 01/01/15 to present 02/01/11 to present	60	---
Rudy Go	Filipino	Senior Vice President/ Chief Financial Officer/ Compliance Officer & Corporate Information Officer Data Protection Officer Investor Relations Officer	1	01/01/15 to present 08/29/17 to present 06/06/18 to present	61	---
Melita M. Revuelta	Filipino	Vice President Alternate Compliance Officer & Alternate Corporate Information Officer	1	01/16/08 to present 01/01/15 to present	62	---
Melita L. Tan	Filipino	Vice President	1	02/21/04 to present	60	---
Romeo E. Ng	Filipino	Vice President	1	01/10/05 to present	59	---
Rosario D. Perez	Filipino	Vice President - Executive Affairs	1	02/09/17 to present	61	---
Winefreda R. Go	Filipino	Vice President - Purchasing Department	1	01/05/18 to present	62	---
Atty. Emma G. Jularbal	Filipino	Vice President - Legal Affairs / Corporate Secretary	1	07/2001 to 04/04/2021 07/1997 to 04/04/2021	65	---

Name	Citizenship	Position(s)	Term of Office (Year)	Period of Service	Age	Family Relationship
Dorothy U. So	Filipino	Assistant Vice President - Head of Internal Audit Department	1	07/2001 to present	62	---
Catherine Grace T. Wong	Filipino	Assistant Corporate Secretary	1	07/01/13 to 04/04/2021	64	---

Business Experience for the Past Five Years

Name	Name of Office	Positions
DR. ANDREW I. LIUSON	Cityland, Inc.	Director / Vice Chairman of the Board
	City & Land Developers, Incorporated	Director / 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
STEPHEN C. ROXAS	Cityland, Inc.	Director / Chairman of the Board
	City & Land Developers, Incorporated	Director / Chairman of Executive Committee
	Cityplans Incorporated	Director / President
	MGC New Life Christian Academy	Chairman
	Center for Community Transformation	Board Member
GRACE C. LIUSON	Cityland, Inc.	Director / Deputy Vice Chairman of the Board
	City & Land Developers, Incorporated	Director / Vice Chairman of the Board
	Cityplans, Incorporated	Director / Executive Vice President / Treasurer
	Youth Gospel Center in the Philippines	Treasurer / Trustee
	Makati Gospel Church	Treasurer / Trustee
JOSEF C. GOHOC	Cityland, Inc.	Director / President
	City & Land Developers, Incorporated	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 Corporation	Director
	CBC Properties & Computer Center, Inc.	Director / President
	Cityland, Inc.	Independent Director / Chairman - Audit & Risk Committee / Chairman - Corporate Governance Committee
	City & Land Developers, Incorporated	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
GEORGE EDWIN Y. SYCIP	Halanna Management Corp.	President
	Bank of the Orient	Director
	Asian Alliance Holdings and Development Corp.	Director
	FMF Development Corporation	Director
	Paxys, Inc.	Director
	Premiere Horizon Alliance Corporation	Director
HELEN C. ROXAS	Cityland, Inc.	Director
	City & Land Developers, Incorporated	Director
	Cityplans, Incorporated	Director
	Good Tidings Foundation, Inc.	Treasurer
	MGC New Life Christian Academy	Board Member
BENJAMIN I. LIUSON	Cityland, Inc.	Director
	City & Land Developers, Incorporated	Director
	The Generics Pharmacy, Inc.	Vice Chairman
	TGP Pharma Inc.	Vice Chairman
	CL Realty Development Inc.	President
	Romans 828 Land, Inc.	President
	Silverwind Alloy 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
EDUARDO C. VILLANUEVA	House of Representatives	Deputy Speaker for Good Governance and Moral Uprightness of the Philippine Congress Representative, Citizens' Battle Against Corruption (CIBAC) Party-list
	Jesus is Lord Church Worldwide	Founder/ President & Spiritual Director
	Jesus is Lord Colleges Foundation (JILCF), Inc.	Chancellor
	Jesus the Healer Foundation, Inc.	President
	Pilipinas Kay Jesus Movement Foundation, Inc.	Chairman Emeritus
	PJM Foundation, Inc.	Chairman Emeritus
	Bangon Pilipinas National Renewal Movement (ARISE PHILIPPINES)	Chairman/President
	Asia For Christ Movement (AFCM)	President
	Agape Foods Corporation	Director
	JV ZOE Agape, Inc.	Director
EMMA A. CHOA	Cityland, Inc.	Executive Vice President / Treasurer
	City & Land Developers, Incorporated	Director / Executive Vice President / Treasurer
	WorldNet Information and Services, Inc.	Treasurer
RUDY GO	Cityland, Inc.	Senior Vice President / Chief Financial Officer / Compliance Officer & Corporate Information Officer / Data Protection Officer
	City & Land Developers, Incorporated	Senior Vice President / Chief Financial Officer / Compliance Officer & Corporate Information Officer / Data Protection Officer / Investor Relations Officer
	Cityplans, Incorporated	Senior Vice President / Compliance Officer / Data Protection Officer

Name	Name of Office	Positions
MELITA M. REVUELTA	Cityland, Inc.	Vice President & Asst. Corporate Secretary / Alternate Compliance Officer & Alternate Corporate Information Officer
	City & Land Developers, Incorporated	Vice President / Alternate Compliance Officer & Alternate Corporate Information Officer
	Cityplans, Incorporated	Vice President / Alternate Compliance Officer
	WorldNet Information and Services, Inc.	President
MELITA L. TAN	Cityland, Inc.	Vice President
	City & Land Developers, Incorporated	Vice President
ROMEO E. NG	Cityland, Inc.	Vice President
	City & Land Developers, Incorporated	Vice President
ROSARIO D. PEREZ	Cityland, Inc.	Vice President - Executive Affairs
	City & Land Developers, Incorporated	Vice President - Executive Affairs
	WorldNet Information and Services, Inc.	Auditor
WINEFREDA R. GO	Cityland, Inc.	Vice President - Purchasing Department
	City & Land Developers, Incorporated	Vice President - Purchasing Department
ATTY. EMMA G. JULARBAL	Cityland, Inc.	Vice President - Legal Affairs / Corporate Secretary
	City & Land Developers, Incorporated	Vice President - Legal Affairs / Corporate Secretary
	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, Inc.	Assistant Vice President - Head of Internal Audit Department
	City & Land Developers, Incorporated	Assistant Vice President - Head of Internal Audit Department
CATHERINE GRACE T. WONG	Cityland, Inc.	Executive Secretary of Chairman of the Executive Committee
	WorldNet Information and Services, Inc.	Corporate Secretary

2. Identify Significant Employees

There is no identifiable significant employee because the Registrant expects each employee to do his / her share in achieving the corporation’s goals.

3. Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers During the Past Five Years up to the Latest Date

During the past five years up to the latest date, there is no involvement in certain legal proceedings of any of the directors and executive officers in any court or administrative agency of the government.

a. None of them has been involved in any bankruptcy petition.
b. None of them has been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.
c. None of them has been subjected 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 their involvement in any type of business, securities, commodities or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable 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.

4. Attendance of Board of Directors

For the year 2020, there were 24 Board of Directors' meetings. Below is the summary of the attendance of the Board of Directors:

	No. of Meetings Attended / Held		
	Regular	Special	Total
Dr. Andrew I. Liuson	4 / 4	20 / 20	24/24
Mr. Stephen C. Roxas	4 / 4	20 / 20	24/24
Mrs. Grace C. Liuson	4 / 4	20 / 20	24/24
Mr. Josef C. Gohoc	4 / 4	20 / 20	24/24
Mr. Peter S. Dee	4 / 4	20 / 20	24/24
Mr. George Edwin Y. SyCip	4 / 4	18 / 20	22/24
Mrs. Helen C. Roxas	4 / 4	19 / 20	23/24
Mr. Benjamin I. Liuson	4 / 4	20 / 20	24/24
Ms. Emma A. Choa *(elected on August 18, 2020)*	2 / 2	6 / 6	8/8

5. Legal Proceedings to Which the Registrant or Any of its subsidiaries is a Party

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

- **COMPANY**

A. Cityland Development Corporation

Cristy Katsui vs. Cityland Development Corporation
OP Case No. 15-A-001
Office of the President
Date Instituted: June 26, 2012

Cristy Katsui filed a Complaint dated June 20, 2012 which was received by Cityland on July 20, 2012, seeking an order for the rescission of the Contract to Sell over a commercial unit no. G-11 in Makati Executive Tower IV and for the return of all the amortizations paid by her and her children in the total amount of ₱1,634,000.00.

Cityland stated in its Answer that it cancelled the above-mentioned Contract to Sell in compliance with the instruction of Katsui in her letter, in behalf of all the Buyers, dated June 21, 2011. She was informed that she is not entitled to any cash surrender value under R.A. No. 6552 that requires a minimum payment of 24 monthly installments. Katsui paid only 14 installments. Besides, the unit is a commercial unit which is not covered by the law which seeks to protect buyers of residential units. Unfavorable decision was rendered by the HLURB and the same was elevated to the Office of the President which is now pending.

B. City & Land Developers, Incorporated

1. **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) vs. City & Land Developers, Inc.**
Case No. 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 favor of CLDI. The DPWH thru the Office of the Solicitor General (OSG) filed its Motion for Reconsideration which was granted by the new presiding Judge. CLDI filed its Notice of Appeal of the said Order before the Court of Appeals and filed its Appellant's Brief. Case is now submitted for resolution.

2. **Sta. Ana Village Homeowners' Assoc. Inc. (SAVHA) vs. City & Land Developers, Inc.**
   Civil Case No. 12-009
   Paranaque 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.

- **PROPERTY**

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

  The Group does not expect that the outcome of the material legal proceedings above involving the Group will have a material adverse effect on the financial condition of the Group.

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 Group either at a time of the bankruptcy or within two years prior to that time.

During the past five years up to present, the Group, 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 Group, 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 Group, 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.

6. Nominees for Election as Members of the Board of Directors for the ensuing term / year:

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

George Edwin Y. SyCip (Independent Director)	Peter S. Dee (Independent Director)
Eduardo C. Villanueva (Independent Director)	Josef C. Gohoc
Dr. Andrew I. Liuson	Helen C. Roxas
Stephen C. Roxas	Benjamin I. Liuson
Grace C. Liuson	

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 Cityland Development Corporation and endorsed by Nomination Committee are the following:

Independent Directors	Nominating Stockholder
George Edwin Y. SyCip	Romeo E. Ng
Peter S. Dee	Marianne M. Martin
Eduardo C. Villanueva	Jefferson C. Roxas

The aforementioned nominees were nominated by the respective stockholders who are not related to said nominees.

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

Mr. George Edwin Y. SyCip (Chairman)
Mr. Stephen C. Roxas
Dr. Andrew I. Liuson

***SEC MC No. 19 s. 2016 – Code of Corporate Governance for Publicly-Listed Companies* dated November 22, 2016** has recommended that an Independent Director (ID) can serve the Company for a maximum cumulative of nine (9) years. However, such independent director can still be retained as an ID as long as the Board can provide meritorious justifications for the re-election and subject to approval by the stockholders.

Mr. Peter Dee has served as an Independent Director of the Company since 1979. His in-depth knowledge, wisdom and expertise in various industries helped the Company plan and attain its strategic objectives. Further, his 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 assistance to the Company.

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

7. Procedures for Nomination and Election of Independent Directors

a. Nomination of independent directors shall be conducted by the Corporate Governance 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 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.

b. Subject to pertinent existing laws, rule 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.

8. Related Party Transactions

The Registrant and its subsidiaries, in their regular conduct of business, have entered into transactions with its related parties principally consisting of advances, reimbursement of expenses and purchase and sale of real estate properties. These transactions to and from related parties are made at current market prices at the time of the transaction.

There is an existing management contract with Cityland, Inc. (CI), its parent company, wherein CI provides management services for the business of the Registrant. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other six months prior to expiration. The management fee is based on a certain percentage of net income as mutually agreed upon by both parties. The management fees for 2020, 2019 and 2018 were waived by CI. There are no conditions attached to the waiver of these management fees.

The Registrant 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 Registrant 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 Registrant's financial position or financial performance.

Please refer to Note 26, *Related Party Transactions* of the Notes to 2020 Audited Consolidated Financial Statements which is incorporated in this Information Statement.

9. Parent Company of the Registrant:

Cityland, Inc. owns 50.98% of the outstanding capital stock of the Registrant.

VI. Compensation of Directors and Executive Officers

Executive Compensation Summary Table

Name	Position	2021 (estimate)
Josef C. Gohoc	President	x
Therese Raimunda A. Anoos	Assistant Vice President – Financial Management and Service Department	x
Melita L. Tan	Vice President	x
Atty. Albert Anthony Ocampo	Assistant Manager	x
Herson D. Salonga	Senior Manager	x
Salaries		₱6,512,076
Bonus		1,659,894
Others		164,400
Total (Top 5)		**₱8,336,370**
Salaries		₱19,895,851
Bonus		5,042,943
Others		678,600
All officers & directors as a group unnamed		**₱25,617,394**
Grand Total		**₱33,953,764**

Name	Position	2020 (actual)
Josef C. Gohoc	President	x
Atty. Emma G. Jularbal	Vice President – Legal Dept.	x
Melita L. Tan	Vice President	x
Therese Raimunda A. Anoos	Assistant Vice President – Financial Management and Service Department	x
Atty. Albert Anthony Ocampo	Assistant Manager	x
Salaries		₱6,823,645
Bonus		1,159,180
Others		4,580,047
Total (Top 5)		**₱12,562,872**
Salaries		₱19,430,969
Bonus		3,660,593
Others		6,874,344
All officers & directors as a group unnamed		**₱29,965,906**
Grand Total		**₱42,528,778**

Name	Position	2019 (actual)
Josef C. Gohoc	President	x
Atty. Emma G. Jularbal	Vice President – Legal Dept.	x
Melita L. Tan	Vice President	x
Dorothy U. So	Assistant Vice President – Internal Audit	x
Therese Raimunda A. Anoos	Assistant Vice President – Financial Management and Service Department	x
Salaries		₱6,317,083
Bonus		1,621,484
Others		9,272,266
Total (Top 5)		**₱17,210,833**
Salaries		₱21,780,391
Bonus		5,720,948
Others		8,449,002
All officers & directors as a group unnamed		**₱35,950,341**
Grand Total		**₱53,161,174**

The Group has no standard arrangements with regard to the remuneration of its directors. In 2020, 2019, and 2018, the Board of Directors received a total of ₱35.50 million, ₱38.72 million and ₱23.52 million, respectively, including a total per diem of ₱1.18 million per annum (aggregate of CLDI and CDC) for the board meetings attended. Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received nor any other arrangement with employment contracts, compensatory plan and stock warrants or options.

VII. Independent Public Accountants

1. Sycip Gorres Velayo & Co. (SGV & Co.) is the Registrant's external auditor for the calendar year 2020. The same accounting firm is being recommended for re-election at the scheduled annual stockholders' meeting.

2. Representatives of SGV & Co. are expected to be present at the annual stockholders' meeting and will respond to queries concerning the audited financial statements.

3. 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. ISSUANCE AND EXCHANGE OF SECURITIES

VIII. Authorization or Issuance of Securities Other than for Exchange

At least two-thirds (2/3) of the outstanding capital stock is required for the approval of 5% stock dividend declaration.

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 4,623,925,680 as of March 31, 2021 is approximately 231,196,284 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 18, 2020 will be read and submitted to the stockholders for their approval. The said Minutes show that the following matters were approved by the stockholders during the 2020 annual stockholders' meeting:

Agenda Items:	Approving	Dissenting	Abstaining
Approval of Minutes of Previous Meeting	3,172,992,372 votes	--	--
Approval of President's Report	3,172,992,372 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. George Sycip (ID) f. Mr. Peter S. Dee (ID) g. Mr. Benjamin I. Liuson h. Mrs. Helen C. Roxas i. Ms. Emma A. Choa	3,172,992,372 votes or 72.05% of the outstanding capital stock	--	--
Appointment of External Auditor: SyCip Gorres Velayo & Co. (SGV & Co.)	3,172,992,372 votes or 72.05% of the outstanding capital stock	--	--
Approval of Board Resolution No. SM 20 dated July 6, 2020 regarding the declaration of five percent (5%) stock dividend	3,172,992,372 votes or 72.05% 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.	3,172,992,372 votes or 72.05% 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. Appointment of the External Auditor
   The Audit and Risk Committee 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. This shall be taken up during the Annual Stockholders' Meeting for the approval of the stockholders.

3. Approval of the Board Resolution dated May 10, 2021 regarding the declaration of five percent (5%) stock dividends

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 declaration of 5% stock dividend.

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 4:00PM of June 15, 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 cdcinfo@cityland.net on or before June 15, 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 31, 2021.

CITYLAND DEVELOPMENT CORPORATION

JOSEF C. GOHOC
President

CITYLAND DEVELOPMENT CORPORATION
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

Cityland Development Corporation (the Company or CDC) is a domestic publicly listed corporation which is duly organized and existing under and by virtue of the laws of the Philippines since January 31, 1978 with the primary purpose of engaging in real estate development. The Company is 50.98%-owned by Cityland, Inc. (CI), the ultimate parent company incorporated in the Philippines, which also prepares consolidated financial statements.

2. Listing in Stock Exchange

On August 2, 1983, the PSE approved the listing of the Parent Company's common shares.

3. Subsidiaries

The following are the subsidiaries of the Company:

a. City & Land Developers, Incorporated (CLDI): a domestic publicly listed corporation and a real estate company incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) on June 28, 1988. It is 49.73%-owned by CDC.

b. Cityplans, Incorporated (CPI): a pre-need company incorporated under the laws of Philippines and registered with the SEC on October 27, 1988. It is 90.81%-owned by CDC.

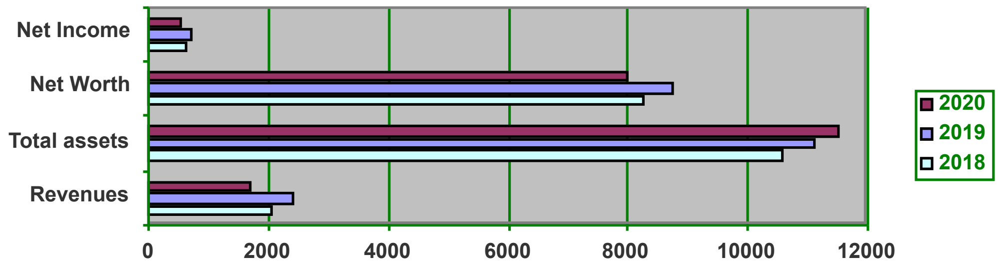
4. Nature of Operations

The primary purpose of CDC and its subsidiaries (the Group) is to acquire and develop suitable land sites for residential, office, commercial, institutional, and industrial uses. CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans. As of February 2007, CPI has stopped selling pre-need plans.

The Group's projects include medium to high-rise office, commercial, and residential condominiums located in cities of Metro Manila such as Makati, Mandaluyong, Manila, Pasig and Quezon City; and residential subdivisions and farmlots in Parañaque, Bulacan and Cavite.

FINANCIAL HIGHLIGHTS

	In Millions of Pesos		
	2020	**2019**	**2018**
Consolidated Net Income	**542.82**	**734.14**	**628.27**
Consolidated Net Worth	**9,156.02**	**8,760.49**	**8,247.68**
Consolidated Total Assets	**11,508.25**	**11,107.96**	**10,561.47**
Consolidated Revenues	**1,706.49**	**2,407.57**	**2,025.92**



5. Project Description

CDC

<u>Future Project:</u>

Pioneer Heights 2

Pioneer Heights 2 is an office, residential and commercial condominium to be located at Reliance St., Barangay Highway Hills, Mandaluyong City.

<u>Ongoing Projects:</u>

Pioneer Heights 1

Pioneer Heights 1 is a 24-storey office, commercial and residential condominium located at Pioneer St., Barangay Highway Hills, Mandaluyong City. Its amenities include swimming pool, children's playground, multi-purpose function room, laundry room, information area, administration room and 24-hour association security.

Estimated Date of Completion: December 2023

101 Xavierville

101 Xavierville is a high-rise, mixed-use condominium building with residential units from 8th-42nd floor and commercial units at ground floor located along Xavierville Avenue, Loyola Heights, Quezon City. The project is easily accessible to various schools such as Ateneo de Manila University, University of the Philippines and Miriam College; recreational parks and leisure places.

Estimated Date of Completion: February 2024

Completed Projects:

Buildings for Lease

- *CityNet Central*

  CityNet Central is a 22-storey commercial and Philippine Economic Zone Authority (PEZA)-registered building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with its proximity to MRT station and various transportation hubs.

- *CityNet1*

  CityNet1 is a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City. The said building for lease is also registered with PEZA.

Pines Peak Tower I

Pines Peak Tower I is a 27-storey residential condominium located at Union corner Pines St., Barangka, City of Mandaluyong. Its amenities include swimming pool, viewing deck, multi-purpose function room with movable children play set, gym and 24-hour association security.

Pines Peak Tower II

Pines Peak Tower II is a 27-storey residential condominium conceptualized for the fast-paced Filipino family. It is beside Pines Peak Tower I along Pines St., Brgy. Barangka Ilaya, Mandaluyong City. It is only a block away from the major thoroughfare of EDSA, near Shaw Boulevard, Pioneer and MRT Boni Station. The project is easily accessible to various commercial centers like Shangri-La Mall, Star Mall, Robinson's Place Pioneer, SM Megamall, The Podium, Metrowalk and schools like Lourdes, St. Paul and University of Asia and the Pacific. This project was completed in May 2019.

Grand Central Residences

Grand Central Residences is a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., (fronting MRT Shaw), Mandaluyong City. It is in close proximity to schools, churches, malls and hospitals. It is equipped with swimming pool, multi-purpose function room, gym, multi-purpose deck, CCTV and 24-hour association security.

Makati Executive Tower IV

Makati Executive Tower IV is a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City. It is in close proximity to schools, malls, hypermarkets and hospitals. Its amenities include swimming pool, gym, playground, function room, roof deck and 24-hour association security.

Mandaluyong Executive Mansion III

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Vergara, Mandaluyong City. It is in close proximity to schools, malls, churches and hospitals. Its amenities include playground, swimming pool, basketball court and 24-hour association security.

Makati Executive Tower III

Makati Executive Tower III is a 37-storey commercial, office, and residential condominium located at Cityland Square, Sen. Gil Puyat Avenue, Pio Del Pilar, Makati City. Its amenities include swimming pool, sauna, viewing deck, jogging area, mini-gym, children's playground, function room and 24-hour association security.

Manila Executive Regency

Manila Executive Regency is a 39-storey office, commercial and residential condominium situated along J. Bocobo St. Ermita. This property has a close proximity to churches, malls, parks, party places, historical places, government institutions, and commercial establishments. Its amenities and facilities include swimming pool, gym, spa, function room, children's playground and Manila Bay viewing deck.

Makati Executive Tower II

Makati Executive Tower II is a 35-storey residential condominium located in Dela Rosa St., corner Medina St., Makati City. The tower offers a great location being few steps away from shopping centers, hotels, banks, hospitals, churches and major thoroughfares. Also, its proximity to LRT and MRT gives easy access to transportation.

CLDI

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 to 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 Salle 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

This 29-storey commercial and residential condominium is located along 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. The project was turned over in March 2018.

Manila Residences Bocobo

Manila Residences Bocobo is 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 is 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.

CPI

Windsor Mansion

Windsor Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitors' lounge, provision for cable TV and telephone line, individual water sub meter / Meralco meter and 24-hour association security. This project is also developed together with Cityland, Inc (CI).

Oxford Mansion

Oxford Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitor's lounge, provision for cable TV and telephone line, individual water sub meter / Meralco meter and 24-hour association security. This project is also developed together with CI.

Pasig Royale Mansion

Pasig Royale Mansion is an 8-storey mid-rise condominium located at Evangelista St., New Santolan, Pasig City. Amenities and facilities include a swimming pool, a function room, a viewing area and a visitor's lounge. This project is also developed together with CI.

6. Major Risks Involved in Each of the Business of the Company

The risks to which the Group 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 political and economic situation, real estate industry outlook, market competition and asset price bubble.

INTERNAL FACTORS

Refinancing The Group is primarily engaged in real estate development. Risk factor includes short-term borrowings which increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Group adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Group 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 Group manages such refinancing risks by having a current and acid-test ratio of 3.70:1 and 1.83:1 as of December 31, 2020 from 3.08:1 and 1.62:1 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 receivable, contract assets and other financial assets of the Group. The corresponding management strategies for the aforementioned risks are as follows:

a. The credit risk on the installment contracts receivable and contract assets may arise from the buyers who may default on the payment of their amortizations. The Group manages this risk by dealing only with recognized, credit worthy third parties. Moreover, it is the Group's policy to subject customers, who buy on financing, to credit verification procedures. Also, installment contracts receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is insignificant.

b. The credit risk on the other financial assets of the Group such as investment in trust fund, cash and cash equivalents, short-term and long-term investments, installment contracts receivable, contract assets, notes receivable, guaranty deposits, refundable deposits, financial assets at fair value through other comprehensive income (FVOCI) and other assets may arise from default of the counterparty. The Group manages such risks in accordance to its policy where the Group shall enter into transaction with diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Group.

Interest Rate Risk This is the risk arising from uncertain future interest rates.

The Group's financial instruments consist of:

a. The Group's financial assets mainly consist of installment contract receivables, contract assets, notes receivable, cash and cash equivalents, short-term and long-term investments, guaranty deposits, 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.

b. For the financial liabilities, the Group only has commercial papers which bear fixed interest rates, thus, are not exposed 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 financial assets at FVOCI 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 Group.

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

a. *Asset-Liability Management:* Funding sources are substantially from short-term borrowings. Funding sources are abundant and provide a competitive cost advantage. The Group 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 Group accesses funding across a diverse range of markets and counter parties.

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

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

As such, the Group addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and established record in accessing these markets.

The Group is also exposed to risks which are beyond financial as follows:

GROUP'S BUSINESS AND OPERATIONS

Land Banking

The Group's land banking consists of parcels of land wherein some lots are being leased while awaiting the development of the Group's condominium projects. Having enough and diversified land banking is important to support the sustainability of the Group's business. The Group 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 Group currently has prime lots for future development and/or investment properties which are located in the different areas of Metro Manila and Cavite. The management also is in continuous study and research on the possible land acquisition which will depend on the need of the Group and negotiations with prospective sellers. For the land value changes and decline, the Group continues to be cautious in buying new properties by conducting studies on appraisal 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 five years to complete the building. During this period, the Group 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 the 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 Group 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 Group's project development team to ensure that the project is progressing and being accomplished according to plan.

ECONOMIC FACTORS

Economic

The Group'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 Group'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 Group has adopted controls to ensure its compliance with the environmental laws including but not limited to the following:

- tree planting activities as required by the Board of Investments (BOI) for the Group'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 Group'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 Group'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 has 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 Group 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 Group 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 the 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 Group 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 Group is able to assess and manage the risks mentioned above.

7. Management's Discussion and Analysis or Plan of Operation

<u>Financial Performance</u>

The Group is pre-selling the following on-going projects as of December 31, 2020:

- One Premier (a project of CI in which some condominium units and parking slots were assigned to CDC)
- Pioneer Heights 1 (a project of CDC)
- 101 Xavierville (a project of CDC)
- One Taft Residences (a project of CLDI)

Also, the Group is selling the remaining units of the following completed and operational projects:

Cityland Development Corporation

- Pines Peak Tower II
- Pines Peak Tower I
- Grand Central Residences
- Makati Executive Tower IV

City & Land Developers, Incorporated

- North Residences
- The Pacific Regency

The Group 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.

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

The Group's balance sheet as of March 31, 2021 remained solid with total assets of ₱11.79 billion, slightly higher by 2.45% as compared to the total assets as of December 31, 2020 of ₱ 11.51 billion. The increase is substantially attributed to the increase in cash and cash equivalents brought about by collections from clients. Real estate properties for sale and prepaid tax also increased as of March 31, 2021. Aside from the foregoing, funds were used in the construction of the Group's ongoing projects - Pioneer Heights I, 101 Xavierville and One Taft Residences, which also caused the increase in real estate properties for sale. Excess funds were shifted to cash and cash equivalents in order to maintain liquidity. The financial position remained stable as total of cash and cash equivalents and short-term investments stood at ₱3.17 billion and ₱2.94 billion as of March 31, 2021 and December 31, 2020, respectively.

On the liabilities side, total liabilities increased by 13.65% from ₱2.21 billion as of March 31, 2020 to ₱2.51 billion as of March 31, 2021. This was primarily due to accrual of development costs and issuance of notes payable.

Total equity as of March 31, 2021 stood at ₱9.28 billion from ₱9.16 billion as of December 31, 2020, slightly higher by 1.36% due to comprehensive income of ₱121.36 million.

As a result of the foregoing, the Group registered a current and acid test ratio of 3.17:1 and 1.54:1, respectively as of the first quarter of 2021, as compared to 3.70:1 and 1.83:1, respectively as of December 31, 2020. Asset-to-liability and debt-to-equity remained stable at 4.70:1 and 0.14:1, respectively as of March 31, 2021 compared to 4.89 and 0.13, respectively as of December 31, 2020.

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

The Group's balance sheet remained solid with total assets of ₱11.51 billion, 3.60% higher as compared to the 2019 year-end balance of ₱11.11 billion. The increase in assets is attributed to the increase in real estate properties for sale, and installment contracts receivable. <u>The net increase in installment contracts receivable was due to sales from real estate properties.</u> Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 0.69% to 1.25% in 2020 and 1.19% to 3.81% in 2019. Majority of the funds were utilized for operations and to finance the Group's construction of ongoing projects. Moreover, the cash position allowed CDC to declare cash dividends amounting to ₱

132.11 million while the subsidiary, CLDI was able to declare cash dividends amounting to ₱ 21.02 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term cash investments stood at ₱2.06 billion and ₱0.88 billion, respectively. Excess funds were placed in both short and long term investments contributing to the increase in financial income.

On the liability side, total liabilities increased by ₱4.78 million or 0.20%, primarily due to higher accounts payable and accrued expenses, pre-need and other reserves and deferred income tax liabilities. The increase was partially offset by the settlement of matured notes and contracts payable amounting to ₱113.55 million and net decrease in contract liabilities by ₱9.06 million and increase in deferred tax liabilities-net by ₱29.20 million.

Total equity stood at ₱9.16 billion as of December 31, 2020, higher by 4.51% from ₱8.76 billion as of December 31, 2019 due to comprehensive income of ₱548.21 million net of cash dividends declared and paid by the Group amounting to ₱153.05 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.83:1 and 3.70:1 as of December 31, 2020, as compared to 1.62:1 and 3.08:1 as of December 31, 2019, respectively. On the other hand, debt-equity ratio slightly improved to 0.13:1 as of December 31, 2020, as compared to 0.16:1 in December 31, 2019.

Financial Condition (2019 vs. 2018)

The Group's balance sheet remained solid with total assets of ₱11.11 billion, 5.17% higher as compared to the 2018 year-end balance of ₱10.56 billion. The increase in assets is attributed to the increase in real estate properties for sale, contract assets, long-term investments and installment contracts receivable. The net increase in installment contracts receivable and contract assets was due to sales from real estate properties. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 1.19% to 3.81% in 2019 and 1.38 % to 5.00% in 2018. Majority of the funds were utilized for operations and to finance the Group's construction of ongoing projects. Moreover, the cash position allowed CDC to declare cash dividends amounting to ₱188.73 million, while the subsidiary, CLDI was able to declare cash dividends amounting to ₱25.58 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term cash investments both stood at ₱1.93 billion and ₱0.40 billion, respectively. Excess funds were placed in both short and long term investments contributing to the increase in financial income.

On the liability side, total liabilities increased by ₱33.67 million or 1.46%, primarily due to higher accounts payable and accrued expenses, income tax payable and retirement benefits liability. The increase was partially offset by the settlement of matured notes and contracts payable amounting to ₱169.50 million and net decrease in contract liabilities by ₱14.37 million and deferred tax liabilities-net by ₱14.63 million.

Total equity stood at ₱8.76 billion as of December 31, 2019, higher by 6.22% from ₱8.25 billion as of December 31, 2018 due to comprehensive income of ₱724.73 million net of cash dividends declared and paid by the Group amounting to ₱217.32 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.62:1 and 3.08:1 as of December 31, 2019, as compared to 1.67:1 and 2.80:1 in December 31, 2018, respectively. On the other hand, debt-equity ratio slightly improved to 0.16:1 as of December 31, 2019, as compared to 0.19:1 in December 31, 2018.

Financial Condition (2018 vs. 2017)

The Group's balance sheet remained solid with total assets of ₱10.56 billion, 8.89% higher as compared to the 2017 year-end balance of ₱9.70 billion. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 1.31 % to 5.00%. Majority of the funds were substantially utilized for operations and to finance the Group's construction of Pines Peak Tower II, One Taft Residences and the newly launched condominium projects, Pioneer Heights 1 and 101 Xavierville and the completion of North Residences. The stable financial position allowed the acquisition of two parcels of land increasing the Group's total assets. In addition, in compliance with Philippine Financial Reporting Standard (PFRS) 15, *Revenue from Contracts with Customers*, the Group has reclassified a substantial portion of installment contracts receivable to contract assets, the net effect of which was an increase of ₱241.63 million in the said accounts due to sales and increase in percentage of completion. Moreover, the cash position allowed CDC to distribute cash dividends amounting to ₱118.54 million, while the subsidiary, CLDI distributed cash dividends amounting to ₱19.19 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term cash investments both stood at ₱0.47 billion and ₱1.59 billion, respectively. Excess funds were placed in both short and long term investments contributing to the increase in financial income.

On the liability side, total liabilities increased by ₱348.24 million or 17.72%, primarily from higher contract liabilities and income tax payable. Contract liabilities pertains to the collections of pre-selling of condominium projects which have not yet reached the preliminary stage of completion. The increase was partially offset by the settlement of matured notes and contracts payable amounting to ₱87.90 million and decrease in accounts payable and accrued expenses by ₱66.51 million and deferred tax liabilities-net by ₱56.16 million.

Total equity stood at ₱8.25 billion as of December 31, 2018, higher by 6.65% from ₱7.73 billion as of December 31, 2017 due to comprehensive income of P ₱634.011 million net of cash dividends declared and paid by the Group amounting to ₱137.73 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.67:1 and 2.80:1 as of December 31, 2018, as compared to 1.69:1 and 2.42:1 in December 31, 2017, respectively. On the other hand, debt-equity ratio slightly improved to 0.19:1 as of December 31, 2018, as compared to 0.22:1 in December 31, 2017.

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

Sales of real estate properties reached ₱371.95 million as compared to the previous year's sales of ₱275.74 million. The increase in sales amount by 34.89% 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).

Total sales of the Group was substantially generated from CDC reaching ₱257.87 million which is equivalent to 69.33% of the Group's sales. The Group has been applying the percentage of completion its revenue recognition and therefore aside from the current year's sales, additional revenues of prior year's sales were also recognized based on percentage of completion. Sales from CDC's projects – Pioneer Heights 1 and 101 Xavierville contributed 48.39% and 10.74%, respectively of the Group's sales as of March 31, 2021.

Further, one of the Company's subsidiaries, CLDI, contributed 30.67% of the total sales of real estate properties. Sales of CLDI reached ₱114.09 million as of March 31, 2021 as compared to the same period last year of ₱61.35 million. Sales for the quarter were driven from sales of real estate properties of One Taft Residences and North Residences.

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, short-term investments, notes receivable and guaranty deposits contributed 19.11% of total revenues. Likewise, rent income grew by 3.85% from ₱46.00 million to ₱47.77 million of the same period last year. Rent income significantly came from the lease operations of CityNet Central, CityNet1 and other properties which were held for lease. Other income - net, on the other hand, were primarily from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Revenue contribution of this account decreased by 10.34%, amounting to ₱25.05 million as of March 31, 2021 from ₱27.93 million for the quarter ended March 31, 2020.

On the cost side, cost of real estate sales increased due to the increase in percentage of completion, while operating expenses decreased due to lower taxes and licenses, professional fees, light, power and water and brokers' commission. Financial expenses likewise decreased due to lower interest expense on notes payable.

As a result of the foregoing, the Group ended March 31, 2021 with a net income of ₱122.83 million, lower by 14.07% compared to the same period last year of ₱142.94 million. This translated to annualized earnings per share and return on equity of ₱0.10 and 5.38% as compared to the previous year of ₱0.12 and 6.72%, respectively.

Results of Operation (2020 vs. 2019)

The Group's sale of real estate properties decreased by 42.88% as of December 31, 2020 reaching ₱944.12 million from the previous year's ₱1,652.83 million. The decrease was driven by the decline in sales in high rise condominiums and parking slots due to the pandemic. Total sales of the Group was substantially generated from CDC, reaching ₱696.76 million or 73.79% of the Group's sales. The Group has been applying the POC in sales and revenue recognition and therefore, aside from the current year sales, additional revenue from sales in prior years were also recognized. Consequently, Pioneer Heights I generated the highest sales revenue amounting to ₱309.66 million.

Moreover, the subsidiaries, CLDI and CPI recorded 26.86% and 0.085% of total revenue on sales of real estate, respectively. Sales of real estate properties of CLDI reached ₱253.55 million as compared to the same period last year of ₱513.55 million. Majority of the sales in 2020 was generated from One Taft Residences which contributed ₱216.05 million, while North Residences accounted for ₱32.60 million of total sales.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, cash and cash equivalents, short-term and long-term investments, notes receivable and guaranty deposit contributed 24.97% of total revenues and decreased by 16.80% due to lower investments and interest rates. Likewise, rental income from lease operations of buildings and properties contributed 11.11% and grew by 37.04% due to additional lease contracts entered in 2020 and increase in rental rates brought about by escalation clauses prior to the pandemic. Other revenue, on the other hand, pertains to trust fund income, 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 which contributed 8.60% of total revenues.

On the cost side, cost of real estate sales and operating expenses increased as these move in tandem with sales. Although the Group reduced its notes payable balance, interest expense increased due to higher interest rates.

