SEC Number: CS200321240
File Number: _____

CEBU LANDMASTERS, INC.

(Company's Full Name)

10TH FLOOR, PARK CENTRALE, B2 L3,
JOSE MA. DEL MAR ST.,
CEBU IT PARK, APAS, CEBU CITY

(Company Address)

(032) 231-4914

(Telephone Number)

March 31, 2021

(Quarter Ended)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE

SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. **For the quarterly period ended March 31, 2021**
2. **Commission Identification Number CS200321240**
3. **BIR Tax Identification No. 227-599-320**
4. **Exact name of issuer as specified in its charter: CEBU LANDMASTERS, INC**
5. **Province, Country or other jurisdiction of incorporation or organization: CEBU CITY, CEBU, PHILIPPINES**
6. **Industry Classification Code: _____ (SEC Use Only)**
7. **Address of the issuer's principal office and postal code:**

   10TH FLOOR, PARK CENTRALE, B2 L3, JOSE MA. DEL MAR ST., CEBU IT PARK, APAS, CEBU CITY
   Postal code: 6000

9. **Issuer's telephone number, including area code: (032) 231-4914**
10. **Former name, former address, former fiscal year: Not applicable**
11. **Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA**

Title of each class		Number of shares issued and outstanding
COMMON SHARES		1,554,999,600

Stock Exchange: Philippine Stock Exchange

Securities listed: Common shares

12. **Indicate by check mark whether the registrant:**

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

I. MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY MILESTONES

Cebu Landmasters, Inc. ("CLI" or the "Company") is the leading real estate developer in Visayas and Mindanao currently located in 15 key cities.

Despite the ongoing impact brought about by the COVID-19 pandemic, CLI continues to establish strength and leadership. In the first quarter of 2021, the Company launched three residential projects with sales value worth ₱4.90 billion, with a total of 1,500 homes, and two recurring income projects with project value of ₱4.0 billion.

The Company posted a 17% year-on-year (y-o-y) increase in its reservation sales to ₱3.29 billion from ₱2.83 billion driven by the sustained demand from end-users of affordable homes in the Visayas and Mindanao Region. 67% of the total sales during the quarter was accounted for by the Garden Series, our mid-market brand, while Casa Mira Series, which caters to the economic segment, contributed 33% of the total sales take-up. In terms of location, growing sales contributions were being noted from the different areas in VisMin outside the Company's home base--CDO with 35% followed by Davao with 15%, Dumaguete with 5% while Iloilo and Bacolod with 4% while Cebu remain strong accounting for 36% was of the total sales.

On February 19, 2021, CLI unveiled Masters Tower Cebu, an iconic tower planned by the designers of the world's most acclaimed skyscrapers, Skidmore, Owings and Merrill in tandem with one of the country's top architects GF Partners and Architects, in anticipation of a robust economic recovery in the next few years. The tower, valued at over ₱4 billion on a 2,840 square meter (sq.m.) property lot in the Cebu Business Park, will offer prime office and retail spaces and the first five-star luxury hotel in the Queen City of the South. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France.

On March 10, 2021, the Company inked a new ₱360 million joint venture, named as Sugbu Prime Estate Inc., with Farrarons family led by father-and-son tandem Quito and Chip Farrarons. The partnership will kick off to develop a 7,500 sq.m. prime property in Banilad, Cebu City into a mixed-use project with retail spaces, over 300 dormitory rooms, and a self-storage facility. The mixed-use development is focused on filling a rapidly rising demand for co-living spaces that deliver affordable, safe transient housing in Cebu for young professionals and students seeking quick access to strategic business centers.

With the Company's stellar performance and resilience despite disruptions brought about by the pandemic, the Company's Board of Directors declared a cash dividend of ₱0.25 per share on March 16, 2021 amounting to ₱378.74 million to stockholders on record as of April 16, 2021. Such dividend was last May 10, 2021.