Altogether, the Group posted a consolidated income of ₱542.82 million in 2020, 26.06% lower than the previous year's level of ₱734.14 million. This translated into lower earnings per share and return on equity of ₱0.11 and 6.11% as compared to the same period of the previous year of ₱0.15 and 8.43% respectively.

Results of Operation (2019 vs. 2018)

The Group's sale of real estate properties increased by 12.99% as of December 31, 2019 reaching ₱1,652.83 million from the previous year's ₱1,462.77 million. Growth was driven by sales and higher percentage of completion of the projects. Total sales of the Group was substantially generated from CDC, reaching ₱1,122.83 million or 67.93% of the Group's sales. Pines Peak Tower II was 100% completed in May 2019 which was already sold at 83.70% as of December 31, 2019. The Group has been applying the percentage of completion (POC) in sales and revenue recognition and therefore, aside from the current year sales, additional revenue from sales in prior years were also recognized. Consequently, Pines Peak Tower II generated the highest sales revenue amounting to ₱500.33 million followed by the sale of the remaining units of 101 Xavierville, Pioneer Heights 1, Grand Central Residences, One Premier and Pines Peak Tower I, contributing ₱241.20 million, ₱181.61 million, ₱94.36 million, ₱42.84 million and ₱27.74 million, respectively.

Moreover, the subsidiaries, CLDI and CPI recorded 30.37% and 1.70% of total revenue on sales of real estate, respectively. Sales of real estate properties of CLDI reached ₱501.89 million as compared to the same period last year of ₱409.54 million. The increase in sales can be attributed to the sales revenue generated from One Taft Residences since realization of sales was based on POC. Majority of the sales in 2019 was generated from One Taft Residences which contributed ₱331.92 million, while North Residences accounted for ₱159.60 million of total sales. The remaining ₱8.52 million of sales were generated from Grand Emerald Tower.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, cash and cash equivalents, short-term and long-term investments, notes receivable and guaranty deposit contributed 21.07% of total revenues and grew by 33.76% due to higher investments and interest rates. Likewise, rental income from lease operations of buildings and properties contributed 5.69% and grew by 9.51% due to additional lease contracts and higher rental rates. Other revenue, 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 which contributed 5.22% of total revenues.

On the cost side, cost of real estate sales and operating expenses increased as these move in tandem with sales. Although the Group reduced its notes payable balance, interest expense increased due to higher interest rates.

Altogether, the Group posted a consolidated income of ₱734.14 million in 2019, 16.85% higher than the previous year's level of ₱628.27 million. This translated into an improved earnings per share and return on equity of ₱0.15 and 8.43% as compared to the same period of the previous year of ₱0.13 and 7.67% respectively.

Results of Operation (2018 vs. 2017)

The Group's sale of real estate properties increased by 11.60% as of December 31, 2018 reaching ₱1,462.77 million from the previous year's ₱1,311.71 million. Growth was driven by sales and higher percentage of completion of the projects. Total sales of the Group was substantially generated from CDC, reaching ₱1,015.59 million, or 69.47% of the Group's sales. Construction accomplishment of Pines Peak Tower II steadily progressed from the previous year's percentage of completion of 52.98% to 90.64% in 2018. The Project was already 64.36% sold as of December 31, 2018. The Group has been applying the percentage of completion (POC) in sales and income recognition and therefore, aside from the current year sales, additional revenue from its sales from prior years were also recognized. Consequently, this project generated the highest sales revenue amounting to ₱627.60 million followed by the sale of the remaining units of Grand Central Residences, Pines Peak Tower I and Makati Executive Tower IV, contributing ₱202.67 million, ₱104.50 million and ₱36.99 million, respectively. Sales from Grand Central Residences and Pines Peak Tower I came from the remaining inventory last year. To increase future sales, CDC launched Pioneer Heights I, and 101 Xavierville in 2018. The Group has not realized revenue on sales of these projects under the POC since it has not reached beyond the preliminary stage of completion. In view of this, future sales of CDC is seen to be generated from the sale and construction accomplishment of Pines Peak Tower II and from the newly launched condominium projects.

Moreover, the subsidiaries, CLDI and CPI recorded 28.00% and 2.53% of total revenue on sales of real estate, respectively. Sales of real estate properties of CLDI reached ₱409.54 million as compared to the same period last year of ₱439.58 million. The decrease in sales can be attributed to the sales revenue generated from One Taft Residences since realization of sales was based on percentage of completion (POC). The POC of this project at the end of 2018 was 25.59% but is expected to increase in the succeeding months. In addition, sales of Grand Emerald tower and Manila Residences Bocobo were lower as compared to the previous year since these were generated from the remaining units last year. On the other hand, North Residences was in full blast construction which led to its completion in March 2018. This project was sold at 84.23% in 2018, as compared to last year at 61.63%. Majority of the 2018 sales were generated from North Residences which contributed ₱318.54 million, while One Taft Residences accounted for ₱78.78 million of total sales. The remaining ₱17.19 million of sales were generated from Grand Emerald Tower and Manila Residences Bocobo.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, cash and cash equivalents, short-term investments, notes receivable and guaranty deposit contributed 18.62% of total revenues. Likewise, rental income from lease operations of buildings and properties contributed 6.14% and grew by 5.54% due to additional lease contracts and higher rental rates. Other revenue, on the other hand, pertains to adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income contributed 4.08% of total revenues.

On the cost side, cost of real estate sales and operating expenses increased as these move in tandem with sales. Although the Group reduced its notes payable balance, interest expense increased due to higher interest rates.

Altogether, the Group posted a consolidated income of ₱628.27 million in 2018, 13.83% higher than the previous year's level of ₱551.93 million. This translated into an improved annualized earnings per share and return on equity of ₱0.13 and 7.67% as compared to the same period of the previous year of ₱0.11 and 7.20% respectively.

Key Performance Indicators (2020 vs 2019 vs 2018)

Cityland Development Corporation (Consolidated)	**2020**	**2018**	**2017**
Basic/Diluted earnings per share	₱0.11*	₱0.15*	₱0.13*
Return on equity	6.11%	8.43%	7.67%
Return on asset	4.72%	6.61%	7.94%
Net profit margin	31.81%	30.49%	40.75%
Solvency ratio	0.26	0.34	0.30
Interest rate coverage ratio	405.88	65.49	55.06
Asset to liability ratio	4.89	4.73	4.56
Asset to equity ratio	1.43	1.45	1.47
Debt to equity ratio	0.13	0.16	0.19
Current ratio	3.70	3.08	2.80
Acid - test ratio	1.83	1.62	1.67

**After retroactive effect of stock dividends.*

City & Land Developers, Incorporated (Subsidiary)	**2020**	**2019**	**2018**
Basic/Diluted earnings per share*	₱0.07	₱0.12	₱0.10*
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%
Solvency ratio	0.38	0.62	0.34
Interest rate coverage ratio	–	–	–
Asset to liability ratio	9.08	8.60	5.59
Asset to equity ratio	1.12	1.13	1.22
Debt to equity ratio	–	–	0.10
Current ratio	6.98	6.82	4.58
Acid - test ratio	1.40	1.61	2.35

**After retroactive effect of tock dividends*

Cityplans, Incorporated (Subsidiary)	**2020**	**2019**	**2018**
Earnings per share	₱0.05	₱0.09	₱0.12
Return on equity	2.24%	3.96%	5.77%
Return on asset	2.05%	4.57%	6.50%
Net profit margin	13.74%	52.26%	26.69%
Solvency ratio	0.24	0.32	0.44
Asset to liability ratio	6.52	6.42	6.44
Asset to equity ratio	1.18	1.22	1.22
Current ratio	0.85	11.75	15.90
Acid - test ratio	11.24	12.11	16.70

Manner of Calculations:

$$\text{Earnings per share} = \frac{\text{Net income after tax}}{\text{Outstanding number of shares}}$$

$$\text{Return on equity ratio} = \frac{\text{Net income after tax}}{\text{Total Equity}}$$

$$\text{Return on asset ratio} = \frac{\text{Net income after tax}}{\text{Total Assets}}$$

$$\text{Net profit margin} = \frac{\text{Net income after tax}}{\text{Total Sales Revenue}}$$

$$\text{Solvency ratio} = \frac{\text{Net income after tax + Depreciation expense}}{\text{Total liabilities}}$$

Interest rate coverage ratio	=	Income before income tax + Depreciation expense + Interest expense / Interest expense
Asset-to-liability ratio	=	Total assets / Total liabilities
Asset-to-equity ratio	=	Total assets / Total equity (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)
Debt-to-equity ratio	=	Notes payable and contracts payable / Total equity (net of net changes in fair value of equity instruments designated at fair value through other comprehensive income/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)
Current ratio	=	Total current assets / Total current liabilities
Acid-test ratio	=	Cash and cash equivalents + Short-term investments + Installment contracts receivable + Current portion of contract assets + Current portion of notes receivable + Current portion of other receivables / Total current liabilities

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. As of December 31, 2020, 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 condominiums and real estate projects, collection of installment contracts receivable and contract assets, maturing short-term and long-term investments and notes receivable, and other sources such as rental income, interest income and dividend income. External sources come from issuances of commercial papers.

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

The estimated development cost of ₱432.56 million as of March 31, 2021 representing the cost to complete the development of real estate projects sold will be sourced through:
a) Sales of condominium and real estate projects
b) Collection of installment contracts receivable and contract assets
c) Maturing short-term investments and notes receivable
d) Issuance of commercial papers

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 Group'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 Group's financial results for the rest of 2021 and even periods thereafter. As this global problem evolves, the Group will continually adapt and adjust its business model according to the business environment in the areas where the Group operates, in full cooperation with the national and local government units.

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

There were no significant element of income or loss that did not arise from registrants continuing operations.

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

There are no events nor any default or acceleration of an obligation that trigger direct or contingent financial obligation that is material to the Group.

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 (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

8. 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 conditions or results of operations.

9. Causes for any Material Changes from Period to Period in One or More Line 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 substantially due to shift of funds to shorter period investments, collection of installment contracts receivable, contract assets and other receivables.
b. Decrease in Short-term Investments was due to shift to shorter period investments.
c. Decrease in Installment Contract Receivables was due to collection from clients.
d. Decrease in Contract Assets was due to was due to collections.
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. Decrease in Other Receivables was substantially due to collection of retention and advances to customers.
g. Increase in Prepaid Tax was due to the reduction of income tax rate as an impact of the CREATE Act.
h. Increase in Real Estate Properties for Sale was primarily due to construction/development costs incurred, transfer from real estate properties held for future development and forfeitures of real estate properties.
i. Increase in Investments in Trust Fund was due to appraisal increase of properties held in trust.
j. Decrease in Real Estate Properties Held for Future Development was due to reclassification to real estate properties for sale.
k. Decrease in Investment Properties was due to depreciation recognized on the buildings for lease.
l. Decrease in Property and Equipment was due recognition of depreciation expense.

m. Decrease in Other Assets was due to utilization of input VAT and prepaid asset.
n. Increase in Accounts Payable and Accrued Expenses pertains to the increase in accrued development costs.
o. Decrease in Contract Liabilities was due to increase in percentage of completion of the Group's on-going projects.
p. Increase in Notes Payable was due to proceeds from issuance of notes payable.
q. Decrease in Income Tax Payable was due to reduction of tax rate as effect of the implementation of CREATE Act which was effective July 1, 2020.
r. Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plan.
s. Decrease in Deferred Income Tax Liabilities - net was due to remeasurement as impact of the change in tax rate.
t. Decrease in Accumulated Re-measurement Loss on Defined Benefit Plan - net of deferred income tax effect was due to the remeasurement of the deferred income tax as result of the reduction in tax rate.
u. Increase in Retained Earnings was due to net income recognized as of March 31, 2021.
v. Increase in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
w. Increase in Non-Controlling Interest was due to net income of subsidiaries.

Financial Condition (2020 vs. 2019)

a. Increase in Cash and Cash Equivalents was substantially due to collections from sales and lease of real estate properties, collection of receivables and contract assets and shift of funds to shorter period investments.Net increase in short-term and long-term investments was substantially due to sales and shift of funds from cash and cash equivalents.
b. Net increase in Installment Contract Receivables was due to the sale of condominium units of CDC and CLDI. Further, the collections of monthly amortizations were also affected due to the impact of COVID-19 pandemic.
c. Net decrease in Contract Asset was due to was due to right to consideration already delivered resulting to increase in billed accounts reflected in the installment contracts receivable.
d. Net decrease in Cost to Obtain Contract was due to the decrease of prepaid commission recognized in relation to the sale of ongoing projects.
e. Decrease in Notes Receivable was due to its maturity.
f. Decrease in Other Receivables was substantially due to lower accrued interest, collection of advances to customers and advances to condominium corporations.
g. Increase in Real Estate Properties for Sale was primarily due to additional development cost incurred and lower cost of real estate sales.
h. Net decrease in Investments in Trust Fund was due to withdrawals made from the fund..
i. Increase in Real Estate Properties Held for Future Development was due to additional costs capitalized.
j. Decrease in Investment Properties was due to depreciation recognized on the buildings for lease and transfer of properties to real estate properties for sale.
k. Increase in Property and Equipment was due to recognition of right-of-use asset as an effect of adoption of PFRS 16, *Leases.*
l. Increase in Retirement Plan assets was due to decrease in present value of defined benefit obligation.
m. Decrease in Deferred Income Tax Assets was due to decrease of accrued expenses and unamortized past service cost of CDC and CLDI.
n. Decrease in Other Assets was due to the decrease of prepaid assets, input vat and advances to contractors.
o. Increase in Accounts Payable and Accrued Expenses was substantially due to higher customers' deposit, accrued development cost, deferred rent income, dividends payable, due to related parties and recognition of lease liability in compliance with PFRS 16.
p. Net decrease in Contract Liabilities was due to the increase in POC which satisfied the payments made by the clients.
q. Decrease in Notes and Contracts Payable was due to partial settlement of matured notes payable.
r. Decrease in Income Tax Payable was due to lower taxable income.

s. Decrease in Retirement Benefits Liabilities was due to increase in present value of defined benefit obligation.
t. Increase in Capital Stock was due to issuance of 5.0% stock dividends.
u. Increase in Retained Earnings was due to the dividends received by CPI from CDC.
v. Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
w. Decrease in Accumulated Re-measurement of Defined Benefit Plans was due to decrease in value of plan assets.
x. Increase in Non-Controlling Interest was due to net income of subsidiaries.

Financial Condition (2019 vs. 2018)

a. Increase in Cash and Cash Equivalents was substantially due to collections from sales and lease of real estate properties, collection of receivables and contract assets and shift of funds to shorter period investments.
b. Net decrease in short-term and long-term investments was substantially due to shift of funds to shorter period placements, partial payment of notes and contracts payable, payment of cash dividends, payment of cost of operations and development of projects.
c. Net increase in Installment Contract Receivables was due to sale of condominium units held for lease by CPI.
d. Net increase in Contract Asset was due to higher sales and increase in POC of all on-going projects.
e. Net increase in Cost to Obtain Contract was due to recognition of prepaid commission in relation to the sale of ongoing projects.
f. Decrease in Notes Receivable was due to its maturity.
g. Decrease in Other Receivables was substantially due to lower accrued interest, collection of advances to customers and advances to condominium corporations.
h. Increase in Real Estate Properties for Sale was primarily due to additional development cost incurred, higher capitalized borrowing costs and transfer of properties from held for future development and investment properties.
i. Net increase in Investments in Trust Fund was due to additional contribution to the fund.
j. Decrease in Real Estate Properties Held for Future Development was due to transfer to Real Estate Properties for Sale and settlement of contracts payable through cost adjustment of the property acquired.
k. Decrease in Investment Properties was due to depreciation recognized on the buildings for lease and transfer of properties to real estate properties for sale.
l. Increase in Property and Equipment was due to recognition of right-of-use asset as an effect of adoption of PFRS 16, *Leases.*
m. Decrease in Retirement Plan assets was due to decrease in fair value of plan assets.
n. Decrease in Deferred Income Tax Assets was due to decrease of realized gain on sale of real estate transactions and unearned revenue of CLDI.
o. Decrease in Other Assets was due to utilization of input VAT, decrease in market value and sale of shares of stock, and amortization of prepaid real estate tax.
p. Increase in Accounts Payable and Accrued Expenses was substantially due to higher customers' deposit, accrued development cost, directors' fee and sick leave, deferred rent income, dividends payable, due to related parties and recognition of lease liability in compliance with PFRS 16.
q. Net decrease in Contract Liabilities was due to was due to recognition of accounting income from projects that reached beyond its preliminary stage of completion.
r. Decrease in Notes and Contracts Payable was due to partial settlement of matured notes payable and cost adjustment resulting to the full settlement of contracts payable of CLDI.
s. Increase in Income Tax Payable was due to higher taxable income and expiration of Income Tax Holiday (ITH) entitlement of Pines Peak Tower II.
t. Decrease in Pre-need and Other Reserves was due to was due to maturities and termination of pension plan.
u. Increase in Retirement Benefits Liabilities was due to decrease in fair value of plan assets.

v. Decrease in Deferred Income Tax Liabilities – net was primarily due reversal of deferred income tax assets as a result of recognition of sales of projects in which the percentage completion were already beyond the preliminary stage of completion.
w. Increase in Capital Stock was due to issuance of 6.5% and 5.0% stock dividends.
x. Decrease in Retained Earnings was due to declaration of cash dividends.
y. Increase in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to increase in market value of financial assets at FVOCI.
z. Decrease in Accumulated Re-measurement of Defined Benefit Plans was due to decrease in value of plan assets.
aa. Increase in Non-Controlling Interest was due to net income of subsidiaries.

Financial Condition (2018 vs. 2017)

a. Decrease in Cash and Cash Equivalents was substantially due to payment of operating and development cost, accounts payable and accrued expenses, notes payable, placement of funds to secure cash bond, payment of cash dividends, acquisition of new property and shift of funds to short-term investments.
b. Increase in Short-term Investments was substantially due to sales and shift of funds from cash and cash equivalents.
c. Decrease in Installment Contract Receivables was due reclassification of account to contract asset due to the adoption of PFRS 15 and increase in sales.
d. Increase in Contract Asset was due to reclassification from installment contracts receivable due to the adoption of PFRS 15.
e. Increase in Cost to Obtain Contract was due to recognition of performance obligation as a result of adoption of PFRS 15.
f. Increase in Notes Receivable was due to additional long-term placements.
g. Increase in Other Receivables was substantially due to rent receivable and accrued interest from investments.
h. Increase in Real Estate Properties for Sale was due to transfers from real estate properties for future development and investment properties, additional construction/development costs incurred. In 2018, CDC launched 101 Xavierville and Pioneer Heights 1 contributing to the reclassification of land cost as part of real estate properties for sale.
i. Increase in Investments in Trust Fund was due to additional trust fund contributions.
j. Decrease in Prepaid Income Tax was due to application to income tax payable.
k. Decrease in Real Estate Properties Held for Future Development was due to the transfer to real estate properties for sale.
l. Decrease in Investment Properties was due to depreciation and transfer to property and equipment and to real estate properties for future development.
m. Increase in Property and Equipment was due to completion of building used in the operation of CDC.
n. Increase in Retirement Plan assets was due to re-measurement gain recognized in 2018.
o. Decrease in Deferred Income Tax Assets – net was due to the effect of the adoption of the new standard PFRS 15 and adjustment in contract asset of CLDI.
p. Increase in Other Assets was due to the guaranty deposit made for the Group’s ongoing projects.
q. Decrease in Accounts Payable and Accrued Expenses was substantially due to payment of trade payables and estimated development cost.
r. Increase in Contract Liabilities was due to reclassification of deposit of Pines Peak Tower II and One Taft Residences as a result of adoption of PFRS 15.
s. Decrease in Notes and Contracts Payable was due to settlement of matured notes payable.
t. Increase in Income Tax Payable was due to higher taxable income and expiration of income tax holiday entitlement of North Residences.
u. Increase in Pre-need and Other Reserves was due to decrease in return on investment used in valuation of pension plans.
v. Decrease in Retirement Benefits Liabilities was due to increase in fair value of plan assets.
w. Decrease in Deferred Income Tax Liabilities – net was primarily due to deferred income tax assets as a result of reversal of sales of projects in which the percentage completion has not reached beyond the preliminary stage of completion.

x. Increase in Retained Earnings was due to net income recognized in 2018.
y. Increase in Unrealized fair value changes on financial assets at fair value through other comprehensive income (FVOCI) was due to the effect of the adoption of the new Philippine Financial Reporting Standard (PFRS) 9, *Financial Instrument.*
z. Decrease in Net Changes in Fair Value of Investments was due to the effect of the adoption of the new standard PFRS 9.
aa. Increase in Accumulated re-measurement of defined benefit plans was due to increase in value of plan assets.
bb. Increase in Non-Controlling Interest was due to net income of subsidiaries.

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 from installment contracts receivables, contract assets, cash equivalents, short-term and long-term investments and notes receivable.
c. Increase in Rent Income was due to rentals earned from the buildings for lease, CityNet 1 and CityNet Central, and additional long-term lease contracts entered by the Group.
d. Decrease in Other Income - net was due to the higher loss on forfeited units as of March 31, 2021.
e. Increase in Cost of Real Estate Sales was due to increase in percentage of completion as this also moves in tandem with sales.
f. Decrease in Operating Expenses was significantly due to decrease in brokers' commission, taxes and licenses, professional fees and light, power and water expenses.
g. Decrease in Financial Expenses was substantially due to interest expense on notes payable.
h. Decrease in Provision for Income Tax was due to lower tax rate as an effect of the approval of CREATE Act. The said Act was effective July 1, 2020.
i. Decrease in Net Income was due to the significant increase in cost of real estate sales.
j. Increase in Remeasurement Loss reflected in other comprehensive income was due to the remeasurement of deferred income tax assets/liabilities using the new income tax rate.

Results of Operations (2020 vs. 2019)

a. Decrease in Sales of Real Estate Properties was primarily due to lower sales generated due to the financial crisis brought about by the COVID-19 pandemic.
b. Decrease in Financial Income was due to lower interest income from installment contracts receivables, cash equivalents, investments and dividend income.
c. Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet 1 and CityNet Central, and additional long-term lease contracts entered by the Group.
d. Increase in Other Income was due to the increase in the number of repossessed inventories wherein these were recorded at fair market value less cost to sell upon repossession.
e. Decrease in Cost of Real Estate Sales was due to lower sales of real estate properties.
f. Decrease in Operating Expenses was due to lower sales and decrease in personnel expenses, taxes and licenses, professional fees, outside services expense, advertising and promotions, insurance expense, repairs and maintenance, rent expense and donations.
g. Decrease in Financial Expenses was due to decrease in capitalized borrowing costs.
h. Decrease in Provision for Income Tax was due to lower taxable income.
i. Decrease in Net Income was primarily due to lower revenues.

Results of Operations (2019 vs. 2018)

a. Increase in Sales of Real Estate Properties was primarily due to higher sales generated from Pioneer Heights 1, 101 Xavierville, One Premier and One Taft Residences and increase of percentage of completion of all ongoing projects.
b. Increase in Financial Income was due to higher interest income from installment contracts receivables, contract assets, cash equivalents, investments and guaranty deposit.
c. Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet 1 and CityNet Cenral, and additional long-term lease contracts entered by the Group.

d. Increase in Other Income was due to the increase in fair market value of repossessed real estate properties for sale and gain on sale of shares of stock.
e. Increase in Cost of Real Estate Sales was due to higher sales and percentage of completion of projects.
f. Increase in Operating Expenses was due to higher sales and increase in personnel expenses, taxes and licenses, professional fees, light, power and water, insurance expense, repairs and maintenance, brokers' commission, and donations.
g. Increase in Financial Expenses was due to higher interest rates and recognition of interest expense on lease liability as part of adoption of PFRS 16.
h. Decrease in Other Expenses was due to lower adjustment of prior years' income from forfeited units.
i. Increase in Provision for Income Tax was due to higher taxable income and expiration of ITH entitlement of One Taft Residences and Pines Peak Tower II.
j. Increase in Net Income was primarily due to higher revenues and lower other expenses.

Results of Operations (2018 vs. 2017)

a. Increase in Sales of Real Estate Properties was primarily due to higher sales generated from Pines Peak Tower II and North Residences and construction accomplishment of Pines Peak Tower II, North Residences and One Taft Residences.
b. Increase in Financial Income was due to higher interest income from installment contracts receivables and cash investments, contract assets, notes receivables and guaranty deposit.
c. Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet1 and CityNet Central, and additional long-term lease contracts entered by the Group.
d. Decrease in Other Income was due to the decrease in reversal of realized gross profit from prior year's sales arising from forfeitures.
e. Increase in Cost of Real Estate Sales was due to higher sales of real estate properties.
f. Increase in Operating Expenses was due to higher sales and increase in personnel expenses, depreciation, professional fees, taxes and licenses, outside services, repairs and maintenance, rent expense, brokers' commission, insurance expense, power, light and water, and other operating expenses.
g. Increase in Financial Expenses was due to higher interest rates.
h. Increase in Other Expenses was due to higher income from prior years' forfeited units.
i. Decrease in Provision for Income Tax was due to lower deferred income tax from the decrease in unrealized gain on real estate transactions.
j. Increase in Net Income was primarily due to higher revenues and lower provision for income tax

Information on Independent Accountant

Sycip Gorres Velayo & Co. is the Group's external auditor for the years 2020 and 2019. The engagement partner for the year 2019 and 2018 is Ms. Aileen L. Saringan.

	External Audit Fees	
	2020	**2019**
Audit and audit-related fees (Parent Company)	**₱1,080,000**	**₱1,065,000**
Tax fees	–	–
All other fees	–	–
Total	**₱1,080,000**	**₱1,065,000**

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

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

a. Discussion with the external auditors regarding 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 auditors.

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

DIVIDENDS AND MARKET PRICE OF SHARES OF STOCK

1. Dividends Policy

Dividends declared by the Group on its shares of stock are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Group and other factors.

The 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 Board of Directors (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.

2. Dividends

	2020	2019	2018
Cash	₱0.030	₱0.0450	₱0.0301
Stock	5%	5%	6.5%

Cash dividends on common shares were deducted from retained earnings upon declaration by the BOD. All cash dividends due during the year were paid.

On May 10, 2021, the Board of Directors of CDC approved the declaration of 5% stock dividends. Such declaration shall be presented for the approval of the stockholders during the Annual Stockholders' Meeting to be held on June 22, 2021.

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 Parent 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.

3. Stock Prices

The stock prices of CDC are as follows:

		Unclassified Common Shares	
		High	Low
2021	First Quarter	0.96	0.91
2020	First Quarter	0.83	0.62
	Second Quarter	0.76	0.67
	Third Quarter	0.85	0.70
	Fourth Quarter	0.85	0.77
2019	First Quarter	1.05	0.85
	Second Quarter	1.01	0.85
	Third Quarter	1.05	0.82
	Fourth Quarter	0.87	0.80

Note: Prices in 2019 took into account the 6.5% and 5.0% stock dividends declared to the stockholders of record as of April 12, 2019 and July 5, 2019, respectively.

4. Trading Market

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

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

5. Price Information on the Latest Practicable Date

The Parent Company's shares were last traded on May 12, 2021 at ₱0.90 per share.

6. Public Ownership

Total number of shares owned by the public as of March 31, 2021 is 1,427,961,576 shares which represent 30.88% of the total 4,625,863,627 number of listed common shares.

7. Holders

a. The number of shareholders of record as of March 31, 2021 was 652.

b. The Top 20 Stockholders of record as of March 31, 2021 are as follows:

		No. of Shares Held	Percentage
1.	Cityland, Inc.	2,357,085,450	50.98 %
2.	PCD Nominee Corporation – Filipino	976,591,098	20.60
3.	Liuson, Grace C.	221,372,726	4.79
4.	Roxas, Stephen C.	147,295,376	3.19
5.	Liuson, Andrew I. (Dr.)	141,527,294	3.06
6.	Gohoc, Josef C.	102,206,229	2.21
7.	Roxas, Helen C.	70,286,922	1.52
8.	PCD Nominee Corporation – Foreign	43,261,202	0.94
9.	Recto, Ester	36,108,392	0.78
10.	Gohoc, Johann C.	31,475,200	0.68
11.	Roxas, Stephen C. or Roxas, Jefferson C.	25,339,227	0.55
12.	Liuson, Grace C. or Gohoc, Josua C.	25,339,227	0.55
13.	Jefcon, Inc.	21,444,101	0.46
14.	Chiong, Daniel Yen	21,086,116	0.46
15.	Tan, Joyce Liuson or Tan, Philip Sim	20,655,190	0.45
16.	Chang, Rita D.	20,001,083	0.43
17.	Obadiah, Inc.	19,749,867	0.43
18.	Shao Chien Yin &/or Shao Christine L.	16,892,808	0.37
19.	Chiong, Elizabeth	14,077,341	0.30
20.	Recto, Ester	14,077,341	0.30

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

a. There was no sale of unregistered securities.

b. The total number of shares issued and outstanding of the Company is 4,623,925,680 for 2020 and 4,403,739,084 for 2019 excluding 1,937,947 treasury common shares.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The evaluation system employed by the Registrant 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 Registrant 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 Registrant'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 Registrant.

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, Consultants and Management of Cityland Development Corporation, 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 consultants 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 Cityland and the real estate industry.

Upon written request, the Company undertakes to provide without charge a copy of the Annual Report on SEC Form 17-A. Copies can be picked up from Ms. Michelle Marcelino, 3/F Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City, Tel. 8-893-6060 local 409.

CITYLAND

CITYLAND DEVELOPMENT CORPORATION

CERTIFICATION

I hereby certify that the following Directors and Executive Officers of Cityland Development Corporation for the Year 2020 were not elected as public servants, nor appointees, nor employees of any government agency:

Directors:

1. Stephen C. Roxas
2. Dr. Andrew I. Liuson
3. Grace C. Liuson
4. Josef C. Gohoc
5. Peter S. Dee
6. George Y. Sycip
7. Benjamin I. Liuson
8. Helen C. Roxas
9. Emma A. Choa *(resigned effective March 10, 2021)*

Executive Officers:

1. Emma A. Choa
2. Rudy Go
3. Melita M. Revuelta
4. Melita L. Tan
5. Romeo E. Ng
6. Rosario D. Perez
7. Winefreda R. Go
8. Atty. Emma G. Jularbal
9. Dorothy U. So

Mr. Eduardo C. Villanueva, the Independent Director appointed last March 10, 2021, is currently a Deputy Speaker for Good Governance and Moral Uprightness of the Philippine Congress and a Representative of Citizens' Battle Against Corruption (CIBAC) Party-list. Consent were obtained from the said government agency regarding the appointment of Mr. Villanueva as director of the Company and a nominee for election as Independent Director for the year 2021-2022.

Given this17th of May 2021.

Certified by:

ATTY. ALBERT ANTHONY H. OCAMPO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in MAKATI CITY this MAY 19 2021 affiant exhibiting to me his Social Security with ID no. 33-1925659-7 and other competent evidence of identification.

Doc. No. 394;
Page No. 80;
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

7	7	8	2	3

COMPANY NAME

CITYLAND DEVELOPMENT CORPORATION

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

2/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
	M S R D	**Not Applicable**

Certification of Independent Director-
Mr. Peter S. Dee

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
652 as of 04/30/2021	**1st 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	**cdc_rg@cityland.net**	**8-893-6060**	**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 **Cityland Development Corporation** and have been its independent director since October 1979;

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
City & Land Developers, Incorporated	Independent Director Chairman – Audit & Risk Committee	11/22/04 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 **Cityland Development Corporation**, 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 **Cityland Development Corporation** 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 **Cityland Development Corporation** 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. 308;
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

COVER SHEET

SEC Registration Number

7	7	8	2	3						

COMPANY NAME

CITYLAND DEVELOPMENT CORPORATION

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

2/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. George Edwin SyCip

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
652 as of 04/30/2021	**1st Tuesday of June**	**December 31**

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Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Rudy Go	**cdc_rg@cityland.net**	**8-893-6060**	**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, **George Edwin SyCip**, American, of legal age and with Philippine residence at 60 Cambridge Circle, North Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Cityland Development Corporation.** I have been an independent director of this entity since December 13, 2017.

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

COMPANY	POSITION	PERIOD OF SERVICE
Halanna Management Corp.	President	December 1987 to present
Bank of the Orient	Director	May 1993 to present
Asian Alliance Holdings and Development Corp.	Director	November 1995 to present
FMF Development Corporation	Director	July 1996 to present
Paxys, Inc.	Director	October 2004 to present
Premiere Horizon Alliance Corporation	Director	February 2018 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Cityland Development Corporation**, as provided for in Section 38 of the Securities Regulation Code, and its Implementing Rules and Regulations and other Securities and Exchange Commission issuances.

4. I am related to the following director/officer/substantial shareholder of **Cityland Development Corporation** other than the relationship provided under Rule 38.2.3 of the 2015 Implementing Rules and Regulations 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 the subject of the following criminal or administrative investigations or proceedings, all of which arise from what is essentially an intra-corporate dispute relating to Alliance Select Foods International, Inc., where I used to serve as a Director.

Offense - Charged/Investigated	Tribunal or Agency Involved	Status
Alleged violation of Sections 74 & 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – Preliminary Investigation	Office the Secretary – Department of Justice (OSEC-PR-DTF-2-010916-001; NPS Docket Nos. XVI-INV-15B-00033 to 00034, titled *Harvest All Investment Limited, et al. v. Annsley B. Bangkas, et al./Harvest All Investment Limited, et al. v. George SyCip, et al.*)	The Department of Justice ("**DOJ**") reversed the dismissal of the cases by the DOJ Prosecution Staff even though there was a finding that the directors, including myself, had not issued a resolution that expressly denied the request for inspection. My motion for reconsideration of the DOJ *Resolution* is pending.
Alleged violation of Sections 74 & 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – Filed in Court	Metropolitan Trial Court of Pasig, Branch 71 (Criminal Case Nos. M-PSG-18-00148-CR to 00149-CR, titled *People of the Philippines v. Annsley B. Bangkas, et al.*)	This is an offshoot of the case above (*i.e.,* NPS Docket Nos. XVI-INV-15B-00033 to 00034). The case has been set for arraignment on March 18, 2020, at 8:30 a.m., although the court's order determining probable cause against me and the other accused is the subject of a petition for *certiorari* pending before the Regional Trial Court of Pasig.

Alleged violation of Sections 74 & 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – Preliminary Investigation	Department of Justice – Office of the Secretary of Justice (NPS Docket No. XVI-INV-15B-00053, titled *Hedy S.C. Yap-Chua v. Jonathan Y. Dee, et al.*)	The Office of the Prosecutor General of the DOJ, through a *Review Resolution* dated March 20, 2018 ("**March 20 Resolution**") ruled in favor of the complainant even though the board of directors, including myself, granted the inspection request, subject to reasonable conditions. My petition for review as well as the petitions of some of my co-respondents filed in the Office of the Secretary of Justice to challenge the March 20 Resolution are pending.
Alleged violation of Sections 74 & 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – Filed in Court	Metropolitan Trial Court of Pasig, Branch 70 (Criminal Case Nos. M-PSG-18-00075-CR to 00076-CR, titled *People of the Philippines v. Jonathan Dee, et al.*)	This is an offshoot of the case above (*i.e.,* NPS Docket No. XVI-INV-15B-00053). The prosecutor filed the *Information* in court notwithstanding the pendency of the petitions for review described in the immediately preceding paragraph. The court quashed its own warrants of arrest because of the pendency of those petitions. The prosecution filed an *Amended Information*, which is the subject of motions to quash filed by my co-accused due to the court's lack of subject matter jurisdiction; these motions to quash are pending.
Alleged violation of Presidential Decree No. 1689 in relation to Article 315(2)[a] of the Revised Penal Code (syndicated *estafa*) and Article 171(1) of the Revised Penal Code (falsification of public document) – Preliminary Investigation	Office the Secretary – Department of Justice (NPS Docket Nos. XV-07-INV-16B-01028 & XV-07-INV-16D-01843, titled *Victory Fund Limited, et al. v. Jonathan Y. Dee, et al./Jonathan Y. Dee, et al. v. Hedy S.C. Yap-Chua*)	The Office of the City Prosecutor – Manila dismissed both complaints. The complainants' appeal to the DOJ was also denied. Through a *Resolution* dated March 27, 2018 ("**March 27 Resolution**"), however, the DOJ partially granted the complainants' motion for reconsideration and found probable cause for simple *estafa* against me and some of my co-respondents; the DOJ affirmed its ruling dismissing the syndicated *estafa* and falsification of public document charges. Several respondents, including myself, have filed motions for reconsideration of the March 27 Resolution, all of which are pending.

Alleged violation of Article 315(2)[a] of the Revised Penal Code (*estafa*) – Filed in Court	Regional Trial Court of Makati, Branch 143 (Criminal Case No. R-MKT-19-01308, titled *People of the Philippines v. Jonathan Dee, et al.*)	This is an offshoot of the case above (*i.e.,* NPS Docket Nos. XV-07-INV-16B-01028 & XV-07-INV-16D-01843). I was informed that the *Information* for this case was filed in the Regional Trial Court of Makati, Branch 57 after the DOJ, in its March 27 Resolution, found probable cause to charge me and some of my co-respondents with simple *estafa*. My representative was not allowed to review the record, although I received unconfirmed reports that the case was transferred to Branch 143 on March 13, 2019, and that it has proceeded to trial.

6. I am not part of the government service, and I am not affiliated with any government agency or government-owned and -controlled corporation.

7. 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.

8. I shall inform the Corporate Secretary of **Cityland Development Corporation** of any changes in the abovementioned information within five days from its occurrence.

Done this day of April 1, 2021 at San Francisco.

George Edwin SyCip
Affiant

SUBSCRIBED AND SWORN to before me this ________________ at ________________, affiant personally appeared before me and exhibited to me his Passport No. 506254556, issued on 07 January 2015 by the US Department of State, U.S.A.

Doc. no. ______;
Page no. ______;
Book no. ______;
Series of 2020.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Francisco)

Subscribed and sworn to (or affirmed) before me on **April 1, 2021** by *** * *George Edwin Sycip * * ***, proved to me on the basis of satisfactory evidence to be the person(s) appeared before me.

ALEXANDRA E. LIOANAG
Notary Public - California
San Francisco County
Commission # 2303806
My Comm. Expires Sep 16, 2023

Signature

COVER SHEET

SEC Registration Number

7	7	8	2	3						

COMPANY NAME

CITYLAND DEVELOPMENT CORPORATION

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

2/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
Certification of Independent Director - Mr. Eduardo C. Villanueva	**MSRD**	**Not Applicable**

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
652 as of 04/302021	**1st 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	**cdc_rg@cityland.net**	**8-893-6060**	**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, **EDUARDO C. VILLANUEVA**, Filipino, of legal age and resident of 101 Bunlo, Bocaue, Bulacan, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am a nominee for independent director of **Cityland Development Corporation** and have been its independent director since March 10, 2021;

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

COMPANY	POSITION	PERIOD OF SERVICE From	To
House of Representatives	Deputy Speaker for Good Governance and Moral Uprightness of the Philippine Congress Representative, Citizens' Battle Against Corruption (CIBAC) party-list	July 2019	present
Jesus Is Lord Church Worldwide	Founder / President & Spiritual Director	2002	present
Jesus Is Lord Colleges Foundation (JILCF), Inc.	Chancellor	1984	present
Jesus the Healer Foundation, Inc.	President	June 1990	present
Pilipinas kay Jesus Movement Foundation, Inc.	Chairman Emeritus	March 1990	present
PJM Foundation, Inc.	Chairman Emeritus	February 1995	present
Bangon Pilipinas National Renewal Movement (ARISE PHILIPPINES)	Chairman/President	2004	present
Asia For Christ Movement (AFCM)	President	2011	present
Agape Foods Corporation	Chairman and President Director	1997 2019	2018 present
JV ZOE Agape, Inc.	Chairman and President/CEO Director	2012 2019	2018 present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Cityland Development Corporation**, 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 **Cityland Development Corporation** 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 **Cityland Development Corporation** of any changes in the abovementioned information within five days from its occurrence.

Done this day of MAY 06 2021 at MANILA.

E. C. Villa

Eduardo C. Villanueva
Affiant

SUBSCRIBED AND SWORN to before me this MAY 06 2021 at MANILA, affiant personally appeared before me and exhibited to me his SSS ID with no. 03-9677228-8 and other competent evidence of identification.

Doc no. 269;
Page no. 55;
Book no. V;
Series of 2021.

ATTY. ALBERT ANTHONY H. OCAMPO
NOTARY PUBLIC FOR MANILA
UNTIL JUNE 30, 2021 (Per SC En Banc Resolution ... 12/01/2020)
APPOINTMENT NO. ...
IBP ROLL NO.: ...
IBP NO.: 07884/Lifetime/Laguna
PTR No.: 9823086/01-04-2021/Manila
581 Quintin Paredes St., Binondo, Manila

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Mark Llandro "Dong" L. Mendoza
Secretary General

09 March 2021

DEPUTY SPEAKER EDUARDO "BRO. EDDIE" C. VILLANUEVA
CIBAC Party List
Room 317, Northwing
House of Representatives, Quezon City

Dear Deputy Speaker Villanueva:

This is in reference to your Honor's letter dated 8 March 2021, requesting for assistance relative to the requirement for a permit for your Honor's assumption as director of Cityland, a private company, pursuant to Memorandum Circular No. 17, s. 1986 issued by the Office of the President, in accordance with Section 12, Rule XVIII of the Revised Civil Service Rules.

The House of Representatives maintains the position that neither the Secretary General nor the Speaker, as political and administrative head of the House of Representatives, possesses the power and duty to oversee a Member's private engagement, business or profession, which does not involve, affect or impede the Member's official functions.

In taking on any private engagement, however, the Honorable Members of the House of Representatives need always to consider the constitutional [1] and statutory [2] prohibitions on conflict of interest to avoid any violation.

[1] **1987 Constitution, Article VI, Section 14.** *No Senator or Member of the House of Representatives may personally appear as counsel before any court of justice or before the Electoral Tribunals, or quasi-judicial and other administrative bodies. Neither shall he, directly or indirectly, be interested financially in any contract with, or in any franchise or special privilege granted by the Government, or any subdivision, agency, or instrumentality thereof, including any government-owned or controlled corporation, or its subsidiary, during his term of office. He shall not intervene in any matter before any office of the Government for his pecuniary benefit or where he may be called upon to act on account of his office.*

[2] **R.A. No. 3019 (Anti-Graft and Corrupt Practices Act), Section 3.** *Corrupt practices of public officers. In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:*
(h) Directly or indirectly having financial or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity, or in which he is prohibited by the Constitution or by any law from having any interest.
(i) Directly or indirectly becoming interested, for personal gain, or having a material interest in any transaction or act requiring the approval of a board, panel or group of which he is a member, and which exercises discretion in such approval, even if he votes against the same or does not participate in the action of the board, committee, panel or group.

It may also be worth mentioning that the Judiciary, a co-equal branch of government like the Legislative, declared that the Memorandum Circular No. 17, s. 1986 issued by the Executive Department, is inapplicable to officials or employees of the courts.

This being so, no permission, consent, or certification from the House of Representatives is necessary before a Member may assume his/her position as director of a private company.

For your Honor's information and guidance.

MARK LLANDRO "DONG" L. MENDOZA
Secretary General

R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees). Section 3 (i) *"Conflict of interest" arises when a public official or employee is a member of a board, an officer, or a substantial stockholder of a private corporation or owner or has a substantial interest in a business, and the interest of such corporation or business, or his rights or duties therein, may be opposed to or affected by the faithful performance of official duty.*

O F F I C I A L   R E C E I P T

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

REPUBLIKA NG PILIPINAS

Accountable Form No. 51 Revised 2006	**ORIGINAL**
DATE May 18,2021	No. 1993430

PAYOR CITYLAND DEVELOPMENT CORPORATION
MAKATI CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
		MSRD	
Information Statement - Registrant	4020199099(678)		7,500.00
Legal Research Fee (A0823)	2020105000(131)		75.00
		TOTAL	PHP 7,575.00

AMOUNT IN WORDS

SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Received

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

Treasury Warrant, Check, Money Order Number
mc-45255

Date of Treasury Warrant, Check, Money Order mc-2021-05-18

Received the Amount Stated Above

OFELIA A. CAPISPISAN
COLLECTING OFFICER

O.R. No. 1993430

NOTE: Write the number and date of this receipt on the back of treasury

CITYLAND e-MAIL

FMSD Cityland <fmsd1@cityland.net>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Thu, Apr 22, 2021 at 9:18 PM
To: FMSD1@cityland.net
Cc: FMSD1@cityland.net

Hi CITYLAND DEVELOPMENT CORPORATION,

Valid files

- EAFS000527103TCRTY122020-02.pdf
- EAFS000527103ITRTY122020.pdf
- EAFS000527103AFSTY122020.pdf
- EAFS000527103OTHTY122020.pdf
- EAFS000527103TCRTY122020-01.pdf
- EAFS000527103RPTTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-PTQRXT1N02MT3VSWPMQM2SPSX0QNTVYQTW**
Submission Date/Time: **Apr 22, 2021 09:18 PM**
Company TIN: **000-527-103**

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.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

7	7	8	2	3						

C O M P A N Y   N A M E

CITYLAND DEVELOPMENT
CORPORATION AND SUBSIDIARIES

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

2/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
AACFS	MSRD	N/A

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
cdc_rg@cityland.net	8-893-6060	0968-545-1452

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
651 (as of December 31, 2020)	1st 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.*

CITYLAND

CITYLAND DEVELOPMENT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **Cityland Development Corporation** (the Company) is responsible for the preparation and fair presentation of the consolidated balance sheets as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies and 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 consolidated 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 consolidated 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.

SUBSCRIBED AND SWORN to before me this day of MAR 31 2021 PASIG CITY affiant(s) exhibiting to me their Social Security System Numbers or other competent evidence of identification, as follows:

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

Doc No. 150
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.: 142164/Lifetime/RSM
PTR No.: 7234354/01-06-2021/Pasig
Unit 105 Grand Emerald Tower, Ortigas Center, Pasig City

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

The Stockholders and the Board of Directors
Cityland Development Corporation
2/F, Cityland Condominium 10, Tower I
156 H.V. de la Costa Street
Makati City

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation 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 Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group 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 Group 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 Group 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 Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

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

The disclosures related to the real estate revenue are included in Notes 2, 3 and 6 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group'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 Group'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 consolidated 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 consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is 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

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,059,392,726**	₱1,933,874,231
Short-term investments (Note 4)	**882,239,989**	397,950,000
Current portion of:		
Installment contracts receivable (Note 6)	**26,723,111**	7,391,301
Contract assets (Note 6)	**210,751,947**	315,526,194
Cost to obtain contract (Note 6)	**12,049,953**	12,289,141
Other receivables (Note 8)	**42,973,915**	43,099,975
Notes receivable (Note 7)	**–**	200,000,000
Real estate properties for sale (Note 9)	**3,231,255,891**	2,565,950,797
Current portion of investments in trust funds (Note 5)	**7,230,888**	5,987,496
Other current assets (Note 13)	**31,834,141**	40,387,350
Total Current Assets	**6,504,452,561**	5,522,456,485
Noncurrent Assets		
Installment contracts receivable - net of current portion (Note 6)	**26,872,653**	33,779,791
Long-term investments (Note 4)	**70,000,000**	395,000,000
Contract assets - net of current portion (Note 6)	**1,604,852,678**	1,806,629,605
Cost to obtain contract - net of current portion (Note 6)	**20,026,691**	25,170,158
Other receivables - net of current portion (Note 8)	**1,445,000**	1,355,168
Investments in trust funds - net of current portion (Note 5)	**29,273,150**	30,762,567
Real estate properties held for future development (Note 10)	**921,382,869**	918,753,667
Investment properties (Note 11)	**1,936,780,163**	1,982,744,408
Property and equipment (Note 12)	**71,714,081**	64,746,840
Net retirement plan assets (Note 24)	**12,842,276**	11,323,185
Deferred income tax assets - net (Note 25)	**–**	8,192,586
Other noncurrent assets (Note 13)	**308,611,389**	307,041,125
Total Noncurrent Assets	**5,003,800,950**	5,585,499,100
TOTAL ASSETS	**₱11,508,253,511**	₱11,107,955,585

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	**₱440,890,618**	₱351,558,514
Current portion of contract liabilities (Note 6)	**219,508,361**	206,659,784
Notes and contracts payable (Note 15)	**1,082,500,000**	1,196,050,000
Income tax payable	**11,967,479**	33,703,861
Current portion of pre-need and other reserves (Note 5)	**3,716,746**	2,133,952
Total Current Liabilities	**1,758,583,204**	1,790,106,111
Noncurrent Liabilities		
Accounts payable and accrued expenses - net of current portion (Note 14)	**190,852,866**	156,825,877
Contract liabilities - net of current portion (Note 6)	**292,929,050**	314,835,689
Pre-need and other reserves - net of current portion (Note 5)	**37,762,619**	38,416,302
Net retirement benefits liability (Note 24)	**3,949,772**	8,314,472
Deferred income tax liabilities - net (Note 25)	**68,159,069**	38,962,439
Total Noncurrent Liabilities	**593,653,376**	557,354,779
Total Liabilities	**2,352,236,580**	2,347,460,890

(Forward)

	December 31	
	2020	2019
Equity		
Attributable to Equity Holders of the Parent Company		
Capital stock - ₱1 par value (Note 16)		
Authorized - 5,000,000,000 shares in 2020 and 2019		
Issued - 4,625,863,627 shares held by 651 equity holders as of December 31, 2020 and 4,405,677,031 shares held by 655 equity holders as of December 31, 2019	**₱4,625,863,627**	₱4,405,677,031
Additional paid-in capital	**7,277,651**	7,277,651
Unrealized fair value changes on equity securities at fair value through other comprehensive income (FVOCI) (Note 13)	**409,394**	1,911,998
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect (Note 24)	**(18,585,470)**	(24,124,204)
Retained earnings (Note 16)	**3,423,080,529**	3,285,714,840
Treasury stock - at cost (Note 16)	**(31,429,574)**	(31,429,574)
	8,006,616,157	7,645,027,742
Non-controlling interests (Note 17)	**1,149,400,774**	1,115,466,953
Total Equity	**9,156,016,931**	8,760,494,695
TOTAL LIABILITIES AND EQUITY	**₱11,508,253,511**	₱11,107,955,585

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Sales of real estate properties (Note 6)	**₱944,115,042**	₱1,652,825,666	₱1,462,770,043
Financial income (Note 21)	**426,048,449**	512,092,522	382,840,201
Rent income (Note 11)	**189,557,315**	138,326,898	126,309,736
Other income - net (Note 23)	**146,764,729**	104,321,261	53,998,128
	1,706,485,535	2,407,566,347	2,025,918,108
COST AND EXPENSES			
Cost of real estate sales (Note 9)	**566,007,895**	898,493,584	742,331,601
Operating expenses (Note 18)	**426,205,340**	548,350,680	512,744,710
Financial expenses (Note 22)	**2,706,660**	17,675,587	16,740,403
	994,919,895	1,464,519,851	1,271,816,714
INCOME BEFORE INCOME TAX	**711,565,640**	943,046,496	754,101,394
PROVISION FOR INCOME TAX (Note 25)	**168,743,930**	208,906,615	125,836,065
NET INCOME	**₱542,821,710**	₱734,139,881	₱628,265,329
Attributable to:			
Equity holders of the Parent Company	**₱489,584,727**	₱644,728,822	₱551,499,211
Non-controlling interests	**53,236,983**	89,411,059	76,766,118
	₱542,821,710	₱734,139,881	₱628,265,329
BASIC/DILUTED EARNINGS PER SHARE (Note 29)	**₱0.11**	₱0.15	₱0.13

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱542,821,710**	₱734,139,881	₱628,265,329
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity securities at FVOCI (Note 13)	**(1,647,016)**	1,258,375	(761,601)
Re-measurement gain (loss) on defined benefit plan, net of income tax effect (Note 24)	**7,033,575**	(10,668,813)	6,507,351
	5,386,559	(9,410,438)	5,745,750
TOTAL COMPREHENSIVE INCOME	**₱548,208,269**	₱724,729,443	₱634,011,079
Attributable to:			
Equity holders of the Parent Company	**₱493,620,857**	₱637,332,092	₱556,760,923
Non-controlling interests	**54,587,412**	87,397,351	77,250,156
	₱548,208,269	₱724,729,443	₱634,011,079

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 16)	Additional Paid-in Capital	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan – Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Subtotal	Non-controlling Interests	Total
BALANCES AT JANUARY 1, 2018	**3,940,001,648**	**7,277,651**	**1,251,555**	**(21,328,742)**	**2,849,337,403**	**(31,429,574)**	**6,745,109,941**	**997,771,673**	**7,742,881,614**
Net income	–	–	–	–	551,499,211	–	551,499,211	76,766,118	628,265,329
Other comprehensive income (loss)	–	–	(653,526)	5,915,237	–	–	5,261,712	484,038	5,745,750
Total comprehensive income (loss)	–	–	(653,526)	5,915,237	551,499,211	–	556,760,923	77,250,156	634,011,078
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation (Note 25)	–	–	–	–	726,857	–	726,857	–	726,857
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale (Note 25)	–	–	–	–	7,393,607	–	7,393,607	–	7,393,607
Cash dividends - ₱0.0301 per share	–	–	–	–	(118,535,714)	–	(118,535,714)	–	(118,535,714)
Dividends received by CPI from CDC	–	–	–	–	69,129	–	69,129	–	69,129
Cash dividends declared by CLDI	–	–	–	–	–	–	–	(19,193,667)	(19,193,667)
Dividends received by CPI from CLDI	–	–	–	–	–	–	–	331,940	331,940
BALANCES AT DECEMBER 31, 2018	**₱3,940,001,648**	**₱7,277,651**	**₱598,029**	**(₱15,413,505)**	**₱3,290,490,493**	**(₱31,429,574)**	**₱7,191,524,742**	**₱1,056,160,102**	**₱8,247,684,844**
BALANCES AT DECEMBER 31, 2018	**₱3,940,001,648**	**₱7,277,651**	**₱598,029**	**(₱15,413,505)**	**₱3,290,490,493**	**(₱31,429,574)**	**₱7,191,524,742**	**₱1,056,160,102**	**₱8,247,684,844**
Net income	–	–	–	–	644,728,822	–	644,728,822	89,411,059	734,139,881
Other comprehensive income (loss)	–	–	1,313,969	(8,710,699)	–	–	(7,396,730)	(2,013,708)	(9,410,438)
Total comprehensive income (loss)	–	–	1,313,969	(8,710,699)	644,728,822	–	637,332,092	87,397,351	724,729,443
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation (Note 25)	–	–	–	–	94,041	–	94,041	–	94,041
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale (Note 25)	–	–	–	–	4,699,124	–	4,699,124	–	4,699,124
Stock dividends - 6.5%	255,973,849	–	–	–	(255,973,849)	–	–	–	–
Stock dividends - 5.0%	209,701,534	–	–	–	(209,701,534)	–	–	–	–
Fractional shares	–	–	–	–	(635)	–	(635)	–	(635)
Cash dividends - ₱0.0450 per share	–	–	–	–	(188,731,688)	–	(188,731,688)	–	(188,731,688)
Dividends received by CPI from CDC	–	–	–	–	110,066	–	110,066	–	110,066
Cash dividends declared by CLDI	–	–	–	–	–	–	–	(28,584,854)	(28,584,854)
Dividends received by CPI from CLDI	–	–	–	–	–	–	–	494,354	494,354
BALANCES AT DECEMBER 31, 2019	**₱4,405,677,031**	**₱7,277,651**	**₱1,911,998**	**(₱24,124,204)**	**₱3,285,714,840**	**(₱31,429,574)**	**₱7,645,027,742**	**₱1,115,466,953**	**₱8,760,494,695**

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 16)	Additional Paid-in Capital	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan – Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Subtotal	Non-controlling Interests	Total
BALANCES AT DECEMBER 31, 2019	**₱4,405,677,031**	**₱7,277,651**	**₱1,911,998**	**(₱24,124,204)**	**₱3,285,714,840**	**(₱31,429,574)**	**₱7,645,027,742**	**₱1,115,466,953**	**₱8,760,494,695**
Net income	–	–	–	–	489,584,727	–	489,584,727	53,236,983	542,821,710
Other comprehensive income (loss)	–	–	(1,502,604)	5,538,734	–	–	4,036,130	1,350,429	5,386,559
Total comprehensive income (loss)	–	–	(1,502,604)	5,538,734	489,524,327	–	493,560,457	54,587,412	548,208,269
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation (Note 25)	–	–	–	–	3,043	–	3,043	–	3,043
Stock dividends - 5.0%	220,186,596	–	–	–	(220,186,596)	–	–	–	–
Fractional shares	–	–	–	–	(358)	–	(358)	–	(358)
Cash dividends - ₱0.0300 per share	–	–	–	–	(132,112,173)	–	(132,112,173)	–	(132,112,173)
Dividends received by CPI from CDC	–	–	–	–	77,046	–	77,046	–	77,046
Cash dividends declared by CLDI	–	–	–	–	–	–	–	(21,017,066)	(21,017,066)
Dividends received by CPI from CLDI	–	–	–	–	–	–	–	363,475	363,475
BALANCES AT DECEMBER 31, 2020	**₱4,625,863,627**	**₱7,277,651**	**₱409,394**	**(₱18,585,470)**	**₱3,423,080,529**	**(₱31,429,574)**	**₱8,006,616,157**	**₱1,149,400,774**	**₱9,156,016,931**

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱711,565,640**	₱943,046,496	₱754,101,394
Adjustments for:			
Interest income (Note 21)	**(426,029,694)**	(512,069,365)	(382,818,378)
Depreciation (Note 20)	**60,305,026**	58,910,052	66,448,961
Interest expense - net of amounts capitalized (Note 22)	**1,341,453**	14,980,000	15,178,353
Retirement benefits costs (Note 24)	**6,745,028**	3,218,540	2,940,058
Trust fund income (Notes 5 and 23)	**(2,207,241)**	(1,867,206)	(1,720,203)
Interest expense - lease liabilities (Note 22)	**564,957**	557,387	–
Gain on sale of shares of stock (Notes 13 and 23)	**(32,115)**	(488,095)	–
Dividend income (Note 21)	**(18,754)**	(23,157)	(21,823)
Operating income before working capital changes	**352,234,300**	506,264,652	454,108,362
Decrease (increase) in:			
Installment contracts receivable (Note 6)	**(12,424,672)**	(10,155,897)	1,804,403,789
Contract assets (Note 6)	**306,551,174**	(76,119,268)	(2,046,036,531)
Cost to obtain contract (Note 6)	**5,382,655**	(4,390,045)	(19,353,956)
Other receivables (Note 8)	**(6,680,818)**	6,410,069	4,728,045
Real estate properties for sale (Note 9)	**(664,534,032)**	(582,368,970)	33,281,915
Real estate properties held for future development (Note 10)	**(2,629,202)**	(2,670,691)	(589,919,566)
Deposits and others	**6,897,148**	5,320,883	(206,559,101)
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 14)	**121,161,185**	215,006,674	(70,974,359)
Contract liabilities (Note 6)	**(9,058,062)**	(14,366,530)	535,862,003
Pre-need and other reserves	**929,111**	360,605	(968,111)
Cash generated from (used in) operations	**97,828,787**	43,291,482	(101,427,510)
Contributions to the plan (Note 24)	**(2,580,855)**	(2,766,575)	(3,695,170)
Interest received	**432,746,740**	519,160,971	373,369,940
Income taxes paid, including creditable and final withholding taxes	**(156,102,445)**	(204,983,100)	(151,957,717)
Net cash flows from operating activities	**371,892,227**	354,702,778	116,289,543
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from matured (purchase of):			
Investments (Note 4)	**(159,289,989)**	797,150,000	(67,100,000)
Notes receivable (Note 7)	**200,000,000**	716,500,000	(188,500,000)
Additions to:			
Investment properties (Note 11)	**(8,023,685)**	(7,851,242)	(9,116,877)
Property and equipment (Note 12)	**(6,785,715)**	–	–
Contributions to investments in trust fund (Note 5)	**(3,350,993)**	(3,419,654)	(2,247,053)
Withdrawals from investments in trust funds (Note 5)	**4,226,515**	4,546,272	3,582,813
Proceeds from sale of shares of stock (Note 13)	**48,644**	667,630	–
Dividends received (Note 21)	**18,754**	23,157	21,823
Net cash flows from (used in) investing activities	**26,843,531**	1,507,616,163	(263,359,294)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of notes payable (Note 15)	**₱4,349,950,000**	₱5,979,800,000	₱6,088,050,000
Payments of notes payable (Note 15)	**(4,463,500,000)**	(6,141,800,000)	(6,183,450,000)
Payment of lease liabilities (Note 14)	**(4,378,158)**	(2,621,265)	–
Interest paid (Notes 14 and 15)	**(2,917,258)**	(18,264,901)	(11,569,064)
Dividends paid (Note 14)	**(152,371,847)**	(215,869,967)	(136,478,079)
Net cash flows used in financing activities	**(273,217,263)**	(398,756,133)	(243,447,143)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**125,518,495**	1,463,562,808	(390,516,894)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,933,874,231**	470,311,423	860,828,317
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱2,059,392,726**	₱1,933,874,231	₱470,311,423

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Cityland Development Corporation (the Parent Company) was incorporated in the Philippines on January 31, 1978. It has two subsidiaries, Cityplans, Incorporated (CPI) and City & Land Developers, Incorporated (CLDI), a publicly listed company, which are all incorporated and domiciled in the Philippines. The primary purpose of the Parent Company and CLDI is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate. CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans. The Parent Company is 50.98% owned by Cityland, Inc. (CI), the ultimate parent company incorporated in the Philippines, which also prepares consolidated financial statements.

The Parent Company's registered office and principal place of business is 2/F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (the Group) 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

<u>Basis of Preparation</u>
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI), available-for-sale financial assets and investment properties included in the investments in trust funds account, that have been measured at fair values. These consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company's functional currency, and rounded to the nearest Peso except when otherwise indicated.

The consolidated financial statements have been prepared under the going concern assumption. The Group 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.

<u>Statement of Compliance</u>
The Group'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.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except that the Group 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 Group did not enter into any business combination. These amendments may impact future periods should the Group 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 Group 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 consolidated financial statements of, nor is there expected to be any future impact to the Group.

- *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 consolidated 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.

  Group as Lessee
  The Group adopted the amendments beginning January 1, 2020. Adoption of these amendments for rent concessions on office space has no significant impact for the year ended December 31, 2020.

  Group as Lessor
  Modifications to operating lease terms and conditions on contracts wherein the Group 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 Group 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 consolidated 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 Group'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 Group does not expect significant impact on its consolidated 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 Group'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 Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

This adjustment should have been applied retrospectively and would have resulted to restatement of prior year consolidated 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.

Basis of Consolidation
The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

The percentage of ownership of the Parent Company in these subsidiaries as of December 31, 2020 and 2019 are as follows:

	Percentage of Ownership	Nature of Activity
CPI	90.81	Pre-need pension plans
CLDI	49.73	Real estate

The registered office and principal place of business of CLDI is 3/F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Makati City. On the other hand, the registered office and principal address of CPI is at 3/F Cityland Condominium 10, Tower 2, 154 H.V. Dela Costa St., Salcedo Village, Makati City.

A subsidiary is an entity that is controlled by the Group. The Group controls an investee if, and only if, the Group has:
- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill, if any), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests
Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position, separate from the Parent Company's equity.

Current versus Noncurrent Classification
The Group presents assets and liabilities in consolidated statement 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 Group 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 and Long-term Investments
Short-term investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition. Long-term investments pertain to bond investments that have maturities of more than one year from the 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 Group.

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level 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, FVOCI, and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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 Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group 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 Group. The Group 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.

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

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

The Group's financial assets at amortized cost includes cash, short-term and long-term investments, installment contracts receivable, contract assets, other receivables (except advances to contractors) and deposits under "Other noncurrent assets".

Financial assets at FVOCI (debt instruments)
The Group measures debt instruments at fair value through OCI 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) Selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated 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.

As of December 31, 2020 and 2019, the Group's investment in trust fund has debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated 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 consolidated statement of income when the right of payment has been established, except when the Group 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. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category (Note 13).

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 consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

The Group's investments in trust fund have financial assets at fair value through profit or loss as of December 31, 2020.

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 consolidated statement of financial position) when:

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

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

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

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

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

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

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

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 Group's financial liabilities include accounts payable, accrued expenses, notes and contracts payable.

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 consolidated 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 Group 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 Group. 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 consolidated statement of income.

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

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

c. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Investments in Trust Funds
The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PAS and PFRSs and their interpretations.

Investments in trust funds are restricted to cover the Group's pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the consolidated statement of financial position.

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 Group 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", respectively, in the consolidated statement of income.

Investment Properties
Investment properties, which represent real estate properties for lease and capital appreciation, are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties 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. Buildings for lease are depreciated over their useful life of 25 years while machineries and equipment are depreciated over their useful life of 5 to 15 years using the straight-line method.

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 consolidated 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.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under "Investment properties" account.

Property and Equipment
Property and equipment, except for office premises, are stated at cost less accumulated depreciation and any impairment in value. Office premises are stated at appraised values (asset's deemed cost) as determined by SEC-accredited and independent firms of appraisers at the date of transition to PFRSs, less accumulated depreciation and any impairment in value. Subsequent additions to office premises are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of the purchase price and any directly attributable cost of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of an item of property and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties as follows:

	Years
Building	25
Office premises	25
Furniture, fixtures and office equipment	5-15
Transportation and other equipment	5

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

When property and equipment are sold or retired, the cost and related accumulated depreciation and any impairment in value are removed from the accounts, and any gains or losses from their disposal is included in the consolidated statement of income.

The Group's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for 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. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Impairment of Nonfinancial Assets

The carrying values of real estate properties held for future development, investment properties and property and equipment 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 consolidated 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 Group assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Group 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 consolidated 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 consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

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

Pre-Need Reserves (PNR)
PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-Need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:
  i. Provision for termination values applying the inactivity and surrender rate experience of CPI.
  ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the IC for SEC-approved plans and the pricing discount rate for IC-approved plans.

- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of CPI in the last three years.

- The computation of the foregoing assumptions has been validated by the internal qualified actuary of CPI.

- Based on CPI's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

In 2020 and 2019, CPI follows IC Circular Letter No. 23-2012 dated November 28, 2012 which sets the guidelines below for the discount rate to be used in the valuation of PNR:

- Discount interest rate for the PNR

  The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 - 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)

  In effecting the transition in the valuation of reserves for old basket of plans, the IC shall prescribe a PNR with a maximum transition period of 10 years.

  For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability setup shall be the PNR.

  However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

  The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by CPI from the trustee for the contractual benefits outstanding as of the end of the year.

  The TPNR liability shall be recognized each year. As of December 31, 2020 and 2019, CPI's actual trust fund balance is lower than the resulting PNR (see Note 5).

Other reserves
CPI sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, CPI may, at its option, set up other provisions as a prudent measure.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Parent 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 Parent 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 changes in accounting policy and other capital adjustments.

Unappropriated retained earnings represent that portion of retained earnings which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion of retained earnings which has been restricted and therefore is not available for any dividend declaration.

The retained earnings include deemed cost adjustments on real estate properties for sale, investment properties and property and equipment that arose when the Group transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through depreciation in profit or loss for depreciable assets (property and equipment and investment properties) and through sale for inventories (classified under real estate properties for sale) and land (classified under investment properties). The deferred income tax liability on deemed cost adjustments on investment properties, property and equipment and inventories sold under Income Tax Holiday (ITH) projects is transferred to retained earnings upon realization while the deferred income tax liability on deemed cost adjustments on inventories sold under regular tax regime is transferred to consolidated 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 Group. 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 consolidated financial statements are dealt with as an event after the reporting period.

Treasury Stock

Treasury stock is the Group's own equity instruments that has been issued and then reacquired but not yet cancelled. Treasury stock are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

Revenue Recognition

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of completed real estate projects and undeveloped land. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the buyer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is acting as a principal in all of its revenue arrangements, except for the provisioning of water and electricity in its office leasing activities, wherein it is acting as agent.

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

Sales of real estate properties (CDC and CLDI)
CDC and CLDI derive their 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 entities' performance does not create an asset with an alternative use and the entities have an enforceable right to payment for performance completed to date.

Revenue from sales of completed real estate properties and undeveloped land is accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In measuring the progress of its performance obligation over time, the entities use 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 entities use the cost 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 buyer.

In accordance with Philippine Interpretations Committee Q&A 2006-01, *Revenue Recognition for Sales of Property Units under Pre-completion Contracts,* the percentage-of-completion (POC) method is used to recognize income from sales of real estate properties when the Group has material obligations under the sales contract to complete the project after the property is sold. The Group starts recognizing revenue under the POC method when the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished) and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Group is recorded as part of "Rental and customers' deposits" account which is included under "Accounts payable and accrued expenses" in the consolidated statement of financial position until all the conditions for recognizing the sale are met.

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 that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "Contract asset" account in the asset section of the consolidated statement of financial position.

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

Sales of real estate properties (CPI)
CPI derives its revenue from sale of condominium units. Revenue from the sale of these real estate projects are recognized at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer. The payment is collectible in monthly installments for periods ranging from 1 to 10 years.

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

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate properties sold before completion is determined using the POC used for revenue recognition applied on the acquisition cost of the land plus the total estimated development costs of the property.

In addition, the entities recognize 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.

The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of real estate sales also includes the estimated development costs to complete the real estate property, as determined by independent project engineers, and taking into account the POC. The accrued development costs account is presented under "Accounts payable and accrued expenses" in the consolidated statement of financial position.

Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in consolidated statement of income in the period in which the change is made.

Cost of real estate sales (CPI)
CPI recognizes costs relating to satisfied performance obligations as these are incurred.

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

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the buyer. If the entities perform by transferring goods or services to a buyer before the buyer 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 buyer for which the entities have received consideration (or an amount of consideration is due) from the buyer. If a buyer pays consideration before the entities transfer goods or services to the buyer, a contract liability is recognized

when the payment is made or payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the entities perform under the contract.

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

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

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

Amortization and derecognition of capitalized costs to obtain a contract
CDC and CLDI 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.

Sales of pre-need plans
Premiums from sale of pre-need plans, included under "Other income" account in the consolidated statement of income are recognized as earned when collected.

Cost of contracts issued
This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by CPI.

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

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

Trust fund income
Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at fair value through profit or loss investments under the trust fund account.

Leases *(effective January 1, 2019)*
The Group assesses at contract inception whether a contract is, or contains, a lease. It constitutes that the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

Short-term leases and leases of low-value assets
The Group 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 Group 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.

Leases (applicable until December 31, 2018 prior to the adoption of PFRS 16)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Operating leases - Group as a lessor
Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. 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 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 and contracts 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.

<u>Retirement Benefits Cost</u>
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 consolidated 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 consolidated 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 consolidated statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to the consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). 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 Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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" in the consolidated statement of financial position.

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

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated 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 the 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 consolidated 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 consolidated 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, except (a) where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences 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 consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current 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 consolidated statement of income in accordance with PFRSs. Other comprehensive income of the Group includes gains and losses on fair value changes of financial assets at FVOCI/available-for-sale financial assets, 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).

Earnings Per Share
Basic earnings per share is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares issued and outstanding after considering the retroactive effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company 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 Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 to the consolidated financial statements. The Group'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 Group's financial position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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

Effective beginning on or after January 1, 2021

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

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

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

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

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

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

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

Effective beginning on or after January 1, 2023

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on 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 Group if it enters insurance contracts in the future. As of December 31, 2020, the Group did not enter in any insurance contracts.

Deferred effectivity

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

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

  On January 13, 2016, the 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 Group's consolidated 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 Group 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 Group 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 consolidated 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 Group 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 consolidated 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 Group's financial reporting during the period of deferral.

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments
In the process of applying the Group'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 consolidated financial statements.

Consolidation of CLDI in which the Group holds less than a majority of voting right (de facto control)
The Group consolidates the accounts of CLDI since it considers that it controls CLDI even though it owns less than 50% of voting interest. The factors that the Group considered in making this determination include the size of its block of voting shares and the relative size and dispersion of holdings by other stockholders. The Group is the single largest shareholder of CLDI with 49.73% equity interest. The Parent Company, some of its stockholders and affiliates (whose stockholders also own equity ownership in the Parent Company) collectively own more than 50% of the equity of CLDI giving the Parent Company effective control over CLDI.

Management has determined that it has control by virtue of its power to cast the majority of votes at meetings of the BOD in all of its subsidiaries.

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 Group'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 a contract with the buyer under PFRS 15.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will be able to 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 the significance of the buyer's initial payments 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 Group, except for CPI, concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the 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 Group, except for CPI, has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the buyer.

- *Identifying performance obligation*
  The Group has various contracts to sell covering its sale of condominium units and other real estate properties. The Group concluded that there is one performance obligation in each of these contracts because it 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 Group integrates certain activities to the said property to be able to deliver the guaranteed property based on the contract with the buyer. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the buyer.

- *Principal versus agent considerations*
  The contract for the Group's buildings for lease includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

  For the electricity and water usage, the Group determined that it is acting as an agent because the commitment of the Group 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 primary responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group 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.

  For the provision of air conditioning and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. 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 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 Group considers each property separately in making its judgment.

Investment properties amounted to ₱1.94 billion and ₱1.98 billion as of December 31, 2020 and 2019, respectively (see Note 11). Property and equipment amounted to ₱71.71 million and ₱64.75 million as of December 31, 2020 and 2019, respectively (see Note 12).

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

Real estate properties, which the Group 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 ₱3.23 billion and ₱2.57 billion as of December 31, 2020 and 2019, respectively (see Note 9). Real estate properties, which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱1.94 billion and ₱1.98 billion as of December 31, 2020 and 2019, respectively (see Note 11).

Distinction between real estate properties for sale and held for future development
The Group determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Group 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 Group'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 ₱3.23 billion and ₱2.57 billion as of December 31, 2020 and 2019, respectively (see Note 9). Real estate properties held for future development amounted to ₱0.92 billion as of December 31, 2020 and 2019 (see Note 10).

Lease modification - Group as Lessor
Throughout the government-imposed community quarantine, the Group 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 IFRIC-23, *Uncertainty over Income Tax Treatments*, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments.

<u>Estimates</u>
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:

Leases - Estimating the incremental borrowing rate (effective January 1, 2019)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary

to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱10.27 million and ₱6.82 million as of December 31, 2020 and 2019, respectively (see Note 14).

Revenue recognition - Revenue recognition method and measure of progress
The measurement of progress for revenue recognition requires management to make use of estimates and assumptions. The Group'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 Group's project engineers and are independently reviewed by the Group'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 Group 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. Sales of real estate properties amounted to ₱0.94 billion, ₱1.65 billion and ₱1.46 billion in 2020, 2019 and 2018, respectively (see Note 6). Cost of real estate sales amounted to ₱0.57 billion in 2020, ₱0.90 billion in 2019 and ₱0.74 billion in 2018 (see Note 9).

Provision for expected credit losses of installment contract receivables and contract assets
The Group 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 Group's relationship with the buyer, the buyer's payment behavior and known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Group's historical observed default rates. The Group 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 Group'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 Group's installment contracts receivable and contract assets is disclosed in Note 27. As of December 31, 2020 and 2019, installment contracts receivable, contract assets, notes receivable, and other receivables aggregated to ₱1.91 billion and ₱2.41 billion, respectively.

No impairment of receivables was recognized in 2020, 2019 and 2018 (see Notes 6, 7 and 8).

Determination of net realizable value of real estate properties for sale and held for future development
The Group's estimates of 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 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 Group's real estate properties for sale as of December 31, 2020 and 2019 amounted to ₱3.23 billion and ₱2.57 billion, respectively (see Note 9). On the other hand, the Group's real estate properties held for future development as of December 31, 2020 and 2019 amounted to ₱0.92 billion (see Note 10).