On March 26, 2021, through its joint venture firm Cebu Homegrown Developers, Inc., CLI launched Mandtra Residences, a three-tower development on a landscaped

12,405 sq.m. property with premium amenities in Mandaue City, Cebu. The ₱3 billion development offers condo units from 21 sqm. to 41 sqm. ranging from ₱2.35 million to ₱4.17 million. It began pre-selling its first tower with 595 condo units and was close to 60% sold three weeks after launching.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION
January 1 to March 31, 2020 vs January 1 to March 31, 2020

For the period ended March 31, 2021, Cebu Landmasters, Inc. posted a solid start in its resilient financial performance as it continues to endure the effects of the COVID-19 pandemic. The Company resumed its growth trajectory with a 25% increase in Net income attributable to Parent from ₱572 million to ₱714 million. Consolidated Net Income likewise grew 12%, driven by the increase in Consolidated Revenues of 11% to ₱2.35 billion while the group's unrealized revenue continues to expand to ₱21 billion. The resilient topline is fueled by the robust sales take-up and increase in construction operations during the quarter, following the deployment of catch-up measures after the easement of pandemic-related lockdowns in the region.

REVENUES

Real estate sales
Revenue from sale of real estate reported at ₱2.32 billion, a 13% y-o-y increase from ₱2.06 billion, mainly driven by CLI's fastest selling Casa Mira brand with 50% of the total revenue, followed by Garden Series at 33% and Premier Masters at 16%. The growth was driven by the easement of quarantine across VisMin sites slowly increasing construction efficiency to 95%. Take-up of collections has also improved with more accounts qualifying for revenue recognition.

In terms of location, CLI's presence in Cebu remains strong, representing 50% of the total revenues during the period, followed by CDO and Bacolod both at 15% each.

Premier Masters (Premier market), at ₱369.03 million, declined by 37% y-o-y from ₱588.41 million, mainly due to the lower incremental POC in 38 Park Avenue in Cebu City as the project come close to completion.

Garden Series (Mid-market), at ₱ 774.47 million, declined by 21% y-o-y from ₱974.20 million, driven by lower incremental POC in Velmiro Uptown CDO which is scheduled for turn-over during the year.

*Casa Mira Series (Economic market)***,** at ₱1.18 billion, significantly grew by 168% y-o-y from ₱ 440.53 million, from increase in qualified accounts and construction progress of Casa Mira projects launched at the height of the pandemic to address to address housing demand and backlog in VisMin.

The Company expects to grow real estate revenue contribution from projects newly launched during the quarter.

Leasing
Rental revenue is at ₱13.72 million, 17% y-o-y decline from ₱16.60 million, mainly due to rental concessions and holidays offered to tenants. Leasable units in the ground floor of Park Centrale were also converted to CLI's flagship office to accommodate and support growing manpower, customers and partner brokers.. On the other hand, GLA in the first quarter of 2021 increased to 14,894 sq.m., from 14,302 sq.m. of the same period last year due to the completion of several retail spaces in Casa Mira South in Cebu and MesaVerte Residences in CDO.

Property Management
This is composed mainly of services to CLI's completed projects and to Lyceum of the Philippines University in Davao. Revenue from property management is at ₱8.98 million, 12% y-o-y decline from ₱10.24 million, due to the concessions provided to Lyceum of the Philippines University for project management of the LPU Town in Davao

Hotel operations
Citadines Cebu City, posted ₱4.26 million revenue during the quarter, 79% y-o-y decline from ₱20.69 million as occupancy rates remain low due to decline in tourism during Sinulog 2021 and flight restrictions amidst the pandemic.

COST AND EXPENSES

Cost of sales and services
The Company's cost of sales for the period ended March 31, 2021 reported at ₱1.21 billion, 15% y-o-y increase from ₱1.06 billion, in parallel with the growth in revenue performance.

Operating Expenses
Total operating expenses during the period amounted to ₱395.56 million, 11% y-o-y increase from ₱264.83 million, mainly caused by the increase in commissions and incentives with the full implementation of PFRS 15 starting the 2nd quarter of 2020. Salaries and employee benefits likewise increased by 10% y-o-y to ₱76.58 million, relative to the increase in manpower to 523 to support the Company's expansion across VisMin.

During the period, the Company was able to take advantage of the favorable interest rate environment with an average cost of debt at 4.77%.

Income Tax Expense / Benefit
On March 26, 2021, the President of the Philippines signed into law the CREATE Act (Republic Act 11354) which aims to lower certain corporate taxes and rationalize tax incentives given to certain taxpayers. Upon enactment, the effective regular corporate income tax (RCIT) rate applicable to the Company from January 1, 2020 to June 30, 2020 and July 1, 2020 to December 31, 2020 are 30% and 25%, respectively. In 2021, the effective RCIT rate is 25%.