Estimation of useful lives of investment properties and property and equipment
The Group estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. Estimated lives of investment properties and property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Net book value of depreciable investment properties as of December 31, 2020 and 2019 amounted to ₱0.96 billion and ₱1.01 billion, respectively (see Note 11). On the other hand, the net book value of depreciable property and equipment amounted to ₱25.19 million and ₱18.22 million as of December 31, 2020 and 2019, respectively (see Note 12).

Impairment of financial assets at FVOCI
An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. The Group treats FVOCI equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as 20% or more of cost and "prolonged" as greater than 12 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Mark-to-market gain (loss) of CPI's financial assets at FVOCI amounted to (₱1.58) million and ₱1.75 million in 2020 and 2019, respectively (see Note 5).

Determination of the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*. The Group engaged SEC-accredited and independent valuation specialists to assess fair value as of December 31, 2020 and 2019. The Group'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 27).

Determination of impairment indicators on investment properties and property and equipment
The Group determines whether its nonfinancial assets such as investment properties and property and equipment 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 Group 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 Group 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 value of investment properties as of December 31, 2020 and 2019 amounted to ₱1.94 billion and ₱1.98 billion, respectively (see Note 11). On the other hand, the net book value of property and equipment amounted to ₱71.71 million and ₱64.75 million as of December 31, 2020 and 2019, respectively (see Note 12).

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.

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 24.

Net retirement benefits cost amounted to ₱6.75 million, ₱3.22 million and ₱2.94 million in 2020, 2019 and 2018, respectively. The carrying value of the Parent Company's and CPI's net retirement plan assets as of December 31, 2020 and 2019 amounted to ₱12.84 million and ₱11.32 million, respectively. The carrying value of CLDI's net retirement benefits liability as of December 31, 2020 and 2019 amounted to ₱3.95 million and ₱8.31 million, respectively (see Note 24).

Estimation of reserves
Reserves are set up for all pre-need benefits guaranteed and payable by CPI as defined in the pre-need plan contracts. The determination of CPI's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars.

As of December 31, 2020, the principal assumptions used in determining the PNR was based on the IC Circular Letter No. 23-2012 dated November 28, 2012. The transitory discount interest rate that shall be used in the valuation of pre-need reserves shall not exceed the lower of the attainable rates as certified by the Trustee of 2.51% and 3.58% in 2020 and 2019, respectively, and the IC rate of 6.00%.

The following are the assumptions used in the computation of pre-need reserves:

December 31, 2020:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 2.51% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2021 and after - 2.51% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2019:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 3.58% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2020 and after – 3.58% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2018:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 4.79% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2019 and after - 4.79% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

Management believes that the amount of pre-need reserves and other reserves recorded in the books closely reflect potential plan claims as of end of reporting period. As of December 31, 2020 and 2019, pre-need reserve and other reserves amounted to ₱41.48 million and ₱40.55 million, respectively (see Note 5).

Recognition of deferred income tax assets
The Group 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 assets amounted to ₱31.88 million and ₱61.61 million, respectively (see Note 25).

4. Cash and Cash Equivalents and Short-term and Long-term Investments

Cash and cash equivalents consist of:

	2020	2019
Cash on hand and in banks	**₱60,981,351**	₱36,974,231
Cash equivalents	**1,998,411,375**	1,896,900,000
	₱2,059,392,726	₱1,933,874,231

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

Short-term investments consist of:

	2020	2019
Short-term cash investments	**₱557,239,989**	₱102,950,000
Short-term bond investments	**325,000,000**	295,000,000
	₱882,239,989	₱397,950,000

Short-term investments have maturities of more than three months to one year from dates of acquisition and earn interest at the prevailing market rates.

Long-term investments amounting to ₱70.00 million and ₱395.00 million as of December 31, 2020 and 2019, respectively, pertain to bond investments that have maturities of more than one year from the date of acquisition.

Interest income earned from cash in banks, cash equivalents and short-term and long-term investments amounted to ₱92.25 million, ₱154.10 million and ₱83.62 million in 2020, 2019 and 2018, respectively (see Note 21).

5. **Investments in Trust Funds and Pre-need and Other Reserves**

Investments in trust funds
Pursuant to the provisions of the SEC Memorandum Circular No. 6, *Guidelines on the Management of the Trust Fund of Pre-Need Corporation* (SEC Circular No. 4), the SEC requires, among others, that companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the SEC requirements, CPI has funds deposited with two local trustee banks aggregating to ₱36.50 million and ₱36.75 million as of December 31, 2020 and 2019, respectively, which are recorded under "Investments in trust funds" account in the consolidated statements of financial position.

The details of CPI's investments in trust funds as of December 31 are as follows:

	2020	2019
Assets		
Cash and cash equivalents:		
Cash in banks	**₱195,642**	₱38,185
Cash equivalents	**5,772,730**	5,841,550
Financial assets at amortized cost	**20,841,224**	22,599,695
Financial assets at FVOCI	**848,124**	1,917,551
Financial assets at FVPL	**2,798,882**	–
Loans and receivables - net	**2,749,474**	3,062,026
Investment properties	**3,999,490**	3,999,490
Other assets	**275,585**	268,257
	37,481,151	37,726,754
Liabilities		
Accrued trust fees	**83,342**	32,285
Accrued taxes	**160,208**	177,121
Unrealized gain on sale of investment property	**450,363**	490,918
Other liabilities	**283,200**	276,367
	977,113	976,691
Net equity	**36,504,038**	36,750,063
Less noncurrent portion	**29,273,150**	30,762,567
Current portion	**₱7,230,888**	₱5,987,496

Details of the net equity as of December 31 are as follows:

	2020	2019
Net Equity		
Fund balances at beginning of year	**₱36,750,063**	₱35,432,151
Additional contributions	**3,350,993**	3,419,654
Withdrawals	**(4,226,514)**	(4,546,272)
Trust fund income	**2,207,241**	1,867,206
Unrealized re-measurement loss on investment properties	**–**	(1,170,190)
Other comprehensive gain (loss) for the year:		
Unrealized fair value changes on financial assets at FVOCI	**(1,577,745)**	1,747,514
Fund balances at end of year	**₱36,504,038**	₱36,750,063

Total contributions to the trust funds amounted to ₱3.35 million, ₱3.42 million and ₱2.25 million in 2020, 2019 and 2018, respectively. Total withdrawals from the trust funds amounted to ₱4.23 million, ₱4.55 million and ₱3.58 million in 2020, 2019 and 2018, respectively.

Mark to market gain (loss) of financial assets at FVOCI and available-for-sale financial assets amounted to (₱1.58) million, ₱1.75 million and (₱0.54) million in 2020, 2019 and 2018, respectively.

Movement in unrealized fair value changes on financial assets at FVOCI in 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Balance at January 1	**₱1,877,769**	₱130,255	₱672,577
Market to market gain (loss) for the year	**(1,577,745)**	1,747,514	(542,322)
Balance at December 31	**₱300,024**	₱1,877,769	₱130,255

Details of reserves are as follows:

	2020	2019
PNR	**₱36,164,935**	₱33,260,782
Reserve for trust fund deficiency	**4,812,774**	6,701,986
Pension bonus reserve	**416,798**	485,253
Insurance premium reserve	**84,858**	102,233
	41,479,365	40,550,254
Less noncurrent portion	**37,762,619**	38,416,302
	₱3,716,746	₱2,133,952

Net contractual liabilities comprise the PNR and reserve for trust fund deficiency. In the opinion of management and the independent actuary, CPI's net contractual liabilities amounting to ₱41.48 million and ₱40.55 million as of December 31, 2020 and 2019, respectively, which is based on the actuarial reports, closely reflect actual potential plan claims as of those dates.

In accordance with IC Circular Letter No. 23-2012 issued on November 28, 2012, the Group computed for the transitory PNR which amounted to ₱36.16 million and ₱33.26 million as of December 31, 2020 and 2019, respectively. If the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the transitory pre-need reserves shall be computed in accordance with the schedule provided in the IC Circular Letter.

Although not required, in 2020 and 2019, the BOD has deemed it prudent and opted to set up the difference in net contractual liabilities and transitory pre-need reserve amounting to ₱4.81 million (to be funded for the next 1 year) and ₱6.70 million (to be funded for the next 2 years) under “Pre-need and other reserves” account as of December 31, 2020 and 2019, respectively.

The trust fund deficiency amounting to ₱4.81 million, ₱3.35 million and ₱3.42 million in 2020, 2019 and 2018, respectively, should be placed in the trust fund within 60 days from April 30 following the valuation date. The trust fund deficiency for the year represents the difference of pre-need reserve and trust fund investment, net of investment in trust funds allocated to pension bonus and unrealized gains.

The following presents the breakdown of the pre-need reserves by maturity dates as of December 31, 2020 and 2019:

	2020	2019
Within one year	**₱3,716,746**	₱2,133,952
More than one year	**32,448,189**	31,126,830
	₱36,164,935	₱33,260,782

IC Circular Letter No. 2018-58

On November 14, 2018, the IC issued Circular Letter 2018-58 providing Regulatory Relief for the Pre-need Industry due to High Volatility in the Philippine Market. The circular provides the following regulatory relief:

1. Valuation of Publicly Listed Equity Securities
   For listed equity securities acquired on or before December 31, 2017, pre-need companies shall have the option to use the prevailing market rate prescribed by PFRSs or the market rate as of December 31, 2017.

   For listed equity securities acquired after December 31, 2017, pre-need companies shall have the option to use the prevailing market rate prescribed by PFRSs or the acquisition cost.

   The above options apply provided the equity securities are not intended for sale in the short-term.

2. Valuation of Fixed Income Debt Securities
   Pre-need companies shall have the option to value all the fixed income debt securities at amortized cost.

3. Pre-need reserves
   Pre-need companies shall have the option to use the prevailing market rate or the discount rate for the reserves under Circular Letter 23-2012 in the valuation of pre-need reserves.

As of December 31, 2020 and 2019, the Company did not avail of the above regulatory relief on the valuation of assets and pre-need reserves. Hence, the assets and pre-need reserves are valued using market rates.

6. Revenue from Contracts with Customers

a. *Disaggregated Revenue Information*

The Group derives revenue from the real estate sales overtime in different product type and geographical location. The disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales

Type of Product	**2020**	2019	2018
High-rise condominium	**₱895,171,261**	₱1,594,832,257	₱1,406,208,769
Parking slots and others	**48,943,781**	57,993,409	56,561,274
Total	**₱944,115,042**	₱1,652,825,666	₱1,462,770,043

All revenue from real estate sales were sales in Metro Manila.

All of the Group's real estate sales, except for CPI, are revenue from contracts with customers recognized over time and are reported under "Sales of real estate properties" segment. For CPI, real estate sales are revenue from contracts with customers recognized at a point in time.

In 2020, 2019 and 2018 sales for real estate properties within Metro Manila arose from contracts with external buyers. There were no intercompany sales/transactions made on the said years.

Contract Balances

	2020	2019
Installment contracts receivable	**₱53,595,764**	₱41,171,092
Contract assets:		
Current	**210,751,947**	315,526,194
Noncurrent	**1,604,852,678**	1,806,629,605
Contract liabilities		
Current	**219,508,361**	206,659,784
Noncurrent	**292,929,050**	314,835,689

Installment contracts receivable as of December 31

	2020	2019
Installment contracts receivable	**₱53,595,764**	₱1,171,092
Less noncurrent portion	**26,872,653**	33,779,791
Current portion	**₱26,723,111**	₱7,391,301

Installment contracts receivable arises from sale of real estate properties and is collectible in monthly installments for periods ranging from 1 to 10 years which bear monthly interest rates of 0.67% to 2.00% both in 2020 and 2019 computed on the diminishing balance.

Interest income earned from installment contracts receivable and contract assets amounted to ₱320.74 million, ₱344.96 million and ₱262.40 million in 2020, 2019 and 2018, respectively (see Note 21).

The Company, CI and CLDI (collectively known as the Group) entered into various contract of guaranty under the group Retail Guaranty Line with Philippine Guarantee Corporation (PHILGUARANTEE). The amount of installment contract receivable enrolled and renewed by the Group totaled to ₱1.93 billion and ₱2.83 billion in 2020 and 2019, respectively. The Group paid a guaranty premium of 1.00% based on outstanding principal balance of the receivables in 2020, 2019 and 2018 (see Note 18).

Contract asset represents the right to consideration that was already delivered by the Group 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.

Contract liabilities amounting to ₱512.44 million and ₱521.50 million as of December 31, 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 Group 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 ₱377.27 million, ₱226.43 million and nil were recognized as revenue in 2020, 2019 and 2018, 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 Group's performance obligations are summarized below:

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

The sale of real estate unit may cover either the parking lot or condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group, except for CPI, recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction. CPI recognizes revenue from the sale of these real estate projects at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer.

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 Group 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 Group resulted to sales with percentage of collection lower than 10%. The Group records these collections as "Customers' deposits" under "Accounts Payable and Accrued Expenses" account in the consolidated 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	**₱394,078,926**	₱461,678,672
More than one year	**635,938,845**	940,312,003
	₱1,030,017,771	₱1,401,990,675

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

c. *Cost to Obtain Contract*

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

	2020	2019
Balance at beginning of year	**₱37,459,299**	₱33,069,254
Additions	**13,185,098**	39,694,740
Amortization	**(18,567,753)**	(35,304,695)
Balance at end of year	**32,076,644**	37,459,299
Less noncurrent portion	**20,026,691**	25,170,158
Current portion	**₱12,049,953**	₱12,289,141

7. Notes Receivable

Notes receivable net of noncurrent portion amounted to nil and ₱200.00 million as of December 31, 2020 and 2019, respectively. Notes receivable from various financial institutions earns interest at the prevailing market interest rates ranging from 3.200% to 3.600% as of December 31, 2020 and 2019.

There were no properties offered as collaterals for the said notes receivable. Details of notes receivables as of December 31, 2019 are as follows:

Date of Placement	Amount	Maturity Date
April 2017	₱180,000,000	April 2020
August 2016	20,000,000	August 2020
Total	₱200,000,000	

The notes receivables already matured in April and August 2020. Interest income earned from notes receivable amounted to ₱1.47 million, ₱1.44 million and ₱29.16 million in 2020, 2019 and 2018, respectively (see Note 21).

8. Other Receivables

Other receivables consist of:

	2020	2019
Rent receivable	**₱15,509,452**	₱14,299,254
Advances to customers	**12,770,321**	12,161,246
Retention	**7,478,912**	2,842,091
Accrued interest (Note 26)	**7,477,982**	14,195,028
Others	**1,182,248**	957,524
	44,418,915	44,455,143
Less noncurrent portion	**1,445,000**	1,355,168
Current portion	**₱42,973,915**	₱ 43,099,975

Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 11). Accrued interest pertains to interest income earned as of December 31 but not yet received by the Group. Advances to customers are receivables of the Group for the real estate property taxes of sold condominium units initially paid by the Group. Retention pertains to the amount held on cash sale of real estate properties. Other receivables include advances to condominium corporations, employees' advances and receivables from buyers for expenses initially paid by Group.

9. Real Estate Properties for Sale

Real estate properties for sale consists of costs incurred in the development of condominium units and residential houses. Real estate properties for sale includes deemed cost adjustment amounting to ₱4.16 million and ₱5.86 million as of December 31, 2020 and 2019, respectively (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

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

	2020	2019
Balances at beginning of year	**₱2,565,950,797**	₱1,916,113,031
Construction/development costs incurred	**1,133,340,669**	1,421,829,871
Disposals (cost of real estate sales)	**(566,007,896)**	(898,493,584)
Borrowing costs capitalized (Note 22)	**17,452,030**	29,139,958
Transfer from investment properties (Note 11)	**771,062**	17,176,771
Transfer from real estate properties held for future development (Note 10)	–	50,292,025
Other adjustments - net	**79,749,229**	29,892,725
Balances at end of year	**₱3,231,255,891**	₱2,565,950,797

Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties. The average capitalization rate used to determine the amount of capitalized borrowing costs eligible for capitalization is 1.64%, 3.61% and 1.88% in 2020, 2019 and 2018, respectively.

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.

10. Real Estate Properties Held for Future Development

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

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

	2020	2019
Balances at beginning of year	**₱918,753,667**	₱973,872,993
Additions	**2,629,202**	2,670,691
Transfer to real estate properties for sale (Note 9)	–	(50,292,025)
Cost adjustment (Note 15)	–	(7,497,992)
Balances at end of year	**₱921,382,869**	₱918,753,667

In 2018, CLDI purchased a property along Boni Avenue, Mandaluyong City. 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.

11. Investment Properties

Investment properties consist of:

	2020	2019
Real estate properties for lease	**₱1,755,640,831**	₱1,801,605,076
Real estate properties held for capital appreciation	**181,139,332**	181,139,332
	₱1,936,780,163	₱1,982,744,408

Movements in investment properties are as follows:

	2020			
	Land	**Building**	**Machinery and Equipment**	**Total**
Costs				
Balances at beginning of year	**₱970,548,725**	**₱1,052,432,217**	**₱209,842,767**	**₱2,232,823,709**
Additions	**7,759,827**	**–**	**263,857**	**8,023,684**
Transfer to real estate properties for sale (Note 9)	**–**	**(1,503,436)**	**–**	**(1,503,436)**
Balances at end of year	**978,308,552**	**1,050,928,781**	**210,106,624**	**2,239,343,957**
Accumulated Depreciation				
Balances at beginning of year	**–**	**188,153,332**	**61,925,969**	**250,079,301**
Depreciation (Notes 18 and 20)	**–**	**40,342,566**	**12,874,301**	**53,216,867**
Transfer to real estate properties for sale (Note 9)	**–**	**(732,374)**	**–**	**(732,374)**
Balances at end of year	**–**	**227,763,524**	**74,800,270**	**302,563,794**
Net Book Values	**₱978,308,552**	**₱823,165,257**	**₱135,306,354**	**₱1,936,780,163**

	2019			
	Land	Building	Machinery and Equipment	Total
Costs				
Balances at beginning of year	₱963,561,804	₱1,072,659,516	₱208,978,446	₱2,245,199,766
Additions	6,986,921	–	864,321	7,851,242
Transfer to real estate properties for sale (Note 9)	–	(20,227,299)	–	(20,227,299)
Balances at end of year	970,548,725	1,052,432,217	209,842,767	2,232,823,709
Accumulated Depreciation				
Balances at beginning of year	–	150,485,246	48,712,747	199,197,993
Depreciation (Notes 18 and 20)	–	40,718,614	13,213,222	53,931,836
Transfer to real estate properties for sale (Note 9)	–	(3,050,528)	–	(3,050,528)
Balances at end of year	–	188,153,332	61,925,969	250,079,301
Net Book Values	₱970,548,725	₱864,278,885	₱147,916,798	₱1,982,744,408

Investment properties as of December 31, 2020 and 2019 include the following buildings for lease registered with Philippine Economic Zone Authority (PEZA) which are leased out to third parties:

	PEZA Registration No.	Date Registered
CityNet1	EZ14-04	March 3, 2014
Citynet Central	EZ15-06	February 17, 2015

The net book values of land and building include net deemed cost adjustment amounting to ₱158.67 million as of December 31, 2020 and 2019 (see Note 16). The deemed cost adjustment arose when the Group 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 ₱5.07 billion and ₱4.86 billion as of dates of appraisal in 2020 and 2019, respectively (see Note 27).

Rental agreements
The Group entered into lease agreements for its buildings for lease with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, (c) provision of air conditioning and CUSA services and (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to issue post-dated checks 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 Group'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.

The following are the long-term lease contracts entered into by the Group as of December 31, 2020:

Commencement of lease term	Lessee (Third Parties)	Term
2021	Domestic Corporation	5 years
2021	Domestic Corporation	5 years
2021	Domestic Corporation	3 years
2020	BPO	5 years
2020	BPO	3 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	3 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2018	BPO	5 years
2018	Domestic Corporation	3 years
2018	Convenience Store	5 years
2018	Domestic Corporation	3 years
2017	Convenience Store	5 years
2017	Fast Food	10 years
2017	Domestic Corporation	5 years
2011	Fast Food	10 years

The lease contracts include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. As a result of the COVID-19 pandemic, certain contracts were pre-terminated in 2020 while some lessees no longer renewed contracts that have ended during the year.

Two lease contracts in 2019 and four lease contracts in 2020 were terminated.

The future minimum lease payments for these lease agreements as of December 31 are as follows:

	2020	2019
Within one year	**₱153,680,897**	₱124,608,097
After one year but not more than five years	**377,397,080**	390,302,174
Later than five years	**3,659,880**	14,306,824
	₱534,737,857	₱529,217,095

Rent income from investment properties amounted to ₱189.56 million, ₱138.33 million and ₱126.31 million in 2020, 2019, and 2018, respectively (see Note 30).

Other lease agreements with third parties are generally for a one-year term renewable every year.

Direct operating expenses on investment properties pertaining to depreciation, real estate taxes and other expenses amounted to ₱95.98 million, ₱97.58 million and ₱96.19 million in 2020, 2019 and 2018, respectively (see Note 30).

12. Property and Equipment

Property and equipment consist of:

	2020						
	Land	**Building**	**Office Premises**	**Furniture, Fixtures and Office Equipment**	**Transportation and Other Equipment**	**Right-of-use Assets** (Note 25)	**Total**
At Cost							
Balances at beginning of year	**₱46,526,324**	**₱8,649,376**	**₱–**	**₱29,268,716**	**₱5,032,835**	**₱8,879,228**	**₱98,356,479**
Additions	–	–	–	**6,785,714**	–	**7,401,935**	**14,187,649**
Disposal	–	–	–	–	–	**(1,983,534)**	**(1,983,534)**
Balance at end of year	**46,526,324**	**8,649,376**	–	**36,054,430**	**5,032,835**	**14,297,629**	**110,560,594**
Accumulated Depreciation							
Balances at beginning of year	**–**	**374,806**	**–**	**25,837,370**	**4,853,219**	**2,557,120**	**33,622,515**
Depreciation (Notes 18 and 20)		**345,975**		**2,358,881**	**175,356**	**4,195,203**	**7,075,415**
Disposal	**–**	**–**	**–**	**–**	**–**	**(1,851,285)**	**(1,851,285)**
Balances at end of year	**–**	**720,781**	**–**	**25,837,371**	**5,028,575**	**4,901,038**	**38,846,645**
Net Book Value	**46,526,324**	**7,928,595**	**–**	**7,858,179**	**4,260**	**9,396,591**	**71,713,949**
At Deemed Cost							
Balances at beginning and end of year	**–**	**–**	**253,365,628**	**–**	**–**	**–**	**253,365,628**
Accumulated Depreciation							
Balances at beginning of year	**–**	**–**	**253,352,752**	**–**	**–**	**–**	**253,352,752**
Depreciation (Notes 18 and 20)	**–**	**–**	**12,744**	**–**	**–**	**–**	**12,744**
Balances at end of year	**–**	**–**	**253,365,496**	**–**	**–**	**–**	**253,365,496**
Net Deemed Cost	**–**	**–**	**132**	**–**	**–**	**–**	**132**
Total	**₱46,526,324**	**₱ 7,928,595**	**₱132**	**₱7,858,179**	**₱4,260**	**₱9,396,591**	**₱71,714,081**

	2019						
	Land	Building	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Right-of-use Assets (Note 25)	Total
At Cost							
Balances at beginning and end of year	₱46,526,324	₱8,649,376	₱–	₱29,268,716	₱5,032,835	₱8,879,228	₱98,356,479
Accumulated Depreciation							
Balances at beginning of year	–	28,831	–	24,344,564	4,667,341	–	29,040,736
Depreciation (Notes 18 and 20)	–	345,975	–	1,492,806	185,878	2,557,120	4,581,779
Balances at end of year	–	374,806	–	25,837,370	4,853,219	2,557,120	33,622,515
Net Book Value	46,526,324	8,274,570	–	3,431,346	179,616	6,322,108	64,733,964
At Deemed Cost							
Balances at beginning and end of year	–	–	253,365,628	–	–	–	253,365,628
Accumulated Depreciation							
Balances at beginning of year	–	–	252,956,315	–	–	–	252,956,315
Depreciation (Notes 18 and 20)	–	–	396,437	–	–	–	396,437
Balances at end of year	–	–	253,352,752	–	–	–	253,352,752
Net Deemed Cost	–	–	12,876	–	–	–	12,876
Total	₱46,526,324	₱8,274,570	₱12,876	₱3,431,346	₱179,616	₱6,322,108	₱64,746,840

For the office premises, the Group elected to apply the optional exemption under PFRS 1, *First-Time Adoption of PFRS*, to use the revalued amount as deemed cost as at January 1, 2005, the date of transition to PFRSs.

As of December 31, 2020 and 2019, the balances at pre-PFRS cost of the office premises are as follows:

	2020	2019
Office premises	**₱55,775,746**	₱ 55,775,746
Less accumulated depreciation	**55,775,612**	55,773,015
Net book values	**₱134**	₱2,731

Difference between the net deemed cost and the net pre-PFRSs cost amounting to nil and ₱0.01 million as of December 31, 2020 and 2019, respectively, represents the remaining balance of the deemed cost adjustment (see Note 16).

The Group adopted PFRS 16, on January 1, 2019 for its contracts of lease wherein the Group is acting as the lessee. The said leases pertain to lease of office spaces for the period of 2 to 5 years. At the initial recognition, the right-of-use assets were recognized at cost amounting to ₱8.88 million (see Note 2). Subsequently, this is being amortized based on the remaining lease term. The Group recorded as part of "Property and equipment" the right-of-use assets amounting to ₱9.40 million and ₱6.32 million as of December 31, 2020 and 2019, respectively. Depreciation expense related to right-of-use assets amounted to ₱4.20 million and ₱2.56 million for 2020 and 2019, respectively (see Note 20).

Other lease contracts entered by the Group pertain to short-term leases of office space and transportation equipment with rent expense amounting to ₱0.45 million and ₱2.09 million incurred for the year ended December 31, 2020 and 2019, respectively (see Notes 14 and 18). The Group does not have any lease contracts pertaining to low value assets. Further, the Group does not have any sublease and leaseback transactions. Thus, there were no income arising from sublease, sale and leaseback transaction.

The cost of fully depreciated property and equipment still used in operations amounted to ₱27.57 million as of December 31, 2020 and 2019.

13. Other Assets

Other current assets amounting to ₱31.83 million and ₱40.39 million as of December 31, 2020 and 2019, respectively, consist of input VAT, advances to contractors and prepaid real estate taxes.

Other noncurrent assets consist of:

	2020	2019
Guaranty deposits (Note 26)	**₱257,150,000**	₱257,150,000
Unused input VAT	**33,510,660**	32,948,298
Deposits and others	**14,621,815**	14,950,364
Advances to contractors	**2,667,102**	1,244,852
Financial assets at FVOCI	**661,812**	747,611
	₱308,611,389	₱307,041,125

Guaranty deposits pertain to placements made by Credit and Land Holdings, Inc. (CLHI), an affiliate of the Parent Company, in favor of the Housing and Land Use Regulatory Board (HLURB) wherein the Parent Company is required to secure a cash bond in relation to the construction and development of its ongoing projects (see Note 26). The interest income earned from guaranty deposits amounted to ₱11.57 million in 2020 and 2019 and ₱7.64 million in 2018 (see Notes 21 and 26).

Advances to contractors are advances made by the Group for the contractors' supply requirement whereas deposits and others represent payments made by the Group to various utility companies for the installation of electric and water meters for unsold condominium units.

The unused input VAT arose from the purchase of parcels of land in previous years recorded as part of "Real estate properties held for future development" and "Investment properties" accounts in 2020 and 2019, respectively (see Notes 10 and 11).

Financial assets at FVOCI consist of investments in listed equity securities. The fair values of these financial assets were determined based on published prices in an active market.

The Group sold shares of stock with listed corporations resulting to a gain on sale amounting to ₱0.03 million and ₱0.49 million in 2020 and 2019, respectively (see Note 23).

The movement in the account presented in the equity section of the consolidated statements of financial position is as follows:

	2020	2019
Balances at beginning of year	**₱1,911,998**	₱598,029
Changes in fair value	**(1,502,604)**	1,313,969
Balances at end of year	**₱409,394**	₱1,911,998

Mark-to-market loss on financial assets at FVOCI pertaining to the non-controlling interests amounted to ₱0.14 million and ₱0.06 million in 2020 and 2019, respectively.

Dividend income from financial assets at FVOCI and available-for-sale financial assets amounted to ₱18,754, ₱23,157 and ₱21,823 in 2020, 2019 and 2018, respectively (see Note 21).

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2020	2019
Rental and customers' deposits	**₱90,130,470**	₱67,729,323
Trade payables	**82,162,287**	85,546,857
Accrued expenses:		
Development costs	**320,363,420**	189,894,653
Sick leave (Note 24)	**34,345,770**	36,597,132
Directors' fee (Note 26)	**12,149,919**	48,079,977
Interest payable	**1,146,836**	2,722,641
Taxes, premiums, others	**778,635**	663,786
Deferred rent income	**47,209,016**	36,516,320
Dividends payable	**13,060,932**	12,743,703
Lease liabilities (Note 25)	**10,271,834**	6,815,350
Withholding taxes payable	**7,644,468**	8,431,926
Due to related parties (Note 26)	**4,469,938**	3,438,858
VAT payable	**568,268**	–
Others	**7,441,691**	9,203,865
	631,743,484	508,384,391
Less noncurrent portion	**190,852,866**	156,825,877
Current portion	**₱440,890,618**	₱351,558,514

Trade payables consist of payables to suppliers, contractors and other counterparties. Customers' deposits and reservations consist of buyers' reservation fees, rental deposits and collected deposits for water and electric meters of the sold units. Accrued development costs represent the corresponding accrued expenses for the completed condominium units of the Group. Deferred rent income pertains to rent received from long-term operating lease. Other payables consist substantially of commissions payable, unclaimed checks of pension holders, and payables due to government agencies.

Lease liabilities pertain to the present value of the lease payments that are not yet paid during the remaining lease period. Interest expense related to the lease liabilities amounted to ₱0.56 million in 2020 and 2019 (see Note 22). There were no expenses relating to variable lease payments that were not included in the measurement of lease liabilities.

Group as a lessee
The Group has lease contracts for various items of plant assets used in its operations. Leases of plant assets generally have lease terms between 2 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The following are the amounts recognized in 2020 and 2019 consolidated statement of income:

	2020	2019
Depreciation expense of right-of-use assets included in property and equipment (Notes 12 and 20)	**₱4,195,203**	₱2,557,120
Interest expense on lease liabilities (Note 22)	**564,957**	557,387
Expenses relating to short-term leases (Notes 12 and 18)	**452,537**	2,086,328
Total amount recognized in consolidated statement of income	**₱5,212,697**	₱5,200,835

The rollforward analysis of lease liabilities as of December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱6,815,350**	₱8,879,228
Additions	**7,401,934**	–
Interest expense (Note 22)	**564,957**	557,387
Rent concession	**(132,249)**	–
Payment	**(4,378,158)**	(2,621,265)
Balance at end of year	**₱10,271,834**	₱6,815,350

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

	2020	2019
1 year	**₱4,863,069**	₱2,693,868
More than 1 years to 2 years	**4,969,009**	1,920,875
More than 2 years to 3 years	**1,074,098**	2,112,963
More than 3 years	**–**	915,063

Other payables consist of deferred credit and payable to employees.

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

			Payments		
	January 1, 2020	**Additions**	**Expensed**	**Capitalized**	**December 31, 2020**
Dividends payable (Note 16)	**₱12,743,703**	**₱152,689,076**	**(₱152,371,847)**	**₱–**	**₱13,060,932**
Accrued interest (Note 15)	**2,722,641**	**18,793,483**	**(2,917,258)**	**(17,452,030)**	**1,146,836**
	₱15,466,344	**₱171,482,559**	**(₱155,289,105)**	**(₱17,452,030)**	**₱14,207,768**

			Payments		
	January 1, 2019	Additions	Expensed	Capitalized	December 31, 2019
Dividends payable (Note 16)	₱11,900,913	₱216,712,757	(₱215,869,967)	₱–	₱12,743,703
Accrued interest (Note 15)	6,007,542	44,119,958	(18,264,901)	(29,139,958)	2,722,641
	₱17,908,455	₱260,832,715	(₱234,134,868)	(₱29,139,958)	₱15,466,344

15. Notes and Contracts Payable

Notes Payable

As of December 31, 2020 and 2019, notes payable amounting to ₱1.08 billion and ₱1.20 billion, respectively.

Notes payable pertain to commercial papers with varying maturities ranging from 30 to 365 days and annual interest rates ranging from 0.69% to 1.25% and 1.19% to 3.81% as of December 31, 2020 and 2019, respectively.

On October 28, 2020 and October 23, 2019, the SEC authorized the Company to issue ₱1.40 billion worth of commercial papers registered with the SEC, in accordance with the provisions of the Securities Regulation Code and its implementing rules and regulations and other applicable laws and orders. Outstanding commercial papers issued by the Company as of December 31, 2020 and 2019 aggregated to ₱1.08 billion and ₱1.20 billion, respectively.

The movements in notes payable are as follows:

	2020	2019
Beginning balance	**₱1,196,050,000**	₱1,358,050,000
Availment	**4,349,950,000**	5,979,800,000
Payment	**(4,463,500,000)**	(6,141,800,000)
Ending balance	**₱1,082,500,000**	₱1,196,050,000

Interest expense related to notes payable amounted to ₱17.45 million, ₱43.12 million and ₱23.88 million in 2020, 2019 and 2018, respectively (see Note 22). Capitalized borrowing costs amounted to ₱17.45 million, ₱29.14 million and ₱9.49 million in 2020, 2019 and 2018, respectively (see Notes 9, 11 and 22). Total interest paid amounted to ₱20.46 million, ₱47.40 million and ₱21.06 million in 2020, 2019 and 2018, respectively.

The Parent Company, CI, CLDI and CPI (the Cityland 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 in the Cityland Group. No loans were availed by Cityland Group from the credit line in 2020 and 2019.

The Parent Company has specific credit lines amounting to ₱500.00 million in 2020 and 2019. As of December 31, 2020 and 2019, no loans were availed from the credit line.

The carrying values of the Parent Company's investment properties and real estate properties for sale that can be used as collaterals for the Group's credit lines as of December 31, 2020 and 2019 are as follows:

Investment properties	**₱146,666,172**
Real estate properties for sale	**50,476,720**
Total	**₱197,142,892**

Contracts Payable
There were no outstanding contracts payable as of December 31, 2020 and 2019.

Contracts payable amounting to ₱7.50 million as of December 31, 2018, represents liability arising from a contract entered into by CLDI to purchase land for future development which was settled in 2019 through adjustment of the cost of the property (see Note 10).

The beginning balance of contracts payable as of January 1, 2019 amounting to ₱7.50 million was settled in 2019 through an adjustment of the cost of property (see Note 10).

16. **Equity**

a. The Parent Company registered 10,000,000 shares with the SEC on June 15, 1978 with an initial offer price of ₱10.00. On July 27, 2012, the SEC approved the Amended Articles of Incorporation on the application for increase in authorized capital stock from ₱3.00 billion to ₱4.00 billion with a par value of ₱1.00 each. As of December 31, 2020 and 2019, the Parent Company has 4,625,863,627 shares held by 651 equity holders and 4,405,677,031 shares held by 655 equity holders, respectively.

   On the special stockholders' meeting held last October 5, 2018, the stockholders representing two-thirds (2/3) of the outstanding capital stock approved and ratified the declaration of 6.5% stock dividends which shall come from the unappropriated retained earnings as of December 31, 2017 through an increase in authorized capital stock of One Billion (1,000,000,000) shares with par value of One Peso (₱1.00). The application for the increase in authorized capital stock was approved by the SEC last March 14, 2019 thereby increasing the Parent Company's authorized capital stock to 5,000,000,000 shares with par value of One Peso (₱1.00).

   The above declaration amends the previously 5% stock dividends declared by the Board of Directors last May 2, 2018 and approved by stockholders last June 5, 2018. On July 20, 2018, after initial assessment of SEC on the Parent Company's application of increase in authorized capital stock of One Billion (1,000,000,000) shares, the Board resolved and approved the cancellation of the Parent Company's application with SEC to increase the percentage of stock dividends and set a special stockholders' meeting.

The following table summarizes the reconciliation of the Parent Company's issued and outstanding shares of capital stock for each of the following:

	2020		2019		2018	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized shares- ₱1 par value						
Beginning of year	**5,000,000,000**	**₱5,000,000,000**	4,000,000,000	₱4,000,000,000	4,000,000,000	₱4,000,000,000
Increase in authorized capital stock	**–**	**–**	1,000,000,000	1,000,000,000	–	–
End of the year	**5,000,000,000**	**₱5,000,000,000**	5,000,000,000	₱5,000,000,000	4,000,000,000	₱4,000,000,000
Issued, beginning of year	**4,405,677,031**	**₱4,405,677,031**	3,940,001,648	₱3,940,001,648	3,940,001,648	₱3,940,001,648
Treasury shares	**(4,634,575)**	**(4,634,575)**	(4,506,165)	(4,506,165)	(4,234,588)	(4,234,588)
Outstanding	**4,401,042,456**	**4,401,042,456**	3,935,495,483	3,935,495,483	3,935,767,060	3,935,767,060
Stock dividends	**220,186,596**	**220,186,596**	465,675,383	465,675,383	–	–
	4,621,229,052	**4,621,229,052**	4,401,170,866	4,401,170,866	3,935,767,060	3,935,767,060
Treasury shares	**4,634,575**	**4,634,575**	4,506,165	4,506,165	4,234,588	4,234,588
Issued, end of year	**4,625,863,627**	**₱4,625,863,627**	4,405,677,031	₱4,405,677,031	3,940,001,648	₱3,940,001,648

Treasury shares includes 2,696,628 and 2,568,218 shares as of December 31, 2020 and 2019, respectively, held by CPI.

b. Dividends declared and issued/paid by the Parent Company in 2020, 2019 and 2018 are as follows:

Dividends	BOD Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	August 14, 2020	–	₱0.030	September 11, 2020	October 7, 2020
	May 30, 2019	–	₱0.0450	June 17, 2019	June 28, 2019
	May 8, 2018	–	₱0.0301	May 23, 2018	June 07, 2018
Stock	July 6, 2020	August 18, 2020	5%	September 17, 2020	October 13, 2020
	April 25, 2019	June 6, 2019	5%	July 5, 2019	July 31, 2019
	September 5, 2018	October 5, 2018	6.5%	April 12, 2019	May 10, 2019

Fractional shares of stock dividends were paid in cash based on the par value.

On March 21, 2019, the SEC resolved to authorize the issuance of 6.5% stock dividends to cover the dividends declared by its Board of Directors on May 2, 2018 and readopted on September 5, 2018 and ratified by the stockholders representing two-thirds (2/3) of outstanding capital stocks on June 5, 2018 and readopted on October 5, 2018.

In the special meeting held on April 25, 2019, the Board of Directors approved the declaration of 5% stock dividends to stockholders of record as of July 5, 2019 and was distributed on July 31, 2019. This was approved and ratified by the stockholders during the Annual Stockholders' Meeting last June 6, 2019. The record date of the said meeting was on May 6, 2019.

On August 18, 2020, the stockholders owning at least 2/3 of the outstanding shares approved and ratified the declaration of five percent (5%) stock dividends to each stockholder of record as of September 17, 2020, which will be taken from unissued capital stock and shall be declared from the unappropriated retained earnings as of December 31, 2019. No fractional shares will be issued therein.

c. As of December 31, 2020 and 2019, the retained earnings attributable to equity holders of the Parent Company and the non-controlling interest include the remaining balance of deemed cost adjustment which arose when the Group transitioned to PFRSs in 2005.

The components of the deemed cost adjustment, net of deferred income tax liabilities included in equity, as of December 31 are as follows:

	2020	2019
Real estate properties for sale (Note 9)	**₱4,159,431**	₱5,858,171
Investment properties (Note 11)	**158,666,032**	158,666,021
Property and equipment (Note 12)	–	10,142
Deemed cost adjustment	**162,825,463**	164,534,334
Deferred income tax liability (Note 25)	**(48,847,639)**	(49,360,300)
Net deemed cost adjustment	**₱113,977,824**	₱115,174,034

The net deemed cost adjustment is allocated in the consolidated statements of changes in equity as follows:

	2020	2019
Attributable to:		
Equity holders of the Parent Company	**₱108,033,207**	₱109,229,417
Non-controlling interest	**5,944,617**	5,944,617
	₱113,977,824	₱115,174,034

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

	2020	2019
Undistributed earnings of subsidiaries	**₱1,240,632,259**	₱1,153,656,386
Net deemed cost adjustment in properties	**113,977,824**	115,174,034
Cost of treasury shares	**31,429,574**	31,429,574
Deferred income tax assets (Note 25)	**22,536,936**	49,256,030
Fair value adjustment arising from repossessed inventories	**10,354,852**	18,938,304
	₱1,418,931,445	₱1,368,454,328

17. Material Partly Owned Subsidiary

Below are summarized financial information of the subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are based on financial information included in the consolidated financial statements before intercompany eliminations.

Proportion of equity interest held by non-controlling interests as of December 31, 2020 and 2019:

CLDI	50.27%
CPI	9.19%

As of December 31, the summarized statements of financial position of the subsidiaries are as follows:

	CLDI		CPI	
	2020	2019	**2020**	2019
Total assets	**₱2,504,134,961**	₱2,447,174,383	**₱358,074,132**	₱351,170,927
Total liabilities	**275,746,446**	284,498,115	**54,892,994**	54,949,308
Equity	**2,228,388,515**	2,162,676,268	**303,181,138**	296,221,619
Attributable to non-controlling interests	**1,117,296,588**	1,084,263,042	**32,104,186**	31,203,911

Summarized statements of income for the years ended December 31 are as follows:

	CLDI		CPI	
	2020	2019	**2020**	2019
Revenue	**₱354,467,571**	₱629,429,250	**₱31,488,351**	₱53,534,299
Expenses	**217,807,433**	391,967,328	**22,597,765**	37,686,090
Provision for income tax	**32,106,756**	61,754,897	**1,513,028**	4,149,234
Net income	**104,553,382**	175,707,125	**7,377,558**	11,698,975
Attributable to non-controlling interests	**52,558,986**	88,327,972	**677,998**	1,083,087
Cash dividends paid to non-controlling interest	**21,017,066**	28,584,854	–	494,354

Summarized statements of comprehensive income for the years ended December 31 are as follows:

	CLDI		CPI	
	2020	2019	**2020**	2019
Net income	**₱104,553,382**	₱175,707,125	**₱7,377,558**	₱11,698,975
Other comprehensive income (loss)	**2,966,991**	(4,291,010)	**(418,039)**	(319,316)
Total comprehensive income	**107,520,373**	171,416,115	**6,959,519**	11,379,659
Attributable to non-controlling interests	**54,050,492**	86,170,881	**536,920**	1,226,470

Summarized statements of cash flows for the years ended December 31 are as follows:

	CLDI		CPI	
	2020	2019	**2020**	2019
Cash flows from (used in) operating activities	**₱30,527,556**	(₱121,630,353)	**₱19,010,573**	₱22,573,856
Cash flows from (used in) investing activities	**(48,489,635)**	526,671,467	**(76,031,711)**	42,433,631
Cash flows used in financing activities	**(41,388,632)**	(251,671,065)	–	–

18. Operating Expenses

Operating expenses consist of:

	2020	2019	2018
Personnel (Note 19)	**₱170,658,657**	₱214,416,894	₱203,213,371
Taxes and licenses	**70,154,913**	73,297,002	65,190,820
Depreciation (Note 20)	**60,305,026**	58,910,052	66,448,961
Light, power and water	**28,537,657**	26,953,219	24,536,017
Professional fees	**21,832,542**	68,986,969	41,234,647
Outside services	**16,083,061**	18,652,995	21,569,786
Insurance (Note 6)	**11,630,173**	23,524,960	23,239,369
Brokers' commission	**10,710,639**	10,635,345	7,486,386
Repairs and maintenance	**8,445,216**	11,830,882	10,900,036
Membership dues	**5,907,050**	6,172,508	6,856,433
Advertising and promotions	**2,724,053**	3,760,884	5,437,116
Postage, telephone and telegraph	**2,690,826**	2,633,746	2,884,953
Stationery and office supplies	**1,221,917**	1,793,594	2,256,084
Rent expense (Notes 12 and 14)	**452,537**	2,086,328	5,619,065
Donations	–	5,025,000	2,405,000
Others	**14,851,073**	19,670,302	23,466,666
	₱426,205,340	₱548,350,680	₱512,744,710

Others include transportation and miscellaneous expenses.

19. Personnel Expenses

Personnel expenses consist of:

	2020	2019	2018
Salaries and wages	**₱95,769,273**	₱99,941,282	₱95,641,656
Bonuses and other employee benefits	**50,439,170**	66,368,261	55,822,341
Commissions	**17,705,186**	44,888,811	48,809,316
Retirement benefits cost (Note 24)	**6,745,028**	3,218,540	2,940,058
	₱170,658,657	₱214,416,894	₱203,213,371

20. Depreciation

Depreciation consists of:

	2020	2019	2018
Investment properties (Note 11)	**₱53,216,867**	₱53,931,836	₱60,804,212
Property and equipment (Note 12)	**7,088,159**	4,978,216	5,644,749
	₱60,305,026	₱58,910,052	₱66,448,961

21. Financial Income

Financial income consists of:

	2020	2019	2018
Interest income from:			
Installment contracts receivable and contract assets (Note 6)	**₱320,736,557**	₱344,960,962	₱262,398,837
Cash equivalents and short-term and long-term investments (Note 4)	**92,076,104**	154,022,166	83,326,412
Guaranty deposits (Notes 13 and 26)	**11,571,750**	11,571,750	7,641,128
Notes receivable (Note 7)	**1,474,222**	1,437,111	29,158,034
Cash in banks (Note 4)	**171,062**	77,376	293,967
Dividend income (Note 13)	**18,754**	23,157	21,823
	₱426,048,449	₱512,092,522	₱382,840,201

22. Financial Expenses

Financial expenses consist of:

	2020	2019	2018
Interest expense on notes payable (Note 15)	**₱17,452,030**	₱43,115,266	₱23,881,596
Less capitalized borrowing costs (Notes 9, 11 and 15)	**17,452,030**	29,139,958	9,495,031
	–	13,975,308	14,386,565
Finance charges and others	**800,250**	2,138,200	1,563,291
Interest expense on security deposits	**1,341,453**	1,004,692	790,547
Interest expense on lease liabilities (Note 14)	**564,957**	557,387	–
	₱2,706,660	₱17,675,587	₱16,740,403

23. Other Income - Net

Net other income amounting to ₱146.76 million, ₱104.32 million and ₱54.00 million in 2020, 2019 and 2018, respectively, pertains to trust fund income, 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.

24. 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 Group, 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 19), are as follows:

	2020	2019	2018
Current service cost	**₱6,895,490**	₱4,597,823	₱3,427,863
Net interest income on net defined benefit obligation	**(150,462)**	(1,379,283)	(487,805)
Net retirement benefits cost	**₱6,745,028**	₱3,218,540	₱2,940,058

Re-measurement loss (gain) recognized in the consolidated statements of comprehensive income comprises the following:

	2020	2019	2018
Actuarial loss (gain) on defined benefit obligation:			
Due to experience adjustments	**(₱5,793,678)**	(₱572,699)	₱3,724,267
Due to change in financial assumption	**(5,742,868)**	18,407,533	(5,067,003)
Actuarial loss (gain) on plan assets excluding amounts included in net interest cost	**1,488,582**	(2,593,672)	(7,953,480)
Re-measurement loss (gain)	**(10,047,964)**	15,241,162	(9,296,216)
Tax effect (Note 25)	**3,014,389**	(4,572,349)	2,788,865
	(₱7,033,575)	₱10,668,813	(₱6,507,351)

The details of the net retirement plan assets are as follows:

	2020	2019
Present value of defined benefit obligation	**₱82,195,188**	₱87,167,487
Fair value of plan assets	**91,087,692**	90,176,200
Net retirement plan assets	**₱8,892,504**	₱3,008,713

The breakdown of net retirement plan assets per entity as of December 31 as follows:

	2020	2019
Net retirement plan assets:		
Parent Company	**₱12,469,352**	₱10,939,905
CPI	**372,924**	383,280
	12,842,276	11,323,185
Net retirement benefits liability - CLDI	**(3,949,772)**	(8,314,472)
Net retirement plan assets	**₱8,892,504**	₱3,008,713

Changes in net retirement plan assets are as follows:

	2020	2019
Beginning balances	**₱3,008,713**	₱18,701,840
Retirement benefits cost	**(6,745,028)**	(3,218,540)
Re-measurement gain (loss)	**10,047,964**	(15,241,162)
Contributions	**2,580,855**	2,766,575
Ending balances	**₱8,892,504**	₱3,008,713

Changes in present value of defined benefit obligation are as follows:

	2020	2019
Defined benefit obligation, January 1	**₱87,167,487**	₱61,167,957
Current service cost	**6,895,490**	4,597,823
Interest cost on benefit obligation	**4,372,355**	4,514,475
Benefits paid	**(4,703,598)**	(947,602)
Actuarial gains (losses)	**(11,536,546)**	17,834,834
Defined benefit obligation, December 31	**₱82,195,188**	₱87,167,487

Changes in fair value of plan assets are as follows:

	2020	2019
Fair value of plan assets, January 1	**₱90,176,200**	₱79,869,797
Interest income	**4,522,817**	5,893,758
Actuarial gain (loss) excluding amount recognized in net interest cost	**(1,488,582)**	2,593,672
Contributions to the plan	**2,580,855**	2,766,575
Benefits paid	**(4,703,598)**	(947,602)
Fair value of plan assets, December 31	**₱91,087,692**	₱90,176,200

The major categories of plan assets of the Group 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 three months. Investment properties pertain to condominium units which are held for lease and are stated at fair value. Investments in equity securities consist of investment in shares of stock of listed companies with quoted market prices in an active market. Loans and receivables include loans to individuals and accrued interest income.

The Group expects to contribute ₱1.86 million to the retirement fund in 2021.

The Group does not currently employ any asset-liability matching strategy.

The latest actuarial valuation report is as of December 31, 2020. The principal assumptions used in determining retirement benefits cost for the Group's plan as of January 1 are as follows:

	2020	2019
Number of employees	**155**	144
Discount rate per annum	**4.87%-5.02%**	7.30%-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 3.29% - 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%	**(₱3,769,539)**	(₱4,589,332)
	-0.50%	**4,151,581**	5,059,184
Salary increase rate	+1.00%	**8,433,181**	10,216,025
	-1.00%	**(7,103,781)**	(8,595,768)

Shown below is the maturity analysis of the undiscounted expected benefit payments as of December 31, 2020:

Plan year	No. of Retirees	Total Benefit
One year and less	2	₱3,990,605
More than one year to five years	9	25,055,364
More than five years to 10 years	22	55,082,577
More than 10 years to 15 years	18	46,197,781
More than 15 years to 20 years	11	31,910,467
More than 20 years	134	334,990,612
	196	₱497,227,406

The average duration of the defined benefit obligation as of December 31, 2020 is 20 years for the Parent Company, 21 years for CLDI and 14 years for CPI.

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 Group. Accrued sick leave, presented under "Accounts payable and accrued expenses - noncurrent portion" account, amounted to ₱34.35 million and ₱36.60 million as of December 31, 2020 and 2019, respectively (see Note 14).

25. **Income Taxes**

a. Provision for (benefit from) income tax consists of:

	2020	2019	2018
Current	**₱114,203,862**	₱180,484,824	₱153,720,734
Deferred	**34,377,870**	(4,999,890)	(51,968,577)
	148,581,732	175,484,934	101,752,157
Final tax on interest income	**20,162,198**	33,421,681	24,083,908
	₱168,743,930	₱208,906,615	₱125,836,065

b. The components of net deferred income tax assets (liabilities) are as follows:

	2020	2019
Deferred income tax assets on:		
Accrued expenses	**₱13,913,969**	₱25,377,591
Actuarial loss on defined benefit plan	**9,340,411**	12,354,800
Unearned rent revenue	**7,028,184**	4,830,241
Unamortized past service cost	**1,332,210**	1,434,074
Lease liabilities (Notes 12 and 14)	**262,573**	147,973
Difference between tax basis and book basis of accounting for real estate transactions	–	17,466,151
	31,877,347	61,610,830
Deferred income tax liabilities on:		
Deemed cost adjustment in properties (Note 16)	**(48,847,639)**	(49,360,300)
Capitalized borrowing costs	**(23,001,825)**	(18,525,185)
Net retirement plan assets	**(12,008,157)**	(13,257,408)
Cost to obtain contract (Notes 6)	**(9,622,993)**	(11,237,790)
Difference between tax basis and book basis of accounting for real estate transactions	**(6,555,802)**	–
	(100,036,416)	(92,380,683)
Net deferred income tax liabilities	**(₱68,159,069)**	(₱30,769,853)

The breakdown of net deferred income tax liabilities as of December 31 per entity follows:

	2020	2019
Deferred income tax assets - net:		
CLDI	**₱–**	₱8,192,586
Deferred income tax liabilities - net:		
Parent Company	**(62,124,498)**	(35,065,780)
CPI	**(3,369,198)**	(3,896,659)
CLDI	**(2,665,373)**	–
	(68,159,069)	(38,962,439)
	(₱68,159,069)	(₱30,769,853)

Provision for (benefit from) deferred income tax recognized in other comprehensive income amounted to ₱3.01 million and (₱4.57 million) in 2020 and 2019, respectively (see Note 24). Benefit from deferred income tax recognized in retained earnings amounted to ₱0.003 million and ₱4.79 million in 2020 and 2019, respectively.

c. The reconciliation of income tax computed at statutory tax rate to provision for income tax follows:

	2020	2019	2018
Income tax at statutory tax rate	**₱213,469,692**	₱282,913,949	₱226,230,418
Adjustments to income tax resulting from:			
Tax-exempt interest income	**(37,673,011)**	(46,130,828)	(41,878,188)
Net income under income tax holiday (Note 31)	–	(24,008,947)	(51,138,863)
Interest income subjected to final tax	**(31,587,941)**	(50,132,521)	(36,125,862)

(Forward)

	2020	2019	2018
Final tax on interest income	**₱21,058,627**	₱33,421,681	₱24,083,908
Nondeductible interest expense	**5,638,045**	13,235,987	6,954,516
Trust fund income already subjected to final tax	**(688,128)**	(560,162)	(516,061)
Nontaxable dividend income	**(156,119)**	(6,947)	(6,547)
Others - net	**(1,317,235)**	174,403	(1,767,256)
Provision for income tax	**₱168,743,930**	₱208,906,615	₱125,836,065

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.

26. 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 Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group 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 Group 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 consolidated 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 Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

				Outstanding Balances				
	Amount of Transactions			Receivable (Note 8)		Payable (Note 14)		Terms and
Nature of Transaction	**2020**	2019	2018	**2020**	2019	**2020**	2019	Conditions
Ultimate parent (CI)								
Sharing of expenses charged by the Parent Company* (Note 26c)	**(₱1,031,080)**	(₱1,595,407)	(₱2,861,306)	**₱–**	₱–	**₱4,469,938**	₱3,438,858	30-day, unsecured, non-interest bearing; to be settled in cash
CLHI								
Interest income from guaranty deposits (Note 26g)	**11,571,750**	11,571,750	7,641,128	**1,484,203**	1,484,203	**–**	–	Settled in cash
Retirement Plans (Note 26d)								
Contributions to the plans	**2,580,855**	2,766,575	3,695,170	**–**	–	**–**	–	Settled in cash
Key management personnel								
Salaries and other compensation (Note 26f)	**22,390,446**	25,892,840	29,231,206	**–**	–	**12,149,919**	48,079,977	Settled in cash
BOD								
Shares of stock held by BOD (Note 26e)	**(41,774,232)**	(81,986,910)	(181,100,608)	**–**	–	**–**	–	Pertains to 814,802,208 and 773,027,976 common shares at ₱1 par value in 2020 and 2019, respectively
Total				**₱1,484,203**	₱1,484,203	**₱16,619,857**	₱51,518,835	

**Outstanding balances are included under "Accounts payable and accrued expenses" account in the consolidated statements of financial position.*

The transactions of the Parent Company with CLDI and CPI are eliminated in the consolidated statements of financial positions and consolidated statements of income.

a. The Group has an existing management contract with CI wherein the latter provides management services to the Group. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other party six months prior to expiration. Management fee is based on a certain percentage of net income as mutually agreed upon by both parties. Management fees for 2020, 2019 and 2018 were waived by CI. There are no conditions attached to the waiver of these management fees.

b. In 2019, the Group entered into a Memorandum of Agreement with CI whereby CDC shall assign its parcel of land to CI in exchange of certain number of condominium units on One Premier, project that is currently being constructed by CI. The said land is recorded under "Real Estate Properties for Sale" account.

c. The Group has various shared expenses with other affiliates pertaining to general and administrative expenses such as salaries, transportation, association dues, professional fees and rent.

d. The Group, 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 Group's share on the fair value of plan assets amounted to ₱91.09 million and ₱90.18 million as of December 31, 2020 and 2019, respectively.

   The major categories of plan assets are cash and cash equivalents, investments in equity securities, loans and receivables and investment properties (see Note 24). Investments in equity securities of plan assets include investment in shares of the Parent Company. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in the Parent Company 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 as of December 31, 2020 and 2019. Loans and receivables of plan assets include installment contracts receivable purchased in prior years on a non-recourse basis from the Parent Company amounting to ₱0.11 million and nil million as of December 31, 2020 and 2019, respectively. 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 ₱2.77 million in 2020 and 2019 (see Note 24).

e. The Parent Company's shares held by members of the BOD aggregated to ₱814.80 million and ₱773.03 million as of December 31, 2020 and 2019, respectively. On the other hand, shares held by the ultimate parent and affiliate totaled ₱2.36 billion and ₱2.24 billion as of December 31, 2020 and 2019, respectively.

f. Compensation of key management personnel are as follows:

	2020	2019	2018
Short-term benefits:			
Salaries	**₱11,067,591**	₱9,665,969	₱9,122,990
Bonuses	**1,907,048**	2,466,921	2,355,811
Other benefits	**7,265,316**	11,790,804	16,416,376
Long-term benefits	**2,150,491**	1,969,146	1,336,029
	₱22,390,446	₱25,892,840	₱29,231,206

Other benefits consist of incentives and performance bonuses.

The Group has no standard arrangements with regard to the remuneration of its directors. In 2020, 2019 and 2018, the BOD received a total of ₱35.50 million, ₱38.72 million and ₱23.52 million, respectively. Moreover, the Group 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 Group does not have any arrangements for stock warrants or options offered to its employees.

g. In 2018, the Parent Company through its affiliate - Credit and Land Holdings, Inc., issued a cash bond amounting ₱257.15 million in favor of HLURB in relation to the construction and development of its ongoing projects which was recorded as guaranty deposit under "Other noncurrent assets". The said amount was placed by CLHI to a financial institution with a maturity of five (5) years. Interest income earned amounted to ₱11.57 million in 2020 and 2019, and ₱7.64 million in 2018 (see Notes 8 and 13). Accrued interest amounting to ₱1.48 million as of December 31, 2020 and 2019 was recorded under "Other receivables - accrued interest" account in the consolidated statement of financial position.

h. The following are the balances and transactions among related parties which are eliminated during consolidation:

Amounts owed by	Amounts owed to	Nature	**2020**	2019	2018
Parent Company	CLDI	Sharing of expenses	**₱–**	₱–	₱424,763
CLDI	Parent Company	Sharing of expenses	–	285,978	246,301
CPI	CLDI	Sharing of expenses	–	–	186,765
CPI	CLDI	Sale of real estate properties	**150,000**	150,000	150,000

Revenue and income by	Capitalizable cost and expense by	Nature	**2020**	2019	2018
Parent Company	CLDI	Interest charges on advances	**₱–**	₱–	₱1,800
CLDI	CPI	Sale of real estate properties	–	–	2,070,283

Investee	Investor	Nature	**2020**	2019	2018
Parent Company	CPI	Shares of stock	**₱2,184,269**	₱2,182,985	₱1,998,078
CLDI	CPI	Shares of stock	**9,086,868**	9,584,779	10,076,762

Dividend declared to	Dividend declared by	**2020**	2019	2018
Parent Company	CLDI	**₱20,791,300**	₱28,277,796	₱18,987,490
CPI	Parent Company	**77,047**	110,066	69,129

27. **Financial Instruments**

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise cash and cash equivalents, short-term and long-term investments, notes receivable and notes payable, and contracts payable. The main purpose of these financial instruments is to finance the Group's operations. The Group's other financial instruments consist of financial assets at fair value through profit or loss and financial assets at FVOCI which are held for investing purposes and investments in trust funds to cover pre-need reserves obligation. The Group has various other financial instruments such as installment contracts receivable, 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 Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group'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 as follows:

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 Group's exposure to the risk for changes in market interest rates relates primarily to the Group's short-term notes payable, all with repriced interest rates.

The Group'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.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates based on forecasted and average movements of interest rates (with all other variables held constant):

	Change in bps	**Effect on Income before Income Tax**
December 31, 2020	**+/-6 bps**	**+/-₱6,548,043**
December 31, 2019	+/-21 bps	+/-₱25,779,662

There is no impact on the Group'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 Group is exposed to equity price risk because of investments held by the Group classified as financial assets at FVOCI/available-for-sale financial assets included under "Other noncurrent asset account" in the consolidated statements of financial position. The Group 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 Group'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	**+/-₱0.20**	**+/-₱129,788**
2019	+/-₱0.20	+/-₱140,984

Credit risk

Credit risk arises when the Group will incur a loss because its buyers, clients or counterparties fail to discharge their obligations. The Group trades only with recognized, creditworthy third parties. It is the Group'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 Group's exposure to bad debts is not significant. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contracts receivable balance and the Group can repossess such real estate properties upon default of the buyer in paying the outstanding balance. The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

The tables below show the Group's exposure to credit risk for the components of the consolidated 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 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	Net exposure	Financial effect of collateral/credit enhancements
Financial assets				
Investments in trust funds	**₱36,504,038**	**₱–**	**₱36,504038**	**₱–**
Cash and cash equivalents, excluding cash on hand	**2,059,376,225**	**–**	**2,059,376,225**	**–**
Short-term investments	**882,239,989**	**–**	**882,239,989**	**–**
Long-term investments	**70,000,000**	**–**	**70,000,000**	**–**
Installment contracts receivable	**53,595,764**	**477,154,431**	**–**	**53,595,764**
Guaranty deposit	**257,150,000**	**–**	**257,150,000**	**–**
Refundable deposits	**12,907,460**	**–**	**12,907,460**	**–**
Other receivables:				
Rent receivable	**15,509,452**	**–**	**15,509,452**	**–**
Advances to customers	**12,770,321**	**–**	**12,770,321**	**–**
Retention	**7,478,912**	**–**	**7,478,912**	**–**
Accrued interest	**7,477,982**	**–**	**7,477,982**	**–**
Others	**1,182,248**	**–**	**1,182,248**	**–**
Contract assets	**1,815,604,625**	**4,550,149,400**	**–**	**1,815,604,625**
Total credit risk exposure	**₱5,231,797,016**	**₱5,027,303,831**	**₱3,362,596,627**	**₱1,869,200,389**

December 31, 2019:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Financial assets				
Investments in trust funds	₱36,750,063	₱–	₱36,750,063	₱–
Cash and cash equivalents, excluding cash on hand	1,933,662,231	–	1,933,662,231	–
Short-term investments	397,950,000	–	397,950,000	–
Long-term investments	395,000,000	–	395,000,000	–
Installment contracts receivable	41,171,092	218,290,695	–	41,171,092
Notes receivable	200,000,000	–	200,000,000	–
Guaranty deposit	257,150,000	–	257,150,000	–
Refundable deposits	14,033,989	–	14,033,989	–
Other receivables:				
Rent receivable	14,299,254	–	14,299,254	–
Accrued interest	14,195,028	–	14,195,028	–
Advances to customers	12,161,246	–	12,161,246	–
Retention	2,842,091	–	2,842,091	–
Others	957,524	–	957,524	–
Contract assets	2,122,155,799	4,947,709,799	–	2,122,155,799
Total credit risk exposure	₱5,442,328,317	₱5,166,000,494	₱3,279,001,426	₱2,163,326,891

The Group 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 Group used historical default rates for the last five years for the installment sales from its buyers and last two years for other receivables. The Group applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Group determined that 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 Group's installment contract receivables, contract assets and other receivables from its buyer.

The Group considers its cash and cash equivalent and short-term and long-term investments as high grade since these are placed in financial institution of high credit standing. Accordingly, ECL relating to cash and cash equivalents and short-term and long-term investment rounds to nil.

The Group 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 and contract assets on which expected credit loss rate was applied:

December 31, 2020:

			Days past due				
	Contract assets	**Current**	**< 30 days**	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Installment contracts receivable	**₱–**	**₱29,285,658**	**₱18,879,832**	**₱1,779,551**	**₱436,918**	**₱3,222,805**	**₱53,595,764**
Contract assets	**1,815,604,625**	**–**	**–**	**–**	**–**	**–**	**1,815,604,625**
Guaranty deposit	**–**	**257,150,000**	**–**	**–**	**–**	**–**	**257,150,000**
Refundable deposits	**–**	**12,907,460**	**–**	**–**	**–**	**–**	**12,907,460**
Other receivables:							
Rent receivable	**–**	**15,509,452**	**–**	**–**	**–**	**–**	**15,509,452**
Advances to customers	**–**	**11,195,240**	**–**	**222,350**	**68,753**	**1,283,888**	**12,770,321**
Retention	**–**	**7,478,912**	**–**	**–**	**–**	**–**	**7,478,912**
Accrued interest	**–**	**7,477,982**	**–**	**–**	**–**	**–**	**7,477,982**
Others	**–**	**1,182,248**	**–**	**–**	**–**	**–**	**1,182,248**
	₱1,815,604,625	**₱336,941,146**	**₱18,879,832**	**₱1,992,901**	**₱505,671**	**₱4,506,693**	**₱2,178,430,868**

December 31, 2019:

	Contract assets	Current	Days past due < 30 days	30-60 days	61-90 days	Over 90 days	Total
Installment contracts receivable	₱–	₱37,552,654	₱2,619,912	₱394,947	₱195,695	₱407,884	₱41,171,092
Contract assets	2,122,155,799	–	–	–	–	–	2,122,155,799
Notes receivable	–	200,000,000	–	–	–	–	200,000,000
Guaranty deposit	–	257,150,000	–	–	–	–	257,150,000
Refundable deposits	–	14,033,989	–	–	–	–	14,033,989
Other receivables:							
Rent receivable	–	14,299,254	–	–	–	–	14,299,254
Accrued interest	–	14,195,028	–	–	–	–	14,195,028
Advances to customers	–	10,595,464	–	102,072	151,084	1,312,626	12,161,246
Retention	–	2,842,091	–	–	–	–	2,842,091
Others	–	957,524	–	–	–	–	957,524
	₱2,122,155,799	₱551,626,004	₱2,619,912	₱497,019	₱346,779	₱1,720,510	₱2,678,966,023

The tables below show the credit quality by class of asset for loan-related consolidated statement of financial position lines based on the Group's credit rating system:

December 31, 2020:

	High Grade*	**Medium Grade****	**Total**
Financial assets			
Investments in trust funds	**₱36,504,038**	**₱–**	**₱36,504,038**
Cash and cash equivalents, excluding cash on hand	**2,059,376,226**	**–**	**2,059,376,226**
Short-term investments	**882,239,989**	**–**	**882,239,989**
Long-term investments	**70,000,000**	**–**	**70,000,000**
Installment contracts receivable	**–**	**53,595,764**	**53,595,764**
Guaranty deposits	**–**	**257,150,000**	**257,150,000**
Refundable deposits	**–**	**12,907,460**	**12,907,460**
Other receivables:			
Rent receivable	**–**	**15,509,452**	**15,509,452**
Advances to customers	**–**	**12,770,321**	**12,770,321**
Retention	**–**	**7,478,912**	**7,478,912**
Accrued interest	**–**	**7,477,982**	**7,477,982**
Advances to condominium corporations	**–**	**942,698**	**942,698**
Others	**–**	**239,550**	**239,550**
Contract assets	**–**	**1,815,604,625**	**1,815,604,625**
Total	**₱3,048,120,253**	**₱2,183,676,764**	**₱5,231,797,017**

**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 of default of counterparties.*

December 31, 2019:

	High Grade*	Medium Grade**	Total
Financial assets			
Investments in trust funds	₱36,750,063	₱–	₱36,750,063
Cash and cash equivalents, excluding cash on hand	1,933,662,231	–	1,933,662,231
Short-term investments	397,950,000	–	397,950,000
Long-term investments	395,000,000	–	395,000,000
Installment contracts receivable	–	41,171,092	41,171,092
Notes receivable	–	200,000,000	200,000,000
Guaranty deposits	–	257,150,000	257,150,000
Refundable deposits	–	14,033,989	14,033,989

(Forward)

	High Grade*	Medium Grade**	Total
Other receivables:			
Rent receivable	₱–	₱14,299,254	₱14,299,254
Accrued interest	–	14,195,028	14,195,028
Advances to customers	–	12,161,246	12,161,246
Retention	–	2,842,091	2,842,091
Advances to condominium corporations	–	634,407	634,407
Others	–	323,117	323,117
Contract assets	–	2,122,155,799	2,122,155,799
Total	₱2,763,362,294	₱2,678,966,023	₱5,442,328,317

**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 of default of counterparties.*

Liquidity risk
Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group'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 consolidated 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 Liabilities						
Accounts payable and accrued expenses*	**₱394,838,533**	**₱925,670**	**₱9,911,207**	**₱99,036**	**₱68,998,145**	**₱474,772,591**
Lease liabilities**	**396,433**	**792,866**	**1,204,423**	**2,469,347**	**6,043,107**	**10,906,176**
Notes payable and contract payable***	**476,086,913**	**582,251,041**	**41,926,954**	**–**	**–**	**1,100,264,908**
	871,321,879	**583,969,577**	**53,042,584**	**2,568,383**	**75,041,252**	**1,585,943,675**
Financial Assets						
Cash and cash equivalents	**1,335,842,200**	**723,550,526**	**–**	**–**	**–**	**2,059,392,726**
Short-term investments	**325,000,000**	**333,500,000**	**223,739,989**	**–**	**–**	**882,239,989**
Long-term investments	**–**	**–**	**–**	**–**	**70,000,000**	**70,000,000**
Installment contracts receivable	**19,466,761**	**1,545,795**	**3,760,005**	**1,950,550**	**26,872,653**	**53,595,764**
Guaranty deposit	**–**	**–**	**–**	**–**	**257,150,000**	**257,150,000**
Refundable deposits	**–**	**–**	**–**	**–**	**12,907,460**	**12,907,460**
Other receivables	**15,690,039**	**8,912,531**	**10,609,900**	**7,761,444**	**1,445,000**	**44,418,914**
Financial assets at FVOCI	**–**	**–**	**–**	**–**	**661,812**	**661,812**
Contract assets	**14,706,404**	**36,182,738**	**54,298,011**	**105,564,794**	**1,604,852,678**	**1,815,604,625**
	1,710,705,404	**1,103,691,590**	**292,407,905**	**115,276,788**	**1,973,889,603**	**5,195,971,290**
Liquidity position	**₱839,383,525**	**₱519,722,013**	**₱239,365,321**	**₱112,708,405**	**₱1,898,848,351**	**₱3,610,027,615**

**Excludes statutory liabilities amounting to ₱ 7,644,468, deferred rent income amounting to ₱47,209,016, rental and customers' deposits amounting to ₱90,130,470, accrued interest amounting to ₱1,146,836 and VAT payable amounting to ₱568,268.*
***Includes forecasted interest expense until the end of lease term amounting to ₱634,342.*
****Includes forecasted interest expense until maturity amounting to ₱17,764,908.*

December 31, 2019:

	1-30 days	31-90 days	91-180 days	181-365 days	Above 1 year	Total
Financial Liabilities						
Accounts payable and accrued expenses*	₱245,378,340	₱576,221	₱48,617,274	₱41,583,658	₱50,013,338	₱386,168,831
Lease liabilities**	223,647	447,294	684,691	1,338,236	4,948,901	7,642,769
Notes payable and contract payable***	580,017,177	635,708,358	23,519,811	–	–	1,239,245,346
	825,619,164	636,731,873	72,821,776	42,921,894	54,962,239	1,633,056,946

(Forward)

	1-30 days	31-90 days	91-180 days	181-365 days	Above 1 year	Total
Financial Liabilities						
Financial Assets						
Cash and cash equivalents	₱1,248,874,231	₱685,000,000	₱–	₱–	₱–	₱1,933,874,231
Short-term investments	49,600,000	133,150,000	215,200,000	–	–	397,950,000
Long-term investments	–	–	–	–	395,000,000	395,000,000
Installment contracts receivable	2,941,927	1,189,149	1,325,940	1,934,285	33,779,791	41,171,092
Notes receivable	–	–	180,000,000	20,000,000	–	200,000,000
Guaranty deposit	–	–	–	–	257,150,000	257,150,000
Refundable deposits	–	–	–	–	14,033,989	14,033,989
Other receivables	14,921,256	15,197,544	5,777,453	7,203,722	1,355,168	44,455,143
Financial assets at FVOCI	–	–	–	–	747,611	747,611
Contract assets	35,099,694	52,517,841	78,730,124	149,178,535	1,806,629,605	2,122,155,799
	1,351,437,108	887,054,534	481,033,517	178,316,542	2,508,696,164	5,406,537,865
Liquidity position	₱525,817,944	₱250,322,661	₱408,211,741	₱135,394,648	₱2,453,733,925	₱3,773,480,919

**Excludes statutory liabilities amounting to ₱8,431,926, deferred rent income amounting to ₱36,516,320, rental and customers' deposits amounting to ₱67,729,323 and accrued interest amounting to ₱2,722,641.*
***Includes forecasted interest expense until the end of lease term amounting to ₱827,419.*
****Includes forecasted interest expense until maturity amounting to ₱43,195,346.*

Fair Values

The following tables provide fair value hierarchy of the Group's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

Date of valuation: December 31, 2020

	Fair value		
	Level 1	**Level 2**	**Level 3**
Assets measured at fair value:			
Investment in trust fund			
Financial assets at FVPL	**₱2,798,882**	**₱–**	**₱–**
Financial assets at FVOCI			
Debt securities	**1,107,422**	**–**	**–**
Equity securities - listed	**716,547**	**–**	**–**
Investment properties	**–**	**–**	**3,999,490**
Financial assets at FVOCI	**661,812**	**–**	**–**
Assets for which fair values are disclosed:			
Investment properties	**–**	**–**	**5,070,374,450**

Date of valuation: December 31, 2019

	Fair value		
	Level 1	Level 2	Level 3
Assets measured at fair value:			
Investment in trust fund			
Financial assets at FVOCI			
Debt securities	₱2,177,271	₱–	₱–
Equity securities - listed	716,126	–	–
Investment properties	–	–	3,999,490
Financial assets at FVOCI	747,611	–	–
Assets for which fair values are disclosed:			
Investment properties	–	–	4,861,351,320

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 and long-term investments, installment contracts receivable, notes receivable, other receivables, accounts payable and accrued expenses and notes and contracts payable
Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term investments, notes receivable, other receivables, accounts payable and accrued expenses and notes and contracts payable approximate their carrying amounts. The fair values of long-term investments, notes receivable and installment contracts receivable approximate their carrying amounts as they carry interest rates that approximate the interest rates 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 properties is based on the market data approach. The value 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 values of the investment properties as of December 31, 2020 and 2019 approximate and represent the highest and best use of the said properties.

28. Capital Management

The primary objective of the Group'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 Group 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 net debt basis. Debt consists of short-term debt. Debt coverage includes short-term debt less cash and cash equivalents, short-term investments and current portion of notes receivable. The Group considers as capital the equity holders of the parent company excluding unrealized fair value changes on financial assets at FVOCI and accumulated re-measurement on defined benefit plan.