For the period ended March 31, 2021, the Company reported income tax benefit of₱9.23 million, 107% y-o-y decline from ₱136.73 million income tax expense, due to income tax adjustment with the implementation of CREATE Act.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST (NCI)

For the period ended March 31, 2021, NIAT attributable to NCI stands at ₱11.4 million, 85% y-o-y decline from ₱76.3 million, due to the minimal incremental sales and POC of existing JV projects with the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR Inc.); Latitude Corporate Center (BLCBP_ and MesaTierra Garden Residences (YES Inc.) as it comes close to completion and turn-over by end of 2021.

REVIEW ON THE COMPANY'S FINANCIAL CONDITION
As of March 31, 2021, vs December 31, 2020

CLI's balance sheet remains strong and healthy to support construction and expansion plans. As of March 31, 2021, CLI reported total assets at ₱51.95 billion from ₱50.09 billion as of December 31, 2020 driven by increase in contract assets.

ASSETS

24% increase in Cash and Cash equivalents
Increased to ₱986.70 million from ₱797.19 million mainly from continuous take-outs in Mivesa Garden Residences (Phase 3).

12% decrease in Receivables (including non-current portion)
Decreased to ₱5.39 billion from ₱6.14 billion mainly from continuous take-outs in Mivesa Garden Residences.

14% increase in Contract assets (including non-current portion)
Increased to ₱15.78 billion from ₱13.86 billion from installment contracts on new and existing projects that continue to recognize real estate revenue as construction progresses.

11% decrease in Due from related parties
Transactions paid by CLI (Parent) on behalf of its related parties decreased to ₱19.47 million from ₱21.95 million.

16% increase in Prepayments and other current assets
Increased to ₱3.50 billion from ₱3.02 billion coming from advances to suppliers and subcontractors; and related input Value Added Tax on the construction materials purchased.

8% increase in Associates
Increase to ₱139.82 million from ₱129.85 million mainly from investments to Icom Air Corporation and Magspeak.

9% increase in Property and equipment
Increase to ₱698.73 million from ₱643.39 million with the construction of new offices and branches to support CLI's expanding developments.

LIABILITIES

6% increase in Interest-bearing loans and borrowings (including non-current portion)
Increased to ₱25.24 billion from ₱23.79 billion from new bank loans availed amounting to ₱1.78 billion. In 2021, average borrowing cost is at 4.77%.

153% increase in Income Tax Payable
Increased to ₱78.86 million from ₱31.20 million in line with increase in taxable net income for the year ended 2020. Such amount was paid in April 2021.

13% increase in Contract Liabilities
Pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold iIncreased to ₱636.73 million from ₱728.77 million.

6% decrease in Deferred Tax Liabilities
Decreased to ₱1.59 billion from ₱1.69 billion due to decline in tax rate to 25% from 30% with the implementation of CREATE Act.

EQUITY

8% increase in Equity attributable to Parent Company
Increase to ₱9.34 billion from ₱8.63 billion from increase in NIAT attributable to Parent.

II. KEY PERFORMANCE INDICATORS

The Cebu Landmasters Inc. (CLI or the "Company") uses a range of financial and operational key performance indicators ("**KPIs**") to help measure and manage its performance. These KPIs reflect the Company's continuous focus on efficiency, cost control and profitability across all its operations. Management considers the following as KPIs:

	As of March 31, 2021	**As of March 31, 2020**
Gross Profit Margin[1]	49%	50%
Net Income Margin[2]	31%	31%
EBITDA[3]	₱835.14 million	₱962.42 million
EBITDA Margin[4]	50%	46%
Interest Coverage Ratio[5]	2.07	6.15
	As of March 31, 2021	**As of Dec 31, 2020**
Return on Assets[6]	5%	5%
Return on Equity (Parent)[7]	29%	23%
Current Ratio[8]	2.21	2.41
Net Debt to Equity Ratio[9]	1.49	1.48

1. *Gross Profit Margin is gross profit as a percentage of revenues*
2. *Net Income Margin is net income as a percentage of revenues