As of December 31, 2020 and 2019, the Group has the following ratios:

	2020	2019
Notes and contract payable	**₱1,082,500,000**	₱1,196,050,000
Total equity holders of the Parent Company	**8,006,616,157**	7,645,027,742
Add (less):		
Unrealized fair value changes on FVOCI	**(409,394)**	(1,911,998)
Accumulated re-measurement on defined benefit plan	**18,585,470**	24,124,204
Capital	**₱8,024,792,333**	₱7,667,239,948
Debt-to-capital ratio	**0.13:1**	0.16:1

	2020	2019
Cash and cash equivalents	**₱2,059,392,726**	₱1,933,874,231
Short-term investments	**882,239,989**	397,950,000
Current portion of notes receivable	**–**	200,000,000
Notes and contracts payable	**(1,082,500,000)**	(1,196,050,000)
Current portion of lease liabilities	**(4,443,502)**	(2,289,894)
Debt coverage	**₱1,854,689,213**	₱1,333,484,337

As of December 31, 2020 and 2019, the Group 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 1,427,962,576 shares and 1,359,964,682 shares, respectively, which are approximately 30.88% of the total number of issued and outstanding shares of the Parent Company.

On August 2, 1983, the SEC and PSE approved the listing of the Parent Company’s common shares totaling 10,000,000 shares. The shares were initially issued at an offer price of ₱10.00 per share.

After listing in 1983, there had been subsequent issuances covering a total of 4,393,739,084 shares.

Below is the summary of the Parent Company’s track record of registration of securities with the SEC and PSE as at December 31, 2020:

	Number of Shares Registered	Number of holders of securities as of year end
December 31, 2018	3,938,063,701	661
Add/(Deduct) Movement	465,675,383	(6)
December 31, 2019	4,403,739,084	655
Add/(Deduct) Movement	220,186,596	(4)
December 31, 2020	4,623,925,680	651

29. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	2020	2019	2018
Net income attributable to equity holders of the Parent Company (a)	**₱489,584,727**	₱644,728,822	₱551,499,211
Weighted average number of outstanding shares (b)	**4,623,925,680**	4,403,739,084	4,403,739,084
Basic/diluted earnings per share (a/b)	**₱0.11**	₱0.15	₱0.13

**After retroactive effect of 6.5% and 5% stock dividends in 2019.*

The Group 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.

30. Business Segments

The Group derives its revenues primarily from the sale and lease of real estate properties and its investments in trust funds. 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).

The Group does not have any major buyers and all sales and leases of real estate properties are made to external buyers.

Segment Revenue and Expenses

	2020			
	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Pension Plan Operations**	**Total**
Revenue:				
Sales of real estate	**₱944,115,042**	**₱–**	**₱–**	**₱944,115,042**
Financial income	**425,589,561**	**–**	**458,888**	**426,048,449**
Rent income	**–**	**189,557,315**		**189,557,315**
Other income	**144,428,939**	**–**	**2,335,890**	**146,764,729**
Cost of real estate sales	**566,007,895**	**–**	–	**566,007,895**
Operating expenses:				
Personnel	**169,804,460**	**–**	**854,197**	**170,658,657**
Taxes and licenses	**43,757,399**	**26,172,390**	**225,124**	**70,154,913**
Light, power and water	**28,544,528**	**–**	**(6,870)**	**28,537,658**
Professional fees	**21,617,542**	**–**	**215,000**	**21,832,542**
Depreciation	**3,598,766**	**51,128,207**	**5,578,053**	**60,305,026**
Others	**49,302,015**	**18,679,865**	**6,734,664**	**74,716,544**
Financial expenses	**2,706,660**	**–**	–	**2,706,660**
Provision for (benefit from) income tax	**144,433,898**	**28,073,056**	**(3,763,024)**	**168,743,930**
Net income (loss)	**₱484,340,279**	**₱65,503,797**	**(₱7,042,366)**	**₱542,821,710**

	2019			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Revenue:				
Sales of real estate	₱1,652,825,666	₱–	₱–	₱1,652,825,666
Financial income	511,436,079	–	656,443	512,092,522
Rent income	–	138,326,898	–	138,326,898
Other income	103,453,860	–	867,401	104,321,261
Cost of real estate sales	898,493,584	–	–	898,493,584
Operating expenses:				
Personnel	213,239,615	–	1,177,279	214,416,894
Professional fees	68,776,969	–	210,000	68,986,969
Taxes and licenses	47,459,089	25,818,761	19,152	73,297,002
Light, power and water	26,955,301	–	(2,082)	26,953,219
Depreciation	1,159,753	51,822,764	5,927,535	58,910,052
Others	79,896,963	19,935,933	5,953,648	105,786,544
Financial expenses	17,675,587	–	–	17,675,587
Provision for (benefit from) income tax	200,172,022	12,224,832	(3,490,239)	208,906,615
Net income (loss)	₱713,886,722	₱28,524,608	(₱8,271,449)	₱734,139,881

	2018			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Revenue:				
Sales of real estate	₱1,462,770,043	₱–	₱–	₱1,462,770,043
Financial income	382,413,062	–	427,139	382,840,201
Rent income	–	126,309,736	–	126,309,736
Other income	50,324,065	–	3,674,063	53,998,128
Cost of real estate sales	742,331,601	–	–	742,331,601
Operating expenses:				
Personnel	202,308,723	–	904,648	203,213,371
Professional fees	41,166,350	–	68,297	41,234,647
Taxes and licenses	38,413,261	26,002,465	775,094	65,190,820
Light, power and water	24,537,230	–	(1,213)	24,536,017
Depreciation	3,085,258	56,878,280	6,485,423	66,448,961
Others	94,296,689	13,311,240	4,512,965	112,120,894
Financial expenses	16,740,403	–	–	16,740,403
Provision for (benefit from) income tax	120,291,725	9,035,325	(3,490,985)	125,836,065
Net income (loss)	₱612,335,930	₱21,082,426	(₱5,153,027)	₱628,265,329

Segment Assets and Liabilities

December 31, 2020:

	Sales of Real Estate Properties	**Lease of Real Estate Properties**	**Pension Plan Operations**	**Total**
Total assets	**₱9,442,558,530**	**₱1,936,780,163**	**₱128,914,818**	**₱11,508,253,511**
Total liabilities	**2,300,894,822**	**4,373,606**	**46,968,152**	**2,352,236,580**
Additions to:				
Real estate properties held for future development	**2,629,202**	**–**	**–**	**2,629,202**
Investment properties	**–**	**8,023,684**	**–**	**8,023,684**

December 31, 2019:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Total assets	₱8,993,242,187	₱1,982,744,408	₱131,968,990	₱11,107,955,585
Total liabilities	2,301,553,642	4,373,606	41,533,642	2,347,460,890
Additions to:				
Real estate properties held for future development	2,670,691	–	–	2,670,691
Investment properties	–	7,851,242	–	7,851,242

31. Income Subject to Income Tax Holiday

Registration with the Board of Investments (BOI)
The Group is entitled to ITH for a period of three years from various dates indicated in the registration or actual start of commercial operations, whichever is earlier. The ITH is limited only to revenue generated from the registered project. Revenues from units with selling price exceeding ₱3.00 million shall not be covered by the ITH.

The Group has registered the following Low-Cost Mass Housing Projects with BOI under the Omnibus Investment Code of 1987 (Executive Order No. 226):

Name	Registration No.	ITH Period
CDC		
Pines Peak Tower II	2016-108	June 1, 2016 - May 31, 2019
CLDI		
One Taft Residences	2014-112	January 1, 2016 - December 31, 2018
North Residences	2014-111	September 1, 2014 - August 31, 2017

The Group was able to avail the benefits from ITH entitlement in the whole year of 2018 until May 31, 2019.

32. Contingencies

The Group 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 consolidated financial statements. Hence, no provision was recognized as of December 31, 2020 and 2019.

33. 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 Group'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 Group's financial results for the rest of 2021 and even periods thereafter. As this global problem evolves, the Group will continually adapt and adjust its business model according to the business environment in the areas where the Group operates, in full cooperation with the national and local government units.

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
Cityland Development Corporation
2/F, 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 consolidated financial statements of Cityland Development Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and have issued our report thereon dated March 24, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements taken as a whole.

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
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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
Cityland Development Corporation
2/F, 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 consolidated financial statements of Cityland Development Corporation and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 24, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (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 consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for 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

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

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	₱–	₱60,981,351	₱60,981,351	₱171,062
Cash equivalents				
Amalgamated Investment Bancorporation	–	315,500,000	315,500,000	2,642,303
China Bank Savings	–	–	–	6,646,268
China Trust Bank Corp.	–	–	–	320,030
Citysavings Bank	–	578,300,000	578,300,000	2,517,103
First Metro Investment Corporation	–	–	–	23,104,678
Malayan Bank	–	–	–	1,459,500
Maybank	–	–	–	298,593
Metro-Card	–	–	–	1,523,278
Philippine National Bank	–	516,000,000	516,000,000	1,052,928
Philippine National Bank- Savings	–	–	–	2,306,851
Philippine Savings Bank	–	–	–	1,707,679
Philippine Trust Company	–	193,511,375	193,511,375	17,847,711
Philippine Commercial Capital, Inc.	–	332,000,000	332,000,000	5,705,858
Philippine Veterans Bank	–	–	–	899
UCPB Savings Bank	–	63,100,000	63,100,000	22,193,474
	₱–	**₱2,059,392,726**	**₱2,059,392,726**	**₱89,498,215**

(Forward)

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
Short-term Investments				
Amalgamated Investment Bancorporation	₱–	₱25,300,000	₱25,300,000	₱29,984
Citysavings Bank	–	232,500,000	232,500,000	355,923
First Metro Investment Corporation	–	424,439,989	424,439,989	1,638,045
Philippine Trust Company	–	4,000,000	4,000,000	13,378
UCPB Savings Bank	–	196,000,000	196,000,000	517,371
	₱–	**₱882,239,989**	**₱882,239,989**	**₱2,554,701**
Long-term Investments				
First Metro Investment Corporation	₱–	₱70,000,000	₱70,000,000	₱194,250
	₱–	**₱70,000,000**	**₱70,000,000**	**₱194,250**
Financial Assets at FVOCI				
PLDT Common	84	₱112,560	₱112,560	₱–
Filinvest	1,445	1,618	1,618	–
Union Bank	–	45,410	45,410	–
Empire East	600,602	189,190	189,190	–
Ayala Corp. “B” Preferred	227	227	227	–
Ayala Land “B” Common	75	3,068	3,068	–
Ayala Land “B” Preferred	16,875	1,688	1,688	–
First Holdings B	5,126	394,702	394,702	–
Swift Foods	150	19	19	–
	624,584	**₱748,482**	**₱748,482**	**₱–**

(Forward)

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Investments in Trust Funds	–	₱36,504,038	₱36,504,038	₱–
Installment Contracts Receivable and Contract Assets	–	1,869,200,389	1,869,200,389	320,736,557
Notes Receivable	–	–	–	1,474,222
Guaranty Deposit	–	257,150,000	257,150,000	11,571,750
Refundable Deposit	–	12,907,460	12,907,460	
Others Receivables	–	44,418,915	44,418,915	–
	–	**2,220,180,802**	**2,220,180,802**	**333,782,529**
	624,584	**₱5,232,561,999**	**₱5,232,561,999**	**₱426,029,695**

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	Non-current	Balance at end of period
CLHI	₱1,484,203	₱11,571,750	₱11,571,750	₱–	₱1,484,203	₱–	₱1,484,203

Schedule C. Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
CLDI (subsidiary)	₱285,978	₱100,138	₱100,138	₱–	₱285,978	₱–	₱285,978
CPI (subsidiary)	150,000	357,791	357,191	–	150,000	–	150,000

Parent Company's transactions with CLDI and CPI are eliminated in the consolidated financial statements.

Schedule D. Intangible Assets - Other Assets

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
		Not Applicable. The Group has no intangible assets.				

Schedule E. 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 Group has no long-term debt.		

Schedule F. Indebtedness to Related Parties

Name of related parties	Balance at beginning of period	Balance at end of period
Key management personnel	₱48,079,977	₱12,149,919
Ultimate parent (CI)	3,438,858	4,469,938

Schedule G. 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 Group has no guarantees of securities of other issuers.			

Schedule H. 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 of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock – P1 par value	5,000,000,000	4,623,925,680 (net of 1,937,947 treasury shares)	–	2,359,782,078	836,181,026	1,427,962,576

SCHEDULE II

CITYLAND DEVELOPMENT CORPORATION

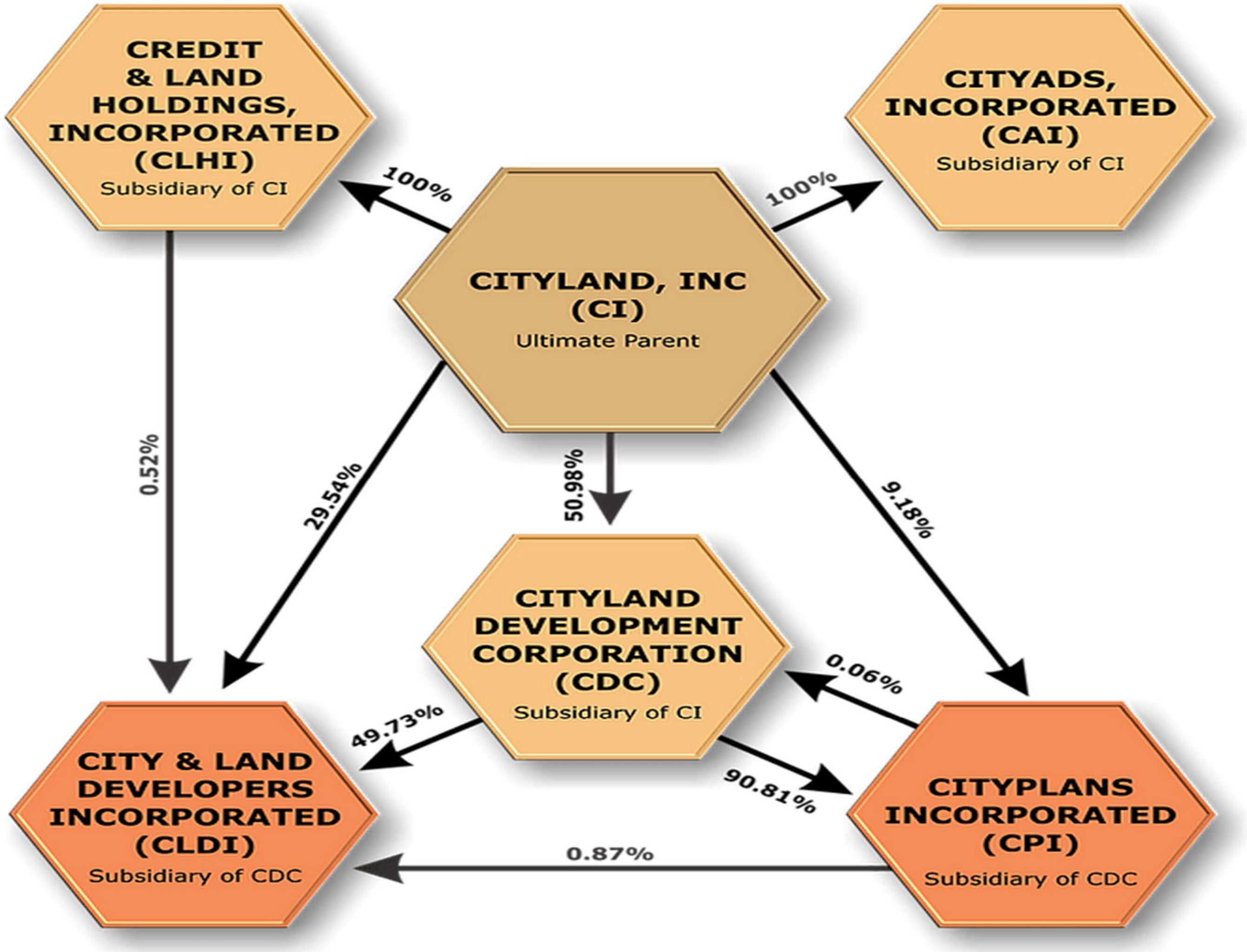
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2020

Retained earnings, beginning	₱2,101,700,317
Deemed cost adjustment on real estate properties, net of tax	(103,348,657)
Treasury shares	(28,524,728)
Fair value adjustment arising from repossessed inventories, net of tax	(16,087,003)
Deferred income tax assets, beginning	(36,479,417)
Retained earnings, as adjusted to available for dividends declaration, beginning	1,917,260,512
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	448,773,965
Movement in deferred income tax assets	19,181,112
Fair value adjustment arising from repossessed inventories	(7,503,551)
Realized deemed cost adjustments on real estate properties	1,196,218
	461,647,744
Less: Dividends declared during the year	
Stock dividends	220,186,596
Cash dividends	132,112,173
Fractional shares	358
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	(3,039)
	352,296,088
Retained earnings available for dividends declaration, end	₱2,026,612,168

SCHEDULE III

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



SCHEDULE IV

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Financial Ratios	December 31		
	2020	2019	2018
Current	3.70	3.08	2.80
Asset-to-equity	1.43	1.45	1.47
Debt-to-equity	0.13	0.16	0.19
Asset-to-liability	4.89	4.73	4.56
Solvency	0.26	0.34	0.30
Interest rate coverage	405.88	65.49	55.06
Acid-test	1.83	1. 62	1.67
Net profit margin	31.81%	30.49%	31.01%
Return on equity (%)	6.11%	8.43%	7.67%
Return on asset (%)	4.72%	6.61%	5.95%
Basic/Diluted earnings per share*	₱0.11	₱0.15	₱0.13

**After retroactive effect of 6.5% and 5% stock dividends in 2019.*

Manner of Calculations:

Current ratio = Total Current Assets / Total Current Liabilities

Asset-to-equity ratio = $\dfrac{\text{Total Assets}}{\text{Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$

Debt-to-equity ratio = $\dfrac{\text{Notes and Contracts Payable}}{\text{Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$

Asset-to-liability ratio = Total Assets / Total Liabilities

Solvency ratio = $\dfrac{\text{Net Income after Tax + Depreciation Expense}}{\text{Total Liabilities}}$

Interest rate coverage ratio = $\dfrac{\text{Net Income Before Tax + Depreciation Expense + Interest Expense}}{\text{Interest Expense}}$

Acid-test ratio = $\dfrac{\text{Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, Current Notes Receivable, current + Other Receivables, current}}{\text{Total Current Liabilities}}$

Net profit margin = $\dfrac{\text{Net Income after Tax}}{\text{Total Revenue}}$

$$\text{Return on equity ratio} = \frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$$

$$\text{Return on assets ratio} = \frac{\text{Net Income after Tax}}{\text{Total Asset}}$$

$$\text{Basic/Diluted earnings per share} = \frac{\text{Net income after Tax}}{\text{Outstanding number of shares}}$$

CITYLAND DEVELOPMENT CORPORATION

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2020

SEC-MSRD Order No. 39, Series of 2019 dated October 23, 2019

A. As stated in the Final Prospectus (October 23, 2019 to October 23, 2020)

Gross Proceeds		**₱1,400,000,000**
Less: Expenses		
Documentary Stamps Tax	₱10,500,000	
Registration Fees	732,250	
Printing Costs	70,000	
Legal and Accounting Fees	30,000	
Publication Fees	30,000	11,362,250
Net Proceeds		**1,388,637,750**
Use of Proceeds		
Project-related Costs		₱850,800,000
Payment of Maturing Notes		481,977,750
Interest Expense		55,860,000
Total		**₱1,388,637,750**

B. Use of Proceeds (October 23, 2019 to October 23, 2020)

Total Gross Proceeds as of December 31, 2020		**₱4,456,750,000**
Less: Expenses		
Documentary Stamps Tax	₱6,594,708	
Registration Fees	732,250	
Printing Costs	59,000	
Publication Fees	30,000	
Legal and Accounting Fees	30,000	7,445,958
Total Net Proceeds		**4,449,304,042**
Less: Use of Proceeds		
Payment of Maturing Notes	₱3,660,226,849	
Project-related Costs	783,997,847	
Interest Expense	5,079,346	4,449,304,042
Balance of Proceeds as of December 31, 2020		**₱–**

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2020

SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020
A. As stated in the Final Prospectus (October 28, 2020 to October 28, 2021)

Gross Proceeds		**₱1,400,000,000**
Less: Expenses		
Documentary Stamps Tax	₱10,500,000	
Registration Fees	732,250	
Printing Costs	70,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	11,395,550
Net Proceeds		**1,388,604,450**
Use of Proceeds		
Project-related Costs		₱883,100,000
Payment of Maturing Notes		485,870,850
Interest Expense		19,633,600
Total		**₱1,388,604,450**

B. Use of Proceeds (October 28, 2020 to December 31, 2020)

Total Gross Proceeds as of December 31, 2020		**₱871,700,000**
Less: Expenses		
Documentary Stamps Tax	₱1,375,829	
Registration Fees	732,250	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	
Printing Costs	10,850	2,212,229
Total Net Proceeds		**869,487,771**
Less: Use of Proceeds		
Payment of Maturing Notes	₱628,395,169	
Project-related Costs	238,779,786	
Interest Expense	2,312,816	869,487,771
Balance of Proceeds as of December 31, 2020		**₱–**

C. Outstanding Commercial Papers as of December 31, 2020

SEC-MSRD Order No. 39, Series of 2019 dated October 23, 2019	₱215,850,000
SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020	866,650,000
TOTAL	**₱1,082,500,000**

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

7	7	8	2	3						

COMPANY NAME

CITYLAND DEVELOPMENT
CORPORATION AND SUBSIDIARIES

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

2/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
cdc_rg@cityland.net	8-893-6060	0968-545-1452

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
652 (as of March 31, 2021)	1st 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.*

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 **77823** 3. BIR Tax Identification No. **000-527-103**

4. **CITYLAND DEVELOPMENT CORPORATION**
Exact name of issuer as specified in its charter

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

6. (Use Only)
Industry Classification Code

7. **2/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City** **1226**
Address of Principal Office Postal Code

8. **(632)-8-893-60-60**
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	**4,623,925,680** **(net of 1,937,947 treasury shares)**

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 SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (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 to the financial statements of Cityland Development Corporation and subsidiaries (the Group) are filed as part of this form (pages 11 to 86).

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

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, Cityland Development Corporation and its subsidiaries (the Group) 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 2021which 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 Group 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 Group will continually adapt and adjust its business model according to the business environment in the areas where the Group operates, in full cooperation with the national and local government units.

Cityland Development Corporation (CDC or the Company) is selling the following projects as of March 31, 2021:

Pioneer Heights 1 is a 24-storey office, commercial and residential condominium located at Pioneer St., Barangay Highway Hills, Mandaluyong City which was launched last August 2018 and estimated to be completed in December 2023.

101 Xavierville is a 40-storey commercial and residential condominium located along Xavierville Avenue, Loyola Heights, Quezon City which was launched last April 2018 and estimated to be completed in February 2024.

Pines Peak Tower I, a 27-storey residential condominium located at Union corner Pines St., central business district of Mandaluyong.

Pines Peak Tower II, a 27-storey residential condominium located at Union corner Pines St., central business district of Mandaluyong was launched last June 2016 and turned over last May 2019.

Grand Central Residences, a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., Mandaluyong City.

Makati Executive Tower III, a 37-storey office, commercial and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar Makati City.

Buildings for lease

CityNet Central, a 22-storey commercial and Philippine Economic Zone Authority (PEZA)-registered building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with proximity to MRT station and various transportation hubs.

CityNet1, a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City. The said building for lease is also registered with PEZA.

Also the Company's subsidiary, City & Land Developers, Incorporated (CLDI), is selling the following projects:

One Taft Residences, a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. The project was launched last October 2016 and is estimated to be completed in September 2022.

North Residences, a 29-storey commercial and residential condominium located in EDSA (beside Waltermart) corner Lanutan, Brgy. Veterans Village, Quezon City was launched in October 2014. The project was turned over in March 2018.

The Parent Company and CLDI have a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources of liquidity come from sales of condominiums and real estate projects, rental income from leased properties, collection of installment receivables and contract assets, maturing short-term investments and notes receivable while external sources come from SEC-registered commercial papers.

The estimated development cost of ₱432.56 million as of March 31, 2021 representing the cost to complete the development of real estate projects sold will be sourced through:

a) Sales of condominium and real estate projects;
b) Collection of installment contracts receivable and contract assets;
c) Maturing short-term investments and notes receivable; and
d) Issuance of SEC-registered commercial papers.

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

The Group's balance sheet as of March 31, 2021 remained solid with total assets of ₱11.79 billion, slightly higher by 2.45% as compared to the total assets as of December 31, 2020 of ₱11.51 billion. The increase is substantially attributed to the increase in cash and cash equivalents brought about by collections from clients. Real estate properties for sale and prepaid tax also increased as of March 31, 2021. Aside from the foregoing, funds were used in the construction of the Group's ongoing projects - Pioneer Heights I, 101 Xavierville and One Taft Residences, which also caused the increase in real estate properties for sale. Excess funds were shifted to cash and cash equivalents in order to maintain liquidity. The financial position remained stable as total of cash and cash equivalents and short-term investments stood at ₱3.17 billion and ₱2.94 billion as of March 31, 2021 and December 31, 2020, respectively.

On the liabilities side, total liabilities increased by 13.65% from ₱2.21 billion as of March 31, 2020 to ₱2.51 billion as of March 31, 2021. This was primarily due to accrual of development costs and issuance of notes payable.

Total equity as of March 31, 2021 stood at ₱9.28 billion from ₱9.16 billion as of December 31, 2020, slightly higher by 1.36% due to comprehensive income of ₱121.36 million.

As a result of the foregoing, the Group registered a current and acid test ratio of 3.17:1 and 1.54:1, respectively as of the first quarter of 2021, as compared to 3.70:1 and 1.83:1, respectively as of December 31, 2020. Asset-to-liability and debt-to-equity remained stable at 4.70:1 and 0.14:1, respectively as of March 31, 2021 compared to 4.89 and 0.13, respectively as of December 31, 2020.

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

Sales of real estate properties reached ₱371.95 million as compared to the previous year's sales of ₱275.74 million. The increase in sales amount by 34.89% 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).

Total sales of the Group was substantially generated from CDC reaching ₱257.87 million which is equivalent to 69.33% of the Group's sales. The Group has been applying the percentage of completion its revenue recognition and therefore aside from the current year's sales, additional revenues of prior year's sales were also recognized based on percentage of completion. Sales from CDC's projects – Pioneer Heights 1 and 101 Xavierville contributed 48.39% and 10.74%, respectively of the Group's sales as of March 31, 2021.

Further, one of the Company's subsidiaries, CLDI, contributed 30.67% of the total sales of real estate properties. Sales of CLDI reached ₱114.09 million as of March 31, 2021 as compared to the same period last year of ₱61.35 million. Sales for the quarter were driven from sales of real estate properties of One Taft Residences and North Residences.

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, short-term investments, notes receivable and guaranty deposits contributed 19.11% of total revenues. Likewise, rent income grew by 3.85% from ₱46.00 million to ₱47.77 million of the same period last year. Rent income significantly came from the lease operations of CityNet Central, CityNet1 and other properties which were held for lease. Other income - net, on the other hand, were primarily from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Revenue contribution of this account decreased by 10.34%, amounting to ₱25.05 million as of March 31, 2021 from ₱27.93 million for the quarter ended March 31, 2020.

On the cost side, cost of real estate sales increased due to the increase in percentage of completion, while operating expenses decreased due to lower taxes and licenses, professional fees, light, power and water and brokers' commission. Financial expenses likewise decreased due to lower interest expense on notes payable.

As a result of the foregoing, the Group ended March 31, 2021 with a net income of ₱122.83 million, lower by 14.07% compared to the same period last year of ₱142.94 million. This translated to annualized earnings per share and return on equity of ₱0.10 and 5.38% as compared to the previous year of ₱0.12 and 6.72%, respectively.

Financial Ratios

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2020 (Unaudited)
Current	**3.17**	3.70	3.43
Asset-to-equity	**1.45**	1.43	1.42
Debt-to-equity	**0.14**	0.13	0.14
Asset-to-liability	**4.70**	4.89	5.03
Solvency	**0.25**	0.26	0.29
Interest rate coverage	**304.66**	405.88	152.44
Acid-test	**1.54**	1.83	1.81
Net profit margin	**22.38%**	31.81%	29.92%
Return on equity (%)*	**5.38%**	6.11%	6.72%
Return on asset (%)*	**4.17%**	4.72 %	5.15%
Basic/Diluted earnings per share*	₱0.10	₱0.11	₱0.12**

**Annualized for the period of March 31, 2021 and March 31, 2020*
***After retroactive effect of stock dividends.*

Manner of Calculations:

Current ratio = Total Current Assets / Total Current Liabilities

Asset-to-equity ratio = $\dfrac{\text{Total Assets}}{\text{Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$

Debt-to-equity ratio = $\dfrac{\text{Notes Payable}}{\text{Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$

Asset-to-liability ratio = Total Assets / Total Liabilities

Solvency ratio = $\dfrac{\text{Net Income after Tax + Depreciation Expense}}{\text{Total Liabilities}}$

Interest rate coverage ratio = $\dfrac{\text{Net Income Before Tax + Depreciation Expense + Interest Expense}}{\text{Interest Expense}}$

Acid-test ratio = $\dfrac{\text{Cash and Cash Equivalents + Short-term Investments + Installment Contracts Receivable, current + Contract Assets, Current Notes Receivable, current + Other Receivables, current}}{\text{Total Current Liabilities}}$

Net profit margin = $\dfrac{\text{Net Income after Tax}}{\text{Total Revenue}}$

Return on equity ratio	=	$\dfrac{\text{Net Income after Tax}}{\text{Equity}}$
Return on assets ratio	=	$\dfrac{\text{Net Income after Tax}}{\text{Total Asset}}$
Basic/Diluted earnings per share	=	$\dfrac{\text{Net income after Tax}}{\text{Outstanding number of shares}}$

Any issuances, repurchases, and repayments of debt and equity securities

Debt securities
The Parent Company issued SEC-Registered Commercial Papers during the period with outstanding balance of ₱1,151.95 million as of March 31, 2021.

Equity securities
There are no issuances, repurchases and repayments of equity securities during the first quarter of 2021.

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 Group's liquidity was slightly affected due to challenges posed by the pandemic.

Any unusual items affecting assets, liabilities, equity, net income or cash flows in the current interim financial statements

There are no unusual items affecting assets, liabilities, equity and net income or cash flows in the current interim financial statements.

Any significant changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior year financial years that have a material effect in the current interim period

There are no significant changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior year financial years that have a material effect in the current interim period.

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.

Effects 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 significant effects 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.

Changes in contingent liabilities or contingent assets since the last balance sheet date

There are no contingent liabilities or contingent assets recorded since the last balance sheet date.

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 are 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 Registrant's Financial Statements

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

1. Increase in Cash and Cash Equivalents was substantially due to shift of funds to shorter period investments, collection of installment contracts receivable, contract assets and other receivables.
2. Decrease in Short-term Investments was due to shift to shorter period investments.
3. Decrease in Installment Contract Receivables was due to collection from clients.
4. Decrease in Contract Assets was due to was due to collections.

5. 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.
6. Decrease in Other Receivables was substantially due to collection of retention and advances to customers.
7. Increase in Prepaid Tax was due to the reduction of income tax rate as an impact of the CREATE Act.
8. Increase in Real Estate Properties for Sale was primarily due to construction/development costs incurred, transfer from real estate properties held for future development and forfeitures of real estate properties.
9. Increase in Investments in Trust Fund was due to appraisal increase of properties held in trust.
10. Decrease in Real Estate Properties Held for Future Development was due to reclassification to real estate properties for sale.
11. Decrease in Investment Properties was due to depreciation recognized on the buildings for lease.
12. Decrease in Property and Equipment was due recognition of depreciation expense.
13. Decrease in Other Assets was due to utilization of input VAT and prepaid asset.
14. Increase in Accounts Payable and Accrued Expenses pertains to the increase in accrued development costs.
15. Decrease in Contract Liabilities was due to increase in percentage of completion of the Group’s on-going projects.
16. Increase in Notes Payable was due to proceeds from issuance of notes payable.
17. Decrease in Income Tax Payable was due to reduction of tax rate as effect of the implementation of CREATE Act which was effective July 1, 2020.
18. Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plan.
19. Decrease in Deferred Income Tax Liabilities - net was due to remeasurement as impact of the change in tax rate.
20. Decrease in Accumulated Re-measurement Loss on Defined Benefit Plan - net of deferred income tax effect was due to the remeasurement of the deferred income tax as result of the reduction in tax rate.
21. Increase in Retained Earnings was due to net income recognized as of March 31, 2021.
22. Increase in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.
23. Increase in Non-Controlling Interest was due to net income of subsidiaries.

<u>Results of Operation (March 31, 2021 vs March 31, 2020)</u>

1. 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)
2. Decrease in Financial Income was due to lower interest income from installment contracts receivables, contract assets, cash equivalents, short-term and long-term investments and notes receivable.
3. Increase in Rent Income was due to rentals earned from the buildings for lease, CityNet 1 and CityNet Central, and additional long-term lease contracts entered by the Group.
4. Decrease in Other Income - net was due to the higher loss on forfeited units as of March 31, 2021.
5. Increase in Cost of Real Estate Sales was due to increase in percentage of completion as this also moves in tandem with sales.

6. Decrease in Operating Expenses was significantly due to decrease in brokers' commission, taxes and licenses, professional fees and light, power and water expenses.
7. Decrease in Financial Expenses was substantially due to interest expense on notes payable.
8. Decrease in Provision for Income Tax was due to lower tax rate as an effect of the approval of CREATE Act. The said Act was effective July 1, 2020.
9. Decrease in Net Income was due to the significant increase in cost of real estate sales.
10. Increase in Remeasurement Loss reflected in other comprehensive income was due to the remeasurement of deferred income tax assets/liabilities using the new income tax rate.

Any seasonal aspects that had a material effect on the financial condition and results of operation

There were 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 Group's unaudited interim consolidated 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 consolidated financial statements. However, the unaudited interim consolidated financial statements as of March 31, 2021 do not include all of the information and disclosures required in the annual audited consolidated financial statements and therefore, should be read in conjunction with the annual audited consolidated 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: **CITYLAND DEVELOPMENT CORPORATION**

______________ Date: May 14, 2021	______________ Date: May 14, 2021
Josef C. Gohoc	Rudy Go
President / Director	*Senior Vice President / Compliance Officer*

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of	
	March 31, 2021 UNAUDITED	December 31, 2020 AUDITED
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,585,968,429**	₱2,059,392,726
Short-term investments (Note 4)	**583,039,989**	882,239,989
Current portion of:		
Installment contracts receivable (Note 6)	**20,284,483**	26,723,111
Contract assets (Note 6)	**76,568,162**	210,751,947
Cost to obtain contract (Note 6)	**12,912,483**	12,049,953
Other receivables (Note 8)	**39,174,218**	42,973,915
Prepaid tax	**4,992,427**	–
Real estate properties for sale (Note 9)	**3,440,124,141**	3,231,255,891
Current portion of investments in trust funds (Note 5)	**7,230,888**	7,230,888
Other current assets (Note 13)	**23,677,024**	31,834,141
Total Current Assets	**6,793,972,244**	6,504,452,561
Noncurrent Assets		
Installment contracts receivable - net of current portion (Note 6)	**24,723,490**	26,872,653
Long-term investments (Note 4)	**70,000,000**	70,000,000
Contract assets - net of current portion (Note 6)	**1,647,701,018**	1,604,852,678
Cost to obtain contract - net of current portion (Note 6)	**17,056,999**	20,026,691
Other receivables - net of current portion (Note 8)	**2,703,957**	1,445,000
Investments in trust funds - net of current portion (Note 5)	**30,229,766**	29,273,150
Real estate properties held for future development (Note 10)	**893,992,022**	921,382,869
Investment properties (Note 11)	**1,920,101,264**	1,936,780,163
Property and equipment (Note 12)	**67,493,088**	71,714,081
Net retirement plan assets (Note 24)	**12,842,276**	12,842,276
Other noncurrent assets (Note 13)	**309,277,261**	308,611,389
Total Noncurrent Assets	**4,996,121,141**	5,003,800,950
TOTAL ASSETS	**₱11,790,093,385**	₱11,508,253,511

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	**₱575,964,682**	₱440,890,618
Current portion of contract liabilities (Note 6)	**244,697,043**	219,508,361
Notes payable (Note 15)	**1,151,950,000**	1,082,500,000
Income tax payable	–	11,967,479
Current portion of pre-need and other reserves (Note 5)	**3,716,746**	3,716,746
Total Current Liabilities	**1,976,328,471**	1,758,583,204

(Forward)

	As of	
	March 31, 2021 UNAUDITED	December 31, 2020 AUDITED
Noncurrent Liabilities		
Accounts payable and accrued expenses - net of current portion (Note 14)	**₱165,131,476**	₱190,852,866
Contract liabilities - net of current portion (Note 6) /	**266,729,862**	292,929,050
Pre-need and other reserves - net of current portion (Note 5)	**36,732,780**	37,762,619
Net retirement benefits liability (Note 24)	**3,949,772**	3,949,772
Deferred income tax liabilities - net (Note 25)	**60,764,529**	68,159,069
Total Noncurrent Liabilities	**533,308,419**	593,653,376
Total Liabilities	**₱2,509,636,890**	₱2,352,236,580
Equity		
Attributable to Equity Holders of the Parent Company		
Capital stock - ₱1.00 par value (Note 16)		
Authorized - 5,000,000,000 shares as of March 31, 2021 and December 31, 2020		
Issued - 4,405,677,031 shares held by 652 and 651 equity holders as of March 31, 2021 and December 31, 2020, respectively	**₱4,625,863,627**	₱4,625,863,627
Additional paid-in capital	**7,277,651**	7,277,651
Unrealized fair value changes on financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	**489,041**	409,394
Accumulated re-measurement loss on defined benefit plan - net of deferred income tax effect (Note 24)	**(17,274,081)**	(18,585,470)
Retained earnings (Note 16)	**3,532,200,040**	3,423,080,529
Treasury stock - at cost (Note 16)	**(31,429,574)**	(31,429,574)
	8,117,126,704	8,006,616,157
Non-controlling interests (Note 17)	**1,163,329,791**	1,149,400,774
Total Equity	**9,280,456,495**	**9,156,016,931**
TOTAL LIABILITIES AND EQUITY	**₱11,790,093,385**	₱11,508,253,511

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	UNAUDITED FOR THE3-MONTH ENDED	
	March 31, 2021	March 31, 2020
REVENUE		
Sales of real estate properties (Note 6)	**₱371,952,692**	₱275,739,072
Financial income (Note 21)	**105,050,377**	117,487,566
Rent income (Note 11)	**47,773,057**	46,002,086
Other income (Note 23)	**25,047,282**	27,934,829
	549,823,408	467,163,553
COST AND EXPENSES		
Cost of real estate sales (Note 9)	**283,929,322**	141,387,812
Operating expenses (Note 18)	**136,271,942**	141,251,716
Financial expenses (Note 22)	**704,719**	1,660,508
	420,905,983	294,903,329
INCOME BEFORE INCOME TAX	**128,917,425**	182,863,517
PROVISION FOR INCOME TAX (Note 25)	**6,084,566**	39,922,626
NET INCOME	**₱122,832,859**	₱142,940,891
Attributable to:		
Equity holders of the Parent Company	**₱109,119,511**	₱130,596,550
Non-controlling interests	**13,701,449**	12,344,341
	₱122,832,860	₱142,940,891
BASIC/DILUTED EARNINGS PER SHARE (Note 28)	**₱0.02**	₱0.03

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	UNAUDITED FOR THE 3-MONTH ENDING	
	March 31, 2020	March 31, 2019
NET INCOME	**₱122,832,859**	₱142,940,891
OTHER COMPREHENSIVE INCOME (LOSS)		
Not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at FVOCI (Note 13)	**67,749**	(1,632,460)
Remeasurement loss due to change in tax rate (Note 25)	**(1,538,957)**	–
	(1,471,208)	(1,632,460)
TOTAL COMPREHENSIVE INCOME	**₱121,361,651**	₱141,308,431
Attributable to:		
Equity holders of the Parent Company	**₱107,432,634**	₱129,071,802
Non-controlling interests	**13,929,017**	12,236,629
	₱121,361,651	₱141,308,431

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 16)	Additional Paid-in Capital	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan – Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Subtotal	Non-controlling Interests	Total
BALANCES AT JANUARY 1, 2021	**₱4,625,863,627**	**₱7,277,651**	**₱409,394**	**(₱18,585,470)**	**₱3,423,080,529**	**(₱31,429,574)**	**₱8,006,616,157**	**₱1,149,400,774**	**₱9,156,016,931**
Net income	–	–	–	–	**109,119,511**	–	**109,119,511**	**13,713,349**	**122,832,860**
Other comprehensive income (loss)	–	–	**79,647**	–	–	–	**79,647**	**(11,900)**	**67,747**
Remeasurement loss due to change in tax rate	–	–	–	**1,311,389**	–	–	**1,311,389**	**227,568**	**1,538,957**
BALANCES AT MARCH 31, 2021	**₱4,625,863,627**	**₱7,277,651**	**₱489,041**	**(₱17,274,081)**	**₱3,532,200,040**	**(₱31,429,574)**	**₱8,117,126,704**	**1,163,329,791**	**9,280,456,495**

	Capital Stock (Note 16)	Additional Paid-in Capital	Unrealized Fair Value Changes on Financial Assets at FVOCI (Note 13)	Accumulated Re-measurement Loss on Defined Benefit Plan – Net of Deferred Income Tax Effect (Note 24)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Subtotal	Non-controlling Interests	Total
BALANCES AT JANUARY 1, 2020	**₱4,405,677,031**	**₱7,277,651**	**₱1,911,998**	**(₱24,124,204)**	₱3,285,714,840	(₱31,429,574)	**₱7,645,027,742**	**₱1,115,466,953**	**₱8,760,494,695**
Net income	–	–	–	–	130,596,550	–	**130,596,550**	**12,344,341**	**142,940,891**
Other comprehensive income (loss)	–	–	**(1,524,749)**	–	–	–	**(1,524,749)**	**(107,712)**	**(1,632,461)**
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation (Note 25)	–	–	–	–	3,043	–	**3,043**	–	**3,043**
BALANCES AT MARCH 31, 2020	**₱4,405,677,031**	**₱7,277,651**	**₱387,249**	**(₱24,124,204)**	₱3,416,314,433	(₱31,429,574)	**₱7,774,102,586**	**₱1,127,703,582**	**₱8,901,806,168**

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	UNAUDITED	UNAUDITED
	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱128,917,425**	₱182,863,517
Adjustments for:		
Interest income (Note 21)	**(105,050,377)**	(117,487,566)
Depreciation (Note 20)	**15,066,362**	14,907,140
Interest expense - net of amounts capitalized (Note 22)	**349,994**	1,153,272
Trust fund income (Notes 5 and 23)	**(861,835)**	(523,425)
Interest expense - lease liabilities (Note 22)	**124,175**	152,686
Gain on sale of shares of stock (Note 13 and 23)	–	(32,660)
Operating income before working capital changes	**38,545,744**	81,032,964
Decrease (increase) in:		
Installment contracts receivable (Note 6)	**8,587,791**	(14,721,341)
Contract assets (Note 6)	**91,335,445**	50,895,190
Cost to obtain contract (Note 6)	**2,107,162**	(1,223,090)
Other receivables (Note 8)	**2,791,121**	(505,726)
Real estate properties for sale (Note 9)	**(156,758,603)**	(20,526,338)
Real estate properties held for future development (Note 10)	**(24,718,800)**	(944,671)
Deposits and others	**7,464,215**	9,131,506
Increase (decrease) in:		
Accounts payable and accrued expenses (Note 14)	**110,280,573**	(69,959,612)
Contract liabilities (Note 6)	**(1,010,506)**	59,270,733
Pre-need and other reserves	**(1,029,839)**	(1,236,242)
Cash generated from (used in) operations	**77,594,303**	**91,213,373**
Interest received	**104,799,996**	**121,052,527**
Income taxes paid, including creditable and final withholding taxes	**(28,900,057)**	**(32,469,537)**
Net cash flows from operating activities	**153,494,242**	179,796,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from matured (purchase of):		
Investments (Note 4)	**299,200,000**	(85,749,067)
Adjustments (Additions) to:		
Investment properties (Note 11)	**3,431,547**	(6,787,328)
Property and equipment (Note 12)	**2,401,982**	(6,785,714)
Proceeds from sale of shares of stock (Note 13)	–	48,644
Net cash flows from (used in) investing activities	**305,033,529**	(99,273,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable (Note 15)	**1,389,750,000**	1,167,900,000
Payments of notes payable (Note 15)	**(1,320,300,000)**	(1,311,050,000)
Interest paid (Notes 14 and 15)	**(212,769)**	(1,136,589)
Payment of lease liabilities (Note 14)	**(1,189,299)**	(989,014)
Net cash flows used in financing activities	**68,047,932**	(145,275,603)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**526,575,703**	(64,752,705)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,059,392,726**	1,933,874,231
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱2,585,968,429**	1,869,121,526

See accompanying Notes to Consolidated Financial Statements.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Cityland Development Corporation (the Parent Company) was incorporated in the Philippines on January 31, 1978. It has two subsidiaries, Cityplans, Incorporated (CPI) and City & Land Developers, Incorporated (CLDI), a publicly listed company, which are all incorporated and domiciled in the Philippines. The primary purpose of the Parent Company and CLDI is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate. CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans. The Parent Company is 50.98%-owned by Cityland, Inc. (CI), the ultimate parent company incorporated in the Philippines, which also prepares consolidated financial statements.

The Parent Company's registered office and principal place of business is 2/F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Makati City.

On May 14, 2021, the Audit and Risk Committee approved and authorized the issuance of the accompanying unaudited consolidated financial statements of the Parent Company and its subsidiaries (the Group).

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI), available-for-sale financial assets and investment properties included in the investments in trust funds account, that have been measured at fair values. These consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company's functional currency, and rounded to the nearest Peso except when otherwise indicated.

The consolidated financial statements have been prepared under the going concern assumption. The Group 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 Group'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 Group 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 Group shall also disclose information about:
    - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
    - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. These amendments will affect the Group if it will enter into hedge transaction in the future. As of March 31, 2021, the Group 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 Group did not enter into any business combination. These amendments may impact future periods should the Group 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 Group 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 consolidated financial statements of, nor is there expected to be any future impact to the Group.

- *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 consolidated 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.

  Group as Lessee
  The Group adopted the amendments beginning January 1, 2020. Adoption of these amendments for rent concessions on office space has no significant impact for the year ended December 31, 2020.

  Group as Lessor
  Modifications to operating lease terms and conditions on contracts wherein the Group 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 Group 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 consolidated 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 Group'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 Group does not expect significant impact on its consolidated 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 Group'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 Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

This adjustment should have been applied retrospectively and would have resulted to restatement of prior year consolidated 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.

Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

The percentage of ownership of the Parent Company in these subsidiaries as of March 31, 2021 and December 31, 2020 are as follows:

	Percentage of Ownership	Nature of Activity
CPI	90.81	Pre-need pension plans
CLDI	49.73	Real estate

The registered office and principal place of business of CLDI is 3/F Cityland Condominium 10 Tower I, 156 H. V. Dela Costa Street, Makati City. On the other hand, the registered office and principal address of CPI is at 3/F Cityland Condominium 10, Tower 2, 154 H.V. Dela Costa St., Salcedo Village, Makati City.

A subsidiary is an entity that is controlled by the Group. The Group controls an investee if, and only if, the Group has:

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

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

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Parent Company's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill, if any), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests
Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position, separate from the Parent Company's equity.

Current versus Noncurrent Classification
The Group presents assets and liabilities in consolidated statement 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 Group 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 and Long-term Investments
Short-term investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition. Long-term investments pertain to bond investments that have maturities of more than one year from the 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 Group.

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level 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, FVOCI, and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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 Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group 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 Group. The Group 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.

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

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

The Group's financial assets at amortized cost includes cash, short-term and long-term investments, installment contracts receivable, contract assets, other receivables (except advances to contractors) and deposits under "Other noncurrent assets".

Financial assets at FVOCI (debt instruments)
The Group measures debt instruments at fair value through OCI 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) Selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated 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.

As of March 31, 2021 and December 31, 2020, the Group's investment in trust fund has debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated 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 consolidated statement of income when the right of payment has been established, except when the Group 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. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category (Note 13).

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 consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

The Group's investments in trust fund have financial assets at fair value through profit or loss as of March 31, 2021 and December 31, 2020.

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 consolidated statement of financial position) when:

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

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

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

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

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

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

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

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 Group's financial liabilities include accounts payable, accrued expenses, notes and contracts payable.

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 consolidated 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 Group 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 Group. 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 consolidated statement of income.

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

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

c. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Investments in Trust Funds
The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PAS and PFRSs and their interpretations.

Investments in trust funds are restricted to cover the Group's pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the consolidated statement of financial position.

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 Group 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", respectively, in the consolidated statement of income.

Investment Properties

Investment properties, which represent real estate properties for lease and capital appreciation, are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties 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. Buildings for lease are depreciated over their useful life of 25 years while machineries and equipment are depreciated over their useful life of 5 to 15 years using the straight-line method.

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 consolidated 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.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under “Investment properties” account.

Property and Equipment

Property and equipment, except for office premises, are stated at cost less accumulated depreciation and any impairment in value. Office premises are stated at appraised values (asset’s deemed cost) as determined by SEC-accredited and independent firms of appraisers at the date of transition to PFRSs, less accumulated depreciation and any impairment in value. Subsequent additions to office premises are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of the purchase price and any directly attributable cost of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of an item of property and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties as follows:

	Years
Building	25
Office premises	25
Furniture, fixtures and office equipment	5-15
Transportation and other equipment	5

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

When property and equipment are sold or retired, the cost and related accumulated depreciation and any impairment in value are removed from the accounts, and any gains or losses from their disposal is included in the consolidated statement of income.

The Group’s property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for 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. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Impairment of Nonfinancial Assets

The carrying values of real estate properties held for future development, investment properties and property and equipment 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 consolidated 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 Group assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Group 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 consolidated 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 consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

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

Pre-Need Reserves (PNR)
PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-Need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:
  i. Provision for termination values applying the inactivity and surrender rate experience of CPI.
  ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the IC for SEC-approved plans and the pricing discount rate for IC-approved plans.

- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of CPI in the last three years.

- The computation of the foregoing assumptions has been validated by the internal qualified actuary of CPI.

- Based on CPI's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

In 2020 and 2019, CPI follows IC Circular Letter No. 23-2012 dated November 28, 2012 which sets the guidelines below for the discount rate to be used in the valuation of PNR:

- Discount interest rate for the PNR

  The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 - 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)

  In effecting the transition in the valuation of reserves for old basket of plans, the IC shall prescribe a PNR with a maximum transition period of 10 years.

  For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability setup shall be the PNR.

However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by CPI from the trustee for the contractual benefits outstanding as of the end of the year.

The TPNR liability shall be recognized each year. As of December 31, 2020 and 2019, CPI's actual trust fund balance is lower than the resulting PNR (see Note 5).

Other reserves
CPI sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, CPI may, at its option, set up other provisions as a prudent measure.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Parent 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 Parent 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 changes in accounting policy and other capital adjustments.

Unappropriated retained earnings represent that portion of retained earnings which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion of retained earnings which has been restricted and therefore is not available for any dividend declaration.

The retained earnings include deemed cost adjustments on real estate properties for sale, investment properties and property and equipment that arose when the Group transitioned to PFRSs in 2005. The deemed cost adjustment will be realized through depreciation in profit or loss for depreciable assets (property and equipment and investment properties) and through sale for inventories (classified under real estate properties for sale) and land (classified under investment properties). The deferred income tax liability on deemed cost adjustments on investment properties, property and equipment and inventories sold under Income Tax Holiday (ITH) projects is transferred to retained earnings upon realization while the deferred income tax liability on deemed cost adjustments on inventories sold under regular tax regime is transferred to consolidated 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 Group. 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 consolidated financial statements are dealt with as an event after the reporting period.

Treasury Stock
Treasury stock is the Group's own equity instruments that has been issued and then reacquired but not yet cancelled. Treasury stock are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

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

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

Sales of real estate properties (CDC and CLDI)
CDC and CLDI derive their 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 entities' performance does not create an asset with an alternative use and the entities have an enforceable right to payment for performance completed to date.

Revenue from sales of completed real estate properties and undeveloped land is accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In measuring the progress of its performance obligation over time, the entities use 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 entities use the cost 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 buyer.

In accordance with Philippine Interpretations Committee Q&A 2006-01, *Revenue Recognition for Sales of Property Units under Pre-completion Contracts,* the percentage-of-completion (POC) method is used to recognize income from sales of real estate properties when the Group has material obligations under the sales contract to complete the project after the property is sold. The Group starts recognizing revenue under the POC method when the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished) and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Group is recorded as part of "Rental and customers' deposits" account which is included under "Accounts payable and accrued expenses" in the consolidated statement of financial position until all the conditions for recognizing the sale are met.

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 that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "Contract asset" account in the asset section of the consolidated statement of financial position.

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

Sales of real estate properties (CPI)
CPI derives its revenue from sale of condominium units. Revenue from the sale of these real estate projects are recognized at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer. The payment is collectible in monthly installments for periods ranging from 1 to 10 years.

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

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate properties sold before completion is determined using the POC used for revenue recognition applied on the acquisition cost of the land plus the total estimated development costs of the property.

In addition, the entities recognize 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.

The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC. The cost of real estate sales also includes the estimated development costs to complete the real estate property, as determined by independent project engineers, and taking into account the POC. The accrued development costs account is presented under "Accounts payable and accrued expenses" in the consolidated statement of financial position.

Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in consolidated statement of income in the period in which the change is made.

Cost of real estate sales (CPI)
CPI recognizes costs relating to satisfied performance obligations as these are incurred.

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

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the buyer. If the entities perform by transferring goods or services to a buyer before the buyer 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 buyer for which the entities have received consideration (or an amount of consideration is due) from the buyer. If a buyer pays consideration before the entities transfer goods or services to the buyer, a contract liability is recognized when the payment is made or payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the entities perform under the contract.

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

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

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

Amortization and derecognition of capitalized costs to obtain a contract
CDC and CLDI 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.

Sales of pre-need plans
Premiums from sale of pre-need plans, included under “Other income” account in the consolidated statement of income are recognized as earned when collected.

Cost of contracts issued
This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by CPI.

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

Dividend income
Dividend income is recognized when the Group’s right to receive the payment is established.

Trust fund income
Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at fair value through profit or loss investments under the trust fund account.

Leases *(effective January 1, 2019)*
The Group assesses at contract inception whether a contract is, or contains, a lease. It constitutes that the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

Short-term leases and leases of low-value assets
The Group 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 Group 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.

Leases (applicable until December 31, 2018 prior to the adoption of PFRS 16)
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Operating leases - Group as a lessor
Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. 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 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 and contracts 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.

<u>Retirement Benefits Cost</u>
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 consolidated 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 consolidated 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 consolidated statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to the consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). 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 Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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" in the consolidated statement of financial position.

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

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated 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 the 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 consolidated 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 consolidated 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, except (a) where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences 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 consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current 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 consolidated statement of income in accordance with PFRSs. Other comprehensive income of the Group includes gains and losses on fair value changes of financial assets at FVOCI/available-for-sale financial assets, 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).

Earnings Per Share
Basic earnings per share is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares issued and outstanding after considering the retroactive effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company 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 Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 29 to the consolidated financial statements. The Group'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 Group's financial position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed on the next page. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its Group financial statements. The Group 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 Group'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 Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

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

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

Effective beginning on or after January 1, 2023

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on 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 Group if it enters insurance contracts in the future. As of March 31, 2021 and December 31, 2020, the Group did not enter in any insurance contracts.

Deferred effectivity

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

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

  On January 13, 2016, the 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 Group's consolidated 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	Until December 31, 2020

	Deferral Period
of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	
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 Group 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 Group 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 consolidated 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 Group 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 consolidated 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 Group's financial reporting during the period of deferral.

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

In the process of applying the Group'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 consolidated financial statements.

Consolidation of CLDI in which the Group holds less than a majority of voting right (de facto control)
The Group consolidates the accounts of CLDI since it considers that it controls CLDI even though it owns less than 50% of voting interest. The factors that the Group considered in making this determination include the size of its block of voting shares and the relative size and dispersion of holdings by other stockholders. The Group is the single largest shareholder of CLDI with 49.73% equity interest. The Parent Company, some of its stockholders and affiliates (whose stockholders also own equity ownership in the Parent Company) collectively own more than 50% of the equity of CLDI giving the Parent Company effective control over CLDI.

Management has determined that it has control by virtue of its power to cast the majority of votes at meetings of the BOD in all of its subsidiaries.

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 Group'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 a contract with the buyer under PFRS 15.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will be able to 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 the significance of the buyer's initial payments 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 Group, except for CPI, concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the 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 Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the buyer.

- *Identifying performance obligation*
  The Group has various contracts to sell covering its sale of condominium units and other real estate properties. The Group concluded that there is one performance obligation in each of these contracts because it 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 Group integrates certain activities to the said property to be able to deliver the guaranteed property based on the contract with the buyer. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the buyer.

- *Principal versus agent considerations*
  The contract for the Group's buildings for lease includes the right to charge for the electricity usage, water usage, air conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the commitment of the Group 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 primary responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group 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.

For the provision of air conditioning and services in the CUSA, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide proper ventilation and air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA and air conditioning charges.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. 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 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 Group considers each property separately in making its judgment.

Investment properties amounted to ₱1,920.10 million and ₱1,936.78 million as of March 31, 2021 and December 31, 2020, respectively (see Note 11). Property and equipment amounted to ₱67.49 million and ₱71.71 million as of March 31, 2021 and December 31, 2020, respectively (see Note 12).

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

Real estate properties which the Group 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 ₱3.44 billion and ₱3.23 billion as of March 31, 2021 and December 31, 2020, respectively (see Note 9). Real estate properties which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱1,920.10 million and ₱1,936.78 million as of March 31, 2021 and December 31, 2020, respectively (see Note 11).

Distinction between real estate properties for sale and held for future development
The Group determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Group 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 Group's strategic landbanking 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 ₱3.44 billion and ₱3.23 billion as of March 31, 2021 and December 31, 2020, respectively (see Note 9). Real estate properties held for future development amounted to ₱893.99 million and ₱921.38 million as of March 31, 2021 and December 31, 2020, respectively (see Note 10).

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

<u>Estimates</u>
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:

Leases - Estimating the incremental borrowing rate (effective January 1, 2019)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱9.21 million and ₱10.27 million as of March 31, 2021 and December 31, 2020, respectively (see Note 14).

Revenue recognition - Revenue recognition method and measure of progress
The measurement of progress for revenue recognition requires management to make use of estimates and assumptions. The Group'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 Group's project engineers and are independently reviewed by the Group'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 Group 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. Sales of real estate properties amounted to ₱371.95 million and ₱275.74 million as of March 31, 2021 and March 31 2020, respectively (see Note 6). Cost of real estate sales amounted to ₱283.93 million and ₱141.39 million as of March 31, 2021 and March 31, 2020 (see Note 9).

Provision for expected credit losses of installment contract receivables and contract assets
The Group 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 Group's relationship with the buyer, the buyer's payment behavior and known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Group's historical observed default rates. The Group 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 Group'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 Group's installment contracts receivable and contract assets is disclosed in Note 27. As of March 31, 2021 and December 31, 2020, installment contracts receivable, contract assets and other receivables aggregated to ₱1.81 billion and ₱1.91 billion, respectively. No impairment of receivables was recognized in March 31, 2021 and December 31, 2020 (see Notes 6, 7 and 8).

Determination of net realizable value of real estate properties for sale and held for future development
The Group's estimates of 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 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 Group's real estate properties for sale as of March 31, 2021 and December 31, 2020 amounted to ₱3.44 billion and ₱3.23 billion, respectively (see Note 9). On the other hand, the Group's real estate properties held for future development as of March 31, 2021 and December 31, 2020 amounted to ₱893.99 million and ₱921.38 million, respectively (see Note 10).

Estimation of useful lives of investment properties and property and equipment
The Group estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. Estimated lives of investment properties and property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Net book value of depreciable investment properties as of March 31, 2021 and December 31, 2020 amounted to ₱942.40 million and ₱958.47 million, respectively (see Note 11). On the other hand, the net book value of depreciable

property and equipment amounted to ₱23.37 million and ₱25.19 million as of March 31, 2021 and December 31, 2020, respectively (see Note 12).

Impairment of financial assets at FVOCI
An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. The Group treats FVOCI equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as 20% or more of cost and "prolonged" as greater than 12 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Determination of the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property,* the Group engaged SEC-accredited and independent valuation specialists to assess fair value as of December 31, 2020 and 2019. The Group'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 27).

Determination of impairment indicators on investment properties and property and equipment
The Group determines whether its nonfinancial assets such as investment properties and property and equipment 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 Group 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 Group 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 value of investment properties as of March 31, 2021 and December 31, 2020 amounted to ₱1,920.10 million and ₱1,936.78 million, respectively (see Note 11). On the other hand, the net book value of property and equipment amounted to ₱67.49 million and ₱71.71 million as of March 31, 2021 and December 31, 2020, respectively (see Note 12).

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.

Estimation of reserves
Reserves are set up for all pre-need benefits guaranteed and payable by CPI as defined in the pre-need plan contracts. The determination of CPI's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars.

Recognition of deferred income tax assets
The Group 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 and Long-term Investments

Cash and cash equivalents consist of:

	March 31, 2021	December 31, 2020
Cash on hand and in banks	**₱22,268,429**	₱60,981,351
Cash equivalents	**2,563,700,000**	1,998,411,375
	₱2,585,968,429	₱2,059,392,726

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

Short-term investments consist of:

	March 31, 2021	December 31, 2020
Short-term cash investments	**₱258,039,989**	₱557,239,989
Short-term bond investments	**325,000,000**	325,000,000
	₱583,039,989	₱882,239,989

Short-term investments have maturities of more than three months to one year from dates of acquisition and earn interest at the prevailing market rates.

Long-term investments amounting to ₱70.00 million as of March 31, 2021 and December 31, 2020 pertain to bond investments that have maturities of more than one year from the date of acquisition.

Interest income earned from cash in banks, cash equivalents and short-term and long-term investments amounted to ₱16.52 million and ₱28.02 million as of March 31, 2021 and March 31, 2020, respectively (see Note 21).

5. Investments in Trust Funds and Pre-need and Other Reserves

Investments in trust funds

Pursuant to the provisions of the SEC Memorandum Circular No. 6, *Guidelines on the Management of the Trust Fund of Pre-Need Corporation* (SEC Circular No. 4), the SEC requires, among others, that companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the SEC requirements, CPI has funds deposited with two local trustee banks with net assets aggregating to ₱37.46 million and ₱36.50 million as of March 31, 2021 and December 31, 2020, respectively, which are recorded under "Investments in trust funds" account in the consolidated statements of financial position.

The details of investments in trust funds are as follows:

	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	**₱6,094,636**	₱5,968,372
Debt and listed equity securities	**27,957,108**	27,237,704
Investment properties	**3,999,490**	3,999,490
Others	**277,417**	275,585
	38,328,651	37,481,151
Liabilities	**(867,997)**	(977,113)
	37,460,654	36,504,038
Less noncurrent portion	**30,229,766**	29,273,150
	7,230,888	₱7,230,888

Pre-need and other reserves

Details of pre-need and other reserves are as follows:

	March 31, 2021	December 31, 2020
Transitory pre-need reserves	**₱35,170,435**	₱36,164,935
Reserve for trust fund deficiency	**4,812,774**	4,812,774
Pension bonus reserve	**381,459**	416,798
Insurance premium reserve	**84,858**	84,858
	40,449,526	41,479,365
Less noncurrent portion	**36,732,780**	37,762,619
	₱3,716,746	₱3,716,746

6. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives revenue from the real estate sales overtime in different product type and geographical location. The disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales

Type of Product	**March 31, 2021**	March 31, 2020
High-rise condominium	**₱358,436,653**	₱259,635,635
Parking slots and others	**13,516,039**	16,103,437
Total	**₱371,952,692**	₱275,739,072

Real estate sales of the Group as of the period ended March 31, 2021 and 2020 pertain to sale of properties within Metro Manila.

All of the Group's real estate sales, except for CPI, are revenue from contracts with customers recognized over time and are reported under "Sales of real estate properties" segment. For CPI, real estate sales are revenue from contracts with customers recognized at a point in time.

As of March 31, 2021 and 2020, sales for real estate properties and rental income arose from contracts with external buyers. There were no intercompany sales/transactions made on the said years.

Contract Balances

	March 31, 2021	December 31, 2020
Installment contracts receivable	**₱45,007,973**	₱53,595,764
Contract assets:		
Current	**76,568,162**	210,751,947
Noncurrent	**1,647,701,018**	1,604,852,678
Contract liabilities		
Current	**244,697,043**	219,508,361
Noncurrent	**266,729,862**	292,929,050

Installment contracts receivable as of:

	March 31, 2021	December 31, 2020
Installment contracts receivable	**₱45,007,973**	₱53,595,764
Less noncurrent portion	**24,723,490**	26,872,653
Current portion	**₱20,284,483**	₱26,723,111

Installment contracts receivable arises from sale of real estate properties and is collectible in monthly installments for periods ranging from 1 to 10 years which bear monthly interest rates of 0.67% to 2.00% both as of March 31, 2021 and December 31, 2020 computed on the diminishing balance.

Interest income earned from installment contracts receivable and contract assets amounted to ₱84.16 million and ₱85.15 million as of March 31, 2021 and 2020, respectively (see Note 21).

The Parent Company, CLDI and CI entered into contract of guaranty under Retail Guaranty Line with Home Guaranty Corporation (HGC). The amount of installment contract receivable enrolled and renewed by the Group amounted to ₱1.93 billion as of March 31, 2021 and December 31, 2020. The Group paid a guaranty premium of 1.00% based on outstanding principal balance of the receivables in 2021 and 2020 (see Note 18).

Contract asset represents the right to consideration that was already delivered by the Group 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. CPI's sales of real estate properties are recorded as part of installment contracts receivable since all projects of CPI are already completed.

Contract liabilities amounting to ₱511.43 million and ₱512.44 million as of March 31, 2021 and December 31, 2020, 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 Group based on percentage of completion.

Movement in contract liability was recognized as income based on the percentage of completion of the ongoing projects. The remaining balance of contract liability will be recognized as income based on the subsequent increase on the percentage of completion of the ongoing projects in the following years.

b. *Performance obligations*

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

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

The sale of real estate unit may cover either the parking lot or condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group, except for CPI, recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction. CPI recognizes revenue from the sale of these real estate projects at a point in time when control of the asset is transferred to the buyer, generally when the condominium units are delivered to and accepted by the buyer.

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 Group 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 Group resulted to sales with percentage of collection lower than 10%. The

Group records these collections as "Customers' deposits" under "Accounts Payable and Accrued Expenses" account in the consolidated statements of financial position.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) are as follows:

	March 31, 2021	December 31, 2020
Within one year	**₱397,121,825**	₱394,078,926
More than one year	**510,428,972**	635,938,845
	₱907,550,797	₱1,030,017,771

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

Rental agreements
The Group entered into lease agreements for its buildings for lease with the following identified performance obligations: (a) lease of space, (b) provisioning of water and electricity, (c) provision of air conditioning and CUSA services and (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to issue post-dated checks 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 Group'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.

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 consolidated statements of financial position:

	March 31, 2021	December 31, 2020
Balance at beginning of period/year	**₱32,076,644**	₱37,459,299
Additions	**4,001,216**	13,185,098
Amortization	**(6,108,378)**	(18,567,753)
Balance at end of period/year	**29,969,482**	32,076,644
Less noncurrent portion	**17,056,999**	20,026,691
Current portion	**₱12,912,483**	₱12,049,953

7. Notes Receivable

Notes receivable from various financial institutions earns interest at the prevailing market interest rates ranging from 3.200% to 3.600%.

There were no properties offered as collaterals for the said notes receivable. Details of notes receivables as of December 31, 2019 are as follows:

Date of Placement	Amount	Maturity Date
April 2017	₱180,000,000	April 2020
August 2016	20,000,000	August 2020
Total	₱200,000,000	

The notes receivables already matured in April and August 2020. Interest income earned from notes receivable amounted to nil and ₱1.42 million as of March 31, 2021 and March 31, 2020 respectively (see Note 21).

8. Other Receivables

Other receivables consist of:

	March 31, 2021	December 31, 2020
Rent receivable	**₱20,372,475**	₱15,509,452
Accrued interest (Note 26)	**7,728,363**	7,477,982
Advances to customers	**8,883,284**	12,770,321
Retention	**3,282,090**	7,478,912
Others	**1,611,963**	1,182,248
	41,878,175	44,418,915
Less noncurrent portion	**2,703,957**	1,445,000
Current portion	**₱39,174,218**	₱42,973,915

Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 11). Accrued interest pertains to interest income earned as of December 31 but not yet received by the Group. Advances to customers are receivables of the Group for the real estate property taxes of sold condominium units initially paid by the Group. Retention pertains to the amount held on cash sale of real estate properties. Advances to condominium corporations pertain to disbursements which are collectible from condominium corporations. Other receivables include advances to condominium corporations, employees' advances and receivables from buyers for expenses initially paid by Group.

9. Real Estate Properties for Sale

Real estate properties for sale consists of costs incurred in the development of condominium units and residential houses. Real estate properties for sale includes deemed cost adjustment amounting to ₱4.22 million and ₱4.16 million as of March 31, 2021 and December 31, 2020, respectively (see Note 16). The deemed cost adjustment arose when the Group transitioned to PFRSs in 2005.

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

	March 31, 2021	December 31, 2020
Balances at beginning of year	**₱3,231,255,891**	₱2,565,950,797
Construction/development costs incurred	**389,049,662**	1,133,340,669
Disposals (cost of real estate sales)	**(283,929,322)**	(566,007,896)
Transfer from real estate properties held for future development (Note 10)	**52,109,648**	–
Transfer from investment properties (Note 11)	–	771,062
Borrowing costs capitalized (Note 22)	**4,443,762**	17,452,030
Other adjustments - net	**47,194,500**	79,749,229
Balances at end of the period / year	**₱3,440,124,141**	₱3,231,255,891

Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties. The average capitalization rate used to determine the amount of capitalized borrowing costs eligible for capitalization is 1.34% and 1.64% in March 31, 2021 and December 31, 2020, respectively.

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.

10. Real Estate Properties Held for Future Development

Real estate properties held for future development include land properties reserved by the Group 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 period/year	**₱921,382,869**	₱918,753,667
Additions	**24,718,800**	2,629,202
Transfer to real estate properties for sale (Note 9)	**(52,109,647)**	–
Balances at end of the period / year	**₱893,992,022**	₱921,382,869

11. Investment Properties

Investment properties consist of:

	March 31, 2021	December 31, 2020
Real estate properties for lease	**₱1,738,961,932**	₱1,755,640,831
Real estate properties held for capital appreciation	**181,139,332**	181,139,332
	₱1,920,101,264	₱1,936,780,163

Movements in investment properties are as follows:

	March 31, 2021			
	Land	**Building**	**Machinery and Equipment**	**Total**
Costs				
Balances at beginning of year	**₱978,308,552**	**₱1,050,928,781**	**₱210,106,624**	**₱2,239,343,957**
Adjustments	**(584,345)**	**(2,847,202)**	**–**	**(3,431,548)**
Balances at end of the period	**977,724,207**	**1,048,081,579**	**210,106,264**	**2,235,912,410**
Accumulated Depreciation				
Balances at beginning of year	**–**	**227,763,524**	**74,800,270**	**302,563,794**
Depreciation (Notes 18 and 20)	**–**	**10,026,887**	**3,220,465**	**13,247,352**
Balances at end of period	**–**	**237,790,411**	**78,020,735**	**315,811,146**
Net Book Values	**₱977,724,207**	**₱810,291,168**	**₱132,085,889**	**₱1,920,101,264**

	December 31, 2020			
	Land	Building	Machinery and Equipment	Total
Costs				
Balances at beginning of year	₱970,548,725	₱1,052,432,217	₱209,842,767	₱2,232,823,709
Additions	7,759,827	–	263,857	8,023,684
Transfer to real estate properties for sale	–	(1,503,436)	–	(1,503,436)
Balances at end of year	978,308,552	1,050,928,781	210,106,624	2,239,343,957
Accumulated Depreciation				
Balances at beginning of year	–	188,153,332	61,925,969	250,079,301
Depreciation	–	40,342,566	12,874,301	53,216,867
Transfer to real estate properties for sale	–	(732,374)	–	(732,374)
Balances at end of year	–	227,763,524	74,800,270	302,563,794
Net Book Values	₱978,308,552	₱823,165,257	₱135,306,354	₱1,936,780,163

Investment properties as of March 31, 2021 and December 31, 2020 include the following buildings for lease registered with Philippine Economic Zone Authority (PEZA) which are leased out to third parties:

	PEZA Registration No.	Date Registered
CityNet1	EZ14-04	March 3, 2014
Citynet Central	EZ15-06	February 17, 2015

The net book values of land and building include net deemed cost adjustment amounting to ₱158.67 million as of March 31, 2020 and December 31, 2019 (see Note 16). The deemed cost adjustment arose when the Group 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 2019 and 2018, appraised values of these investment properties amounted to ₱4.86 billion as of dates of appraisal in 2021 and 2020 (see Note 27).

The following are the long-term lease contracts entered into by the Group as of March 31, 2021:

Commencement of lease term	Lessee (Third Parties)	Term
2021	Domestic Corporation	5 years
2021	Domestic Corporation	5 years
2021	Domestic Corporation	3 years
2020	BPO	5 years
2020	BPO	3 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2020	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	3 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years
2019	Domestic Corporation	5 years

Commencement of lease term	Lessee (Third Parties)	Term
2018	BPO	5 years
2018	Domestic Corporation	3 years
2018	Convenience Store	5 years
2018	Domestic Corporation	3 years
2017	Convenience Store	5 years
2017	Fast Food	10 years
2017	Domestic Corporation	5 years
2011	Fast Food	10 years

The lease contracts include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. There were two lease contracts terminated during 2020 and one lease contract during the first quarter 2021.

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

	March 31, 2021	December 31, 2020
Within one year	**₱150,336,361**	₱153,680,897
After one year but not more than five years	**360,063,506**	377,397,080
Later than five years	**914,970**	3,659,880
	₱511,314,837	₱534,737,857

Rent income from investment properties amounted to ₱47.77 million and ₱46.00 million as of March 31, 2021 and 2020, respectively.

Other lease agreements with third parties are generally for a one-year term renewable every year.

12. Property and Equipment

Property and equipment consist of:

	March 31, 2021						
	Land	**Building**	**Office Premises**	**Furniture, Fixtures and Office Equipment**	**Transportation and Other Equipment**	**Right-of-use Assets** (Note 25)	**Total**
At Cost							
Balances at beginning of year	**₱46,526,324**	**₱8,649,376**	**₱–**	**₱36,054,430**	**₱5,032,835**	**₱14,297,629**	**₱110,560,594**
Adjustments	**(2,401,982)**	–	–	–	–	–	**(2,401,982)**
Balances at end of the period	**44,124,342**	**8,649,376**	–	**36,054,430**	**5,032,835**	**14,297,269**	**108,158,612**
Accumulated Depreciation							
Balances at beginning of year	–	**720,781**	–	**28,196,251**	**5,028,575**	**4,901,038**	**38,846,645**
Depreciation	–	**115,512**	–	**617,250**	–	**1,086,249**	**1,819,011**
Balances at end of year	–	**836,293**		**28,813,501**	**5,028,575**	**5,987,287**	**40,665,656**
Net Book Value							
At Deemed Cost	–	–	**253,365,628**	–	–		**253,365,628**
Balances at beginning and end of year	–	–	—	–	–		–
Accumulated Depreciation							
Balances at beginning of year	–	–	**253,365,495**	–	–		**253,365,495**
Depreciation	–	–	–	–	–		–
Balances at end of the period	–	–	**253,365,495**	–	–	–	**253,365,495**
Net Deemed Cost	–	–	**133**	–	–	–	**133**
Total	**₱44,124,342**	**₱7,813,083**	**₱133**	**₱7,240,929**	**₱4,260**	**₱8,310,341**	**₱67,493,088**

	2020						
	Land	Building	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Right-of-use Assets (Note 25)	Total
At Cost							
Balances at beginning of year	₱46,526,324	₱8,649,376	₱–	₱29,268,716	₱5,032,835	₱8,879,228	₱98,356,479
Additions	–	–	–	6,785,714	–	7,401,935	14,187,649
Disposal	–	–	–	–	–	(1,983,534)	(1,983,534)
Balance at end of year	46,526,324	8,649,376	–	36,054,430	5,032,835	14,297,629	110,560,594
Accumulated Depreciation							
Balances at beginning of year	–	374,806	–	25,837,370	4,853,219	2,557,120	33,622,515
Depreciation (Notes 18 and 20)		345,975		2,358,881	175,356	4,195,203	7,075,415
Disposal	–	–	–	–	–	(1,851,285)	(1,851,285)
Balances at end of year	–	720,781	–	25,837,371	5,028,575	4,901,038	38,846,645
Net Book Value	46,526,324	7,928,595	–	7,858,179	4,260	9,396,591	71,713,949
At Deemed Cost							
Balances at beginning and end of year	–	–	253,365,628	–	–	–	253,365,628
Accumulated Depreciation							
Balances at beginning of year	–	–	253,352,752	–	–	–	253,352,752
Depreciation (Notes 18 and 20)	–	–	12,744	–	–	–	12,744
Balances at end of year	–	–	253,365,496	–	–	–	253,365,496
Net Deemed Cost	–	–	132	–	–	–	132
Total	₱46,526,324	₱ 7,928,595	₱132	₱7,858,179	₱4,260	₱9,396,591	₱71,714,081

For the office premises, the Group elected to apply the optional exemption under PFRS 1, *First-Time Adoption of PFRS*, to use the revalued amount as deemed cost as at January 1, 2005, the date of transition to PFRSs.

The balances at pre-PFRS cost of the office premises are as follows:

	March 31, 2021	December 31, 2020
Office premises	**₱55,775,746**	₱55,775,746
Less accumulated depreciation	**55,775,612**	55,775,612
Net book values	**₱134**	₱134

Difference between the net deemed cost and the net pre-PFRSs cost amounting to ₱0.01 million as of December 31, 2020 represents the remaining balance of the deemed cost adjustment.

The Group adopted PFRS 16, *Leases* on January 1, 2019 for its contracts of lease wherein the Group is acting as the lessee. The said leases pertain to lease of office spaces for the period of 2 to 5 years. At the initial recognition, the right-of-use assets were recognized at cost amounting to ₱8.88 million (see Note 2). Subsequently, this is being amortized based on the remaining lease term. The Group recorded as part of “Property and equipment” the right-of-use assets amounting to ₱8.31 million and ₱9.40 million as of March 31, 2021 and December 31, 2020, respectively. Depreciation expense related to right-of-use assets amounted to ₱1.09 million and ₱0.94 million as of March 31, 2021 and March 31, 2020, respectively (see Note 20). During the first quarter of 2020, CDC entered into lease contracts for a period of 3 years whereby CDC is the lessee.

Other lease contracts entered by the Group pertain to short-term leases of office space and transportation equipment with rent expense amounting to ₱0.28 million incurred as of March 31, 2020. The Group does not have any lease contracts pertaining to low value assets. Further, the Group does not have any sublease and leaseback transactions. Thus, there were no income arising from sublease, sale and leaseback transaction.

The cost of fully depreciated property and equipment still used in operations amounted to ₱27.57 million as of March 31, 2021 and December 31, 2020.

13. **Other Assets**

Other current assets amounting to ₱23.68 million and ₱31.83 million as of March 31, 2021 and December 31, 2020, respectively, consist of input VAT, advances to contractors and prepaid real estate taxes.

Other noncurrent assets consist of:

	March 31, 2021	December 31, 2020
Guaranty deposits (Note 26)	**₱257,150,000**	₱257,150,000
Unused input VAT	**33,437,501**	33,510,660
Deposits and others	**14,642,636**	14,621,815
Advances to contractors	**3,412,343**	2,667,102
Financial assets at FVOCI	**634,779**	661,812
	₱309,277,261	₱308,611,389

Guaranty deposits pertain to placements made by Credit and Land Holdings, Inc. (CLHI), an affiliate of the Parent Company, in favor of the Housing and Land Use Regulatory Board (HLURB) wherein the Parent Company is required to secure a cash bond in relation to the construction and development of its ongoing projects (see Note 26). The interest income earned from guaranty deposits amounted to ₱2.90 million as of March 31, 2021 and March 31, 2020 (see Notes 21 and 26).

Advances to contractors are advances made by the Group for the contractors' supply requirement whereas deposits and others represent payments made by the Group to various utility companies for the installation of electric and water meters for unsold condominium units.

The unused input VAT arose from the purchase of parcels of land in previous years recorded as part of "Real estate properties held for future development" and "Investment properties" accounts in the consolidated statements of financial position (see Notes 10 and 11).

Financial assets at FVOCI consist of investments in listed equity securities. The fair values of these financial assets were determined based on published prices in an active market.

The Group sold shares of stock with listed corporations resulting to a gain on sale amounting to to nil and ₱0.03 million as of March 31, 2021 and March 31, 2020, respectively (see Note 23).

The movement in the account presented in the equity section of the consolidated statements of financial position is as follows:

	March 31, 2021	December 31, 2020
Balances at beginning of period/year	**₱409,394**	₱1,911,998
Changes in fair value	**79,647**	(1,502,604)
Balances at end of period/year	**₱489,041**	₱409,394

14. **Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consist of:

	March 31, 2021	December 31, 2020
Rental and customers' deposits	**₱79,098,985**	₱90,130,470
Trade payables	**74,260,425**	82,162,287
Accrued expenses:		
Development costs	**432,558,027**	320,363,420
Sick leave (Note 24)	**34,287,528**	34,345,770
Directors' fee (Note 26)	**17,813,622**	12,149,919
Interest payable	**1,284,061**	1,146,836
Taxes, premiums, others	**2,783,947**	778,635
Deferred rent income	**46,913,752**	47,209,016
Dividends payable	**13,060,932**	13,060,932
Lease liabilities (Note 25)	**9,206,710**	10,271,834
Withholding taxes payable	**5,795,866**	7,644,468
Due to related parties (Note 26)	**11,376,117**	4,469,938
VAT payable	**3,900,790**	568,268
Others	**8,755,396**	7,441,691
	741,096,158	631,743,484
Less noncurrent portion	**165,131,476**	190,852,866
Current portion	**₱575,964,682**	₱440,890,618

Trade payables consist of payables to suppliers, contractors and other counterparties. Rental and customers' deposits consist of buyers' reservation fees, rental deposits and collected deposits for water and electric meters of the sold units. Accrued development costs represent the corresponding accrued expenses for the completed condominium units of the Group. Deferred rent income pertains to rent received from long-term operating lease. Other payables consist substantially of commissions payable, unclaimed checks of pension holders, and payables due to government agencies.

Lease liabilities pertain to the present value of the lease payments that are not yet paid during the remaining lease period. Interest expense related to the lease liabilities amounted to ₱0.12 million and ₱0.15 million as of March 31, 2021 and 2020, respectively (see Note 22). There were no expenses relating to variable lease payments that were not included in the measurement of lease liabilities. The additions to the right-of-use asset amounting to ₱6.79 million for December 31, 2020 is treated by the Company as a noncash investing activity.

Group as a lessee
The Group has lease contracts for various items of plant assets used in its operations. Leases of plant assets generally have lease terms between 2 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The following are the amounts recognized in March 31, 2021 and 2020 consolidated statement of income:

	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets included in property and equipment (Note 12)	**₱1,086,249**	₱937,952
Interest expense on lease liabilities (Note 22)	**124,175**	152,686
Total amount recognized in consolidated statement of income	**₱1,210,424**	₱1,090,638

The rollforward analysis of lease liabilities as of March 31, 2021 and December 31, 2020 follows:

	March 31, 2021	December 31, 2020
Beginning of the period / year	**₱10,271,834**	₱6,815,350
Additions	**–**	7,401,934
Interest expense (Note 22)	**124,175**	564,957
Rent concession	**–**	(132,249)
Payment	**(1,189,299)**	(4,378,158)
Ending of the period / year	**₱9,206,710**	₱10,271,834

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

	March 31, 2021	December 31,2020
1 year	**4,541,794**	₱4,863,069
More than 1 year to 2 years	**4,302,080**	4,969,009
More than 2 years to 3 years	**362,836**	1,074,098
More than 3 years	**–**	–

Other payables consist of deferred credit and payable to employees.

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

			Payments		
	January 1, 2021	**Additions**	**Expensed**	**Capitalized**	**March 31, 2020**
Dividends payable (Note 16)	**₱13,060,932**	**₱–**	**₱–**	**₱–**	**₱13,060,932**
Accrued interest (Note 15)	**1,146,836**	**8,151,401**	**(4,511,159)**	**(3,503,017)**	**1,284,061**
	₱14,207,768	**₱8,151,401**	**(₱4,511,159)**	**(₱3,503,017)**	**₱14,344,993**

**Pertains to dividends declared to stockholders whose checks already staled.*

			Payments		
	January 1, 2020	Additions	Expensed	Capitalized	December 31, 2020
Dividends payable (Note 16)	₱12,743,703	₱152,689,076	(₱152,371,847)	₱–	₱13,060,932
Accrued interest (Note 15)	2,722,641	18,793,483	(2,917,258)	(17,452,030)	1,146,836
	₱15,466,344	₱171,482,559	(₱155,289,105)	(17,452,030)	₱14,207,768

15. Notes Payable

Notes payable amounting to ₱1.15 billion and ₱1.08 billion pertain to commercial papers with varying maturities ranging from 30 to 365 days and annual interest rates ranging from 0.69% to 1.25% as March 31, 2021 and December 31, 2020.

On October 28, 2020 and October 23, 2019, the SEC authorized the Company to issue ₱1.40 billion worth of commercial papers registered with the SEC, in accordance with the provisions of the Securities Regulation Code and its implementing rules and regulations and other applicable laws and orders. Outstanding commercial papers issued by the Company as of March 31, 2021 and December 31, 2020 and 2019 aggregated to ₱1.15 billion and ₱1.08 billion, respectively.

The movements in notes payable are as follows:

	March 31, 2021	December 31, 2020
Beginning balance	**₱1,082,500,000**	₱1,196,050,000
Availment	**1,389,750,000**	4,349,950,000
Payment	**(1,320,300,000)**	(4,463,500,000)
Ending balance	**₱1,151,950,000**	₱1,082,500,000

Interest expense related to notes payable amounted to ₱3.50 million and ₱6.40 million March 31, 2021 and March 31, 2020, respectively (see Note 22). Capitalized borrowing costs amounted to ₱3.50 million and ₱17.45 million in March 31, 2021 and December 31, 2020, respectively (see Notes 9, 11 and 22). Total interest paid amounted to ₱8.01 million and ₱20.46 million as of March 31, 2021 and December 31, 2020, respectively.

The Parent Company, CI, CLDI and CPI (the Cityland Group) have credit lines with financial institutions aggregating to about ₱2.30 billion as of March 31, 2021 and December 31, 2020, respectively, which are available for drawing by any of the companies in the Cityland Group. No loans were availed by Cityland Group from the credit line in March 31, 2021 and December 31, 2020.

The Parent Company has specific credit lines amounting to ₱500.00 million in March 31, 2021 and December 31, 2020. As of March 31, 2021 and December 31, 2020, no loans were availed from the credit line.

The carrying values of the Company's investment properties and real estate properties for sale that will be used as collaterals for the Group 's credit lines as of March 31, 2021 and December 31, 2020 are as follows:

Investment properties	**₱146,666,172**
Real estate properties for sale	**50,476,720**
Total	**₱197,142,892**

16. **Equity**

a. The Parent Company registered 10,000,000 shares with the SEC on June 15, 1978 with an initial offer price of ₱10.00. On July 27, 2012, the SEC approved the Amended Articles of Incorporation on the application for increase in authorized capital stock from ₱3.00 billion to ₱4.00 billion with a par value of ₱1.00 each. As of March 31, 2021 and December 31, 2020, the Parent Company has 4,625,863,627 shares held by 652 equity holders and 4,625,863,627 shares held by 651 equity holders, respectively.

The following table summarizes the reconciliation of the Parent Company's issued and outstanding shares of capital stock for each of the following:

	March 31, 2021		December 31, 2020	
	Shares	**Amount**	Shares	Amount
Authorized shares- ₱1 par value				
Beginning and end of the period/ year	**5,000,000,000**	**₱5,000,000,000**	5,000,000,000	₱5,000,000,000
Issued, beginning of year	**4,625,863,627**	**₱4,625,863,627**	4,405,677,031	₱4,405,677,031
Treasury stock	**(4,634,575)**	**(4,634,575)**	(4,634,575)	(4,634,575)
Outstanding	**4,621,229,052**	**4,621,229,052**	4,401,042,456	4,401,042,456
Stock dividends	**–**	**–**	220,186,596	220,186,596
	4,621,229,052	**4,621,229,052**	4,621,229,052	4,621,229,052
Treasury stock	**4,634,575**	**4,634,575**	4,634,575	4,634,575
Issued, end of the period / year	**4,625,863,627**	**₱4,625,863,627**	4,625,863,627	₱4,625,863,627

Treasury stock includes 2,696,628 shares as of March 31, 2021 and December 31, 2020 held by CPI.

b. Dividends declared and issued/paid by the Parent Company in 2020, 2019 and 2018 are as follows:

Dividends	BOD Approval Date	Stockholders' Approval Date	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	August 14, 2020	–	₱0.030	September 11, 2020	October 7, 2020
	May 30, 2019	–	₱0.0450	June 17, 2019	June 28, 2019
	May 8, 2018	–	0.0301	May 23, 2018	June 07, 2018
Stock	July 6, 2020	August 18, 2020	5%	September 17, 2020	October 13, 2020
	April 25, 2019	June 6, 2019	5%	July 5, 2019	July 31, 2019
	September 5, 2018	October 5, 2018	6.5%	April 12, 2019	May 10, 2019

Fractional shares of stock dividends were paid in cash based on the par value.

On May 10, 2021, the Board of Directors of the Parent Company approved the declaration of 5% stock dividends. Such declaration shall be presented for the approval of the stockholders during the Annual Stockholders' Meeting to be held on June 22, 2021.

On August 2, 1983, the PSE approved the listing of the Parent Company's common shares totaling 10,000,000 shares. The shares were initially issued at an offer price of ₱10.00 per share.

After the initial listing in 1983, there had been subsequent issuances covering a total of 4,613,925,680 shares.

Below is the summary of the Parent Company's track record of registration of securities with the SEC and PSE as at March 31, 2021:

	Number of Shares Registered	No of holders of securities as of year end
December 31, 2019	4,403,739,084	655
Add/(Deduct) Movement	220,186,596	(4)
December 31, 2020	4,623,925,680	651
Add/(Deduct) Movement	–	1
March 31, 2021	**4,623,925,680**	**652**

17. **Material Partly Owned Subsidiary**

Below are the summarized financial information of the subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are based on financial information included in the consolidated financial statements before intercompany eliminations.

Proportion of equity interest held by non-controlling interests as of March 31, 2021 and December 31, 2020:

CLDI	50.27%
CPI	9.19%

18. **Operating Expenses**

Operating expenses consist of:

	March 31, 2021	March 31, 2020
Personnel (Note 19)	**₱46,664,950**	₱44,759,980
Taxes and licenses	**41,371,499**	43,995,151
Depreciation (Note 20)	**15,066,362**	14,907,140
Professional fees	**8,995,683**	9,045,152
Light, power and water	**6,777,026**	8,194,009
Repairs and maintenance	**4,250,034**	2,709,277
Outside services	**3,184,661**	2,875,740
Insurance	**2,906,020**	1,921,412
Brokers’ commission	**1,528,053**	5,985,574
Membership dues	**1,934,279**	2,152,396
Postage, telephone and telegraph	**798,180**	577,789
Advertising and promotions	**439,784**	799,786
Stationery and office supplies	**352,136**	213,947
Rent expense	**160,548**	276,230
Others	**1,842,727**	2,838,133
	₱136,371,942	₱141,251,716

Others include transportation and miscellaneous expenses.

19. **Personnel Expenses**

Personnel expenses consist of:

	March 31, 2021	March 31, 2020
Salaries and wages	**₱27,283,126**	₱26,015,326
Commissions	**5,005,482**	8,236,528
Bonuses and other employee benefits	**14,376,342**	10,508,126
	₱46,664,950	₱44,759,980

Other employee benefits pertain to incentive and performance bonus.

20. Depreciation

Depreciation consists of:

	March 31, 2021	March 31, 2020
Investment properties (Note 11)	**₱13,980,113**	₱13,406,034
Property and equipment (Note 12)	**1,086,249**	1,501,106
	₱15,066,362	₱14,907,140

Depreciation expense of property and equipment in March 31, 2021 and 2020 includes ₱1.09 million and ₱0.94 million pertaining to the right-of-use asset as an effect of adoption of PFRS 16 on January 1, 2019.

21. Financial Income

Financial income consists of:

	March 31, 2021	March 31, 2020
Interest income from:		
Installment contracts receivable and contract assets (Note 6)	**₱84,162,710**	₱85,149,416
Cash equivalents and short-term and long-term investments (Note 4)	**16,511,550**	27,932,337
Guaranty deposits (Notes 13 and 26)	**2,890,464**	2,902,022
Notes receivable (Note 7)	**1,474,222**	1,417,333
Cash in banks (Note 4)	**11,431**	86,458
	₱105,050,377	₱117,487,566

22. Financial Expenses

Financial expenses consist of:

	March 31, 2021	March 31, 2020
Interest expense on notes payable (Note 15)	**₱3,503,017**	₱6,398,620
Less: Capitalized borrowing costs (Notes 9, 11 and 15)	**3,503,017**	(5,544,574)
	–	854,046
Finance charges	**230,550**	354,550
Interest expense on security deposits	**349,994**	299,226
Interest expense on lease liabilities (Note 14)	**124,175**	152,686
	₱704,619	₱1,660,508

23. Other Income - net

Other income - net

Other income amounting to ₱25.05 million and ₱27.93 million as of March 31, 2021 and March 31, 2020, respectively, pertains to trust fund income, penalties for buyers' late payments, sale of scraps, gain on sale of shares of stock and forfeiture of reservations/downpayments received on sales which were not consummated.

24. **Employee Benefits**

Under the existing regulatory framework, Republic Act 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.

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 Group. Accrued sick leave, presented under "Accounts payable and accrued expenses - noncurrent portion" account, amounted to ₱34.29 million and ₱34.35 million as of March 31, 2021 and December 31, 2020, respectively (see Note 14).

25. **Income Taxes**

a. Provision for (benefit from) income tax consists of:

	March 31, 2021	March 31, 2020
Current	**₱7,762,618**	₱39,926,773
Deferred	**(5,855,585)**	(6,191,883)
Final tax	**4,177,533**	6,187,736
	₱6,084,566	₱39,922,626

b. The components of net deferred income tax assets (liabilities) are as follows:

	March 31, 2021	December 31, 2020
Deferred income tax assets on:		
Accrued expenses	**₱12,987,452**	₱15,246,179
Unearned rent revenue	**7,126,004**	7,028,184
Unamortized past service cost	**1,110,175**	–
Cost to obtain contract (Note 6)	**526,791**	–
Lease liabilities (Notes 12 and 14)	**224,090**	262,573
Actuarial loss on defined benefit plan	–	9,340,411
	21,974,512	31,877,347
Deferred income tax liabilities on:		
Deemed cost adjustment in properties (Note 16)	**(40,721,717)**	(48,847,639)
Capitalized borrowing costs	**(20,012,790)**	(23,001,825)
Cost to obtain contract (Note 6)	**(8,019,161)**	(9,622,993)
Difference between tax basis and book basis of accounting for real estate transactions	**(5,815,758)**	(6,555,802)
Unrealized gain on real estate transactions	**(3,382,349)**	–
Rent receivable, net of unearned rent revenue	**(2,564,145)**	–
Accumulated excess contributions over retirement benefits cost	**(2,223,121)**	–
Net retirement plan assets	–	(12,008,157)
	(82,739,041),	(100,036,416)
Net deferred income tax liabilities	**(₱60,764,529)**	(₱68,159,069)

The breakdown of net deferred income tax liabilities per entity are as follows:

	March 31, 2021	December 31, 2020
Deferred income tax assets - net: CLDI	**₱–**	₱–
Deferred income tax liabilities - net:		
Parent Company	**(55,442,220)**	(62,124,498)
CPI	**(3,193,796)**	(3,369,198)
CLDI	**(2,128,513)**	(2,665,373)
	(60,764,529)	(68,159,069)
	(₱60,764,529)	(₱68,159,069)

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 ₱7.59 million.

Deferred tax assets and liabilities as of March 31, 2021 was remeasured using the new 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 gain (loss) as of March 31, 2021 in the profit or loss and other comprehensive income amounted to ₱9.87 million and (₱1.54 million) respectively.

26. **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 Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group 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 Group 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 consolidated 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 Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

The transactions of the Parent Company with CLDI and CPI are eliminated in the consolidated statements of financial positions and consolidated statements of income.

			Outstanding Balances				
	Amount of Transactions	Receivable (Note 8)	Receivable (Note 8)		Payable (Note 14)		
Nature of Transaction	**March 31, 2021**	December 31, 2020	**March 31, 2021**	December 31, 2020	**March 31, 2021**	December 31, 2020	Terms and Conditions
Ultimate parent (CI)							
Sharing of expenses charged by the Parent Company (Note 26c)	**₱10,929,179**	(₱1,031,080)	**₱–**	₱–	**₱11,376,117**	₱4,469,938	30-day, unsecured, non-interest bearing; to be settled in cash
CLHI							
Interest income from guaranty deposits (Note 26f)	**2,966,427**	11,571,750	**1,482,224**	1,484,203		–	Settled in cash
Key management personnel							
Salaries and other compensation	**26,005,550**	22,390,446	**–**	–	**13,855,631**	12,149,919	Settled in cash
Total			**₱1,482,224**	₱1,484,203	**₱25,231,748**	₱16,619,857	

a. The Group has an existing management contract with CI wherein the latter provides management services to the Group. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other party six months prior to expiration. Management fee is based on a certain percentage of net income as mutually agreed upon by both parties. Management fees in 2021, 2020 and 2019 were waived by CI. There are no conditions attached to the waiver of these management fees.

b. In 2019, CDC entered into a Memorandum of Agreement with CI whereby CDC shall assign its parcel of land to CI in exchange of certain number of condominium units on One Premier, project that is currently being constructed by CI. The said land is recorded under “Real Estate Properties for Sale” account.

c. The Group has various shared expenses with other affiliates pertaining to general and administrative expenses such as salaries, transportation, association dues, professional fees and rent.

d. The Group, 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.

e. The Group has no standard arrangements with regard to the remuneration of its directors. Moreover, the Group 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 Group does not have any arrangements for stock warrants or options offered to its employees.

f. In 2018, the Company through its affiliate – Credit and Land Holdings, Inc., issued a cash bond amounting ₱257.15 million in favor of HLURB in relation to the construction and development of its ongoing projects which was recorded as guaranty deposit under “Other noncurrent assets”. The said amount was placed by CLHI to a financial institution with a maturity of five (5) years. Interest income earned amounted to ₱2.90 million in March 31, 2021 and 2020 (see Notes 8 and 13).

27. **Financial Instruments**

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise cash and cash equivalents, short-term and long-term investments, notes receivable and notes payable. The main purpose of these financial instruments is to finance the Group's operations. The Group's other financial instruments consist of financial assets at fair value through profit or loss and financial assets at FVOCI, which are held for investing purposes and investments in trust funds to cover pre-need reserves obligation. The Group has various other financial instruments such as installment contracts receivable, 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 Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group'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 as follows:

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 Group's exposure to the risk for changes in market interest rates relates primarily to the Group's short-term notes payable, all with repriced interest rates.

The Group'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.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates based on forecasted and average movements of interest rates (with all other variables held constant):

	Change in bps	**Effect on Income before Income Tax**
March 31, 2021	**+/-3 bps**	**+/-11,904,252**
December 31, 2020	+/-6 bps	+/-₱6,548,043

There is no impact on the Group'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 Group is exposed to equity price risk because of investments held by the Group classified as financial assets at FVOCI/available-for-sale financial assets included under "Other noncurrent asset account" in the consolidated statements of financial position. The Group 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 Group'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
March 31, 2021	**+/-₱0.17**	**+/-₱100,144**
December 31, 2020	+/-₱0.20	+/-₱129,788

Credit risk
Credit risk arises when the Group will incur a loss because its buyers, clients or counterparties fail to discharge their obligations. The Group trades only with recognized, creditworthy third parties. It is the Group'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 Group's exposure to bad debts is not significant. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contracts receivable balance and the Group can repossess such real estate properties upon default of the buyer in paying the outstanding balance. The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

The tables below show the Group's exposure to credit risk for the components of the consolidated 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 at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

March 31, 2021:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Financial assets				
Investments in trust funds	**₱35,504,186**	**₱–**	**₱35,504,186**	**₱ –**
Cash and cash equivalents, excluding cash on hand	**2,585,968,429**	**–**	**2,585,968,429**	**–**
Short-term investments	**583,039,989**	**–**	**583,039,989**	**–**
Long-term investments	**70,000,000**	**–**	**70,000,000**	**–**
Installment contracts receivable	**45,007,973**	**326,390,198**	**–**	**45,007,973**
Guaranty deposit	**257,150,000**	**–**	**257,150,000**	**–**
Other receivables:				
Rent receivable	**20,372,475**	**–**	**20,372,475**	**–**
Accrued interest	**7,728,363**	**–**	**7,728,363**	**–**
Advances to customers	**8,883,284**	**–**	**8,883,284**	**–**
Retention	**3,282,900**	**–**	**3,282,900**	**–**
Advances to condominium corporations	**591,824**	**–**	**591,824**	**–**
Others	**1,020,139**	**–**	**1,020,139**	**–**
Contract assets	**1,724,269,180**	**4,916,492,177**	**–**	**1,724,269,180**
Total credit risk exposure	**₱5,342,818,742**	**₱5,242,882,375**	**₱3,573,541,589**	**₱1,769,277,153**

The Group 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 Group used historical default rates for the last five years for the installment sales from its buyers and last two years for other receivables. The Group applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Group determined that 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 Group's installment contract receivables, contract assets and other receivables from its buyer.

The Group considers its cash and cash equivalent and short-term and long-term investments as high grade since these are placed in financial institution of high credit standing. Accordingly, ECL relating to cash and cash equivalents and short-term and long-term investment rounds to nil.

The Group 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.

As of March 31, 2021, the following tables summarize the aging analysis of receivables and contract assets on which expected credit loss rate was applied:

			Days past due				
	Contract assets	**Current**	**< 30 days**	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Installment contracts receivable	**₱–**	**₱28,635,565**	**₱14,304,447**	**₱166,257**	**₱1,901,704**	–	**₱45,007,973**
Contract assets	**1,724,269,180**	–	–	–	–	–	**1,724,269,180**
Guaranty deposit	–	**257,150,000**	–	–	–	–	**257,150,000**
Other receivables:							
Rent receivable	–	**20,372,475**	–	–	–	–	**20,372,475**
Accrued interest	–	**7,728,363**	–	–	–	–	**7,728,363**
Advances to customers	–	**6,565,053**	–	**474,273**	–	**1,843,958**	**8,883,284**
Retention	–	**3,282,900**	–	–	–	–	**3,282,900**
Advances to condominium corporations	–	**591,824**	–	–	–	–	**591,824**
Others	–	**1,020,139**	–	–	–	–	**1,020,139**
	₱1,724,269,180	**₱325,346,319**	**₱14,304,447**	**₱640,530**	**₱1,901,704**	**1,843,958**	**₱2,068,306,138**

The tables below show the credit quality by class of asset for loan-related consolidated statement of financial position lines based on the Group's credit rating system:

March 31, 2021:

	High Grade*	**Medium Grade****	**Total**
Financial assets			
Investments in trust funds	**₱35,504,186**	**₱–**	**₱35,504,186**
Cash and cash equivalents, excluding cash on hand	**2,585,968,429**	–	**2,585,968,429**
Short-term investments	**583,039,989**	–	**583,039,989**
Long-term investments	**70,000,000**	–	**70,000,000**
Installment contracts receivable	–	**45,007,973**	**45,007,973**
Guaranty deposits	–	**257,150,000**	**257,150,000**
Other receivables:			
Rent receivable	–	**20,372,475**	**20,372,475**
Accrued interest	–	**7,728,363**	**7,728,363**
Advances to customers	–	**8,883,284**	**8,883,284**
Retention	–	**3,282,900**	**3,282,900**
Advances to condominium corporations	–	**591,824**	**591,824**
Others	–	**2,069,551**	**2,069,551**
Contract assets	–	**1,724,269,180**	**1,724,269,180**
Total	**₱3,274,512,604**	**₱2,069,355,550**	**₱5,343,868,154**

**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 of default of counterparties.*

Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group'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 consolidated financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

March 31, 2021:

	Up to One Year	**Above One Year**	**Total**
Accounts payable and accrued expenses*	**₱566,785,352**	**₱159,303,144**	**₱726,088,496**
Lease liabilities	**3,378,379**	**5,828,332**	**9,206,711**
Notes payable**	**1,190,425,130**	**–**	**1,190,425,130**
	₱1,760,588,861	**₱165,131,476**	**₱1,925,720,337**

** Excludes statutory liabilities amounting to ₱5,795,866.*
*** Includes interest expense amounting to ₱38,475,130.*

Fair Values

The following tables provide fair value hierarchy of the Group's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

Date of valuation: December 31, 2020

	Fair value		
	Level 1	**Level 2**	**Level 3**
Assets measured at fair value:			
Investment in trust fund			
Financial assets at FVPL	**₱2,798,882**	**₱ –**	**₱ –**
Financial assets at FV through OCI			
Debt securities	**1,107,422**	**–**	**–**
Equity securities - listed	**716,547**	**–**	**–**
Investment properties	**–**	**–**	**3,999,490**
Financial assets at FV through OCI	**661,812**	**–**	**–**
Assets for which fair values are disclosed:			
Investment properties	**–**	**–**	**5,070,374,450**

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 and long-term investments, installment contracts receivable, notes receivable, other receivables, accounts payable and accrued expenses and notes payable

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term investments, notes receivable, other receivables, accounts payable and accrued expenses and notes and contracts payable approximate their carrying amounts. The fair values of long-term investments, notes receivable and installment contracts receivable approximate their carrying amounts as they carry interest rates that approximate the interest rates 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 properties is based on the market data approach. The value 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 values of the investment properties as of December 31, 2020 approximate and represent the highest and best use of the said properties.

28. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	March 31, 2021	March 31, 2020
Net income attributable to equity holders of the Parent Company (a)	**₱109,119,511**	₱130,596,550
Weighted average number of outstanding shares (b)	**4,623,925,680**	4,623,925,680*
Basic/diluted earnings per share (a/b)	**₱0.02**	₱0.03

**After retroactive effect of stock dividend*

The Group 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.

29. Business Segments

The Group derives its revenues primarily from the sale and lease of real estate properties and pension plan operations. 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).

The Group does not have any major customers and all sales and leases of real estate properties and sales of pension plans are made to external customers.

<u>Segment Revenue and Expenses</u>

	March 31, 2021		**March 31, 2020**	
Sales of real estate properties*	**₱456,823,408**	**82.96%**	₱360,888,488	77.25%
Rent income	**47,773,057**	**8.69%**	46,002,086	9.85%
Others	**45,934,949**	**8.35%**	60,272,979	12.90%
	₱549,823,408	**100.00%**	₱467,163,553	100.00%

**Includes interest income from installment contracts receivable and contract assets amounting to ₱84.16 million and ₱85.15 million as of March 31, 2021 and March 31, 2020, respectively.*

Except for expenses directly relating to the leasing and pension plan operations, operating expenses pertain primarily to the real estate sales.

30. **Contingencies**

The Group 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 consolidated financial statements. Hence, no provision was recognized as of March 31, 2020 and December 31, 2019.

31. **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 Group'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 Group's financial results for the rest of year 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 Group operates, in full cooperation with the national and local government units.

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Financial Ratios

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2020 (Unaudited)
Current	**3.17**	3.70	3.43
Asset-to-equity	**1.45**	1.43	1.42
Debt-to-equity	**0.14**	0.13	0.14
Asset-to-liability	**4.70**	4.89	5.03
Solvency	**0.25**	0.26	0.29
Interest rate coverage	**304.66**	405.88	152.44
Acid-test	**1.54**	1.83	1.81
Net profit margin	**22.38%**	31.81%	29.92%
Return on equity (%)*	**5.38%**	6.11%	6.72%
Return on asset (%)*	**4.17%**	4.72 %	5.15%
Basic/Diluted earnings per share*	₱0.10	₱0.11	₱0.12**

**Annualized for the period of March 31, 2021 and March 31, 2020*
***After retroactive effect of stock dividends.*

Manner of Calculations:

Current ratio = Total Current Assets / Total Current Liabilities

Asset-to-equity ratio = Total Assets / Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)

Debt-to-equity ratio = Notes and Contracts Payable / Total equity (net of unrealized fair value changes on financial assets at fair value through FVOCI/available-for-sale financial assets 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 Notes Receivable, current + Other Receivables, current / Total Current Liabilities

Net profit margin = Net income after tax / Total Revenue

$$\text{Return on equity ratio} = \frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$$

$$\text{Return on asset ratio} = \frac{\text{Net income after tax}}{\text{Total Assets}}$$

$$\text{Basic/Diluted earnings per share} = \frac{\text{Net income after Tax}}{\text{Outstanding number of shares}}$$

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of March 31, 2021

SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020

A. As stated in the Final Prospectus (October 28, 2020 to October 28, 2021)

Gross Proceeds		**₱1,400,000,000**
Less: Expenses		
Documentary Stamps Tax	₱10,500,000	
Registration Fees	732,250	
Printing Costs	70,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	11,395,550
Net Proceeds		**₱1,388,604,450**
Use of Proceeds		
Project-related Costs		₱883,100,000
Payment of Maturing Notes		485,870,850
Interest Expense		19,633,600
Total		**₱1,388,604,450**

B. Use of Proceeds (October 28, 2020 to March 31, 2021)

Total Gross Proceeds as of March 31, 2021		₱2,261,450,000
Less: Expenses		
Documentary Stamps Tax	3,588,258	
Registration Fees	732,250	
Exemptive Relief	50,500	
Printing Costs	28,750	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	4,442,558
Total Net Proceeds		₱2,257,007,442
Less: Use of Proceeds		
Payment of Maturing Notes	₱1,895,881,759	
Project-related Costs	358,812,867	
Interest Expense	2,312,816	2,257,007,442
Balance of Proceeds as of March 31, 2021		---

C. Outstanding Commercial Papers as of March 31, 2021

SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020	**₱1,151,950,000**

CITYLAND DEVELOPMENT CORPORATION

SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2020

SEC-MSRD Order No. 39, Series of 2019 dated October 23, 2019

A. As stated in the Final Prospectus (October 23, 2019 to October 23, 2020)

Gross Proceeds		**₱1,400,000,000**
Less: Expenses		
Documentary Stamps Tax	₱10,500,000	
Registration Fees	732,250	
Printing Costs	70,000	
Legal and Accounting Fees	30,000	
Publication Fees	30,000	11,362,250
Net Proceeds		**1,388,637,750**
Use of Proceeds		
Project-related Costs		₱850,800,000
Payment of Maturing Notes		481,977,750
Interest Expense		55,860,000
Total		**₱1,388,637,750**

B. Use of Proceeds (October 23, 2019 to October 23, 2020)

Total Gross Proceeds as of December 31, 2020		**₱4,456,750,000**
Less: Expenses		
Documentary Stamps Tax	₱6,594,708	
Registration Fees	732,250	
Printing Costs	59,000	
Publication Fees	30,000	
Legal and Accounting Fees	30,000	7,445,958
Total Net Proceeds		**4,449,304,042**
Less: Use of Proceeds		
Payment of Maturing Notes	₱3,660,226,849	
Project-related Costs	783,997,847	
Interest Expense	5,079,346	4,449,304,042
Balance of Proceeds as of December 31, 2020		**₱–**

CITYLAND DEVELOPMENT CORPORATION
SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED
As of December 31, 2020

SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020

A. As stated in the Final Prospectus (October 28, 2020 to October 28, 2021)

Gross Proceeds		**₱1,400,000,000**
Less: Expenses		
Documentary Stamps Tax	₱10,500,000	
Registration Fees	732,250	
Printing Costs	70,000	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	11,395,550
Net Proceeds		**1,388,604,450**
Use of Proceeds		
Project-related Costs		₱883,100,000
Payment of Maturing Notes		485,870,850
Interest Expense		19,633,600
Total		**₱1,388,604,450**

B. Use of Proceeds (October 28, 2020 to December 31, 2020)

Total Gross Proceeds as of December 31, 2020		**₱871,700,000**
Less: Expenses		
Documentary Stamps Tax	₱1,375,829	
Registration Fees	732,250	
Exemptive Relief	50,500	
Publication Fees	22,800	
Legal and Accounting Fees	20,000	
Printing Costs	10,850	2,212,229
Total Net Proceeds		**869,487,771**
Less: Use of Proceeds		
Payment of Maturing Notes	₱628,395,169	
Project-related Costs	238,779,786	
Interest Expense	2,312,816	869,487,771
Balance of Proceeds as of December 31, 2020		**₱–**

C. Outstanding Commercial Papers as of December 31, 2020

SEC-MSRD Order No. 39, Series of 2019 dated October 23, 2019	₱215,850,000
SEC-MSRD Order No. 18, Series of 2020 dated October 28, 2020	866,650,000
TOTAL	**₱1,082,500,000**

CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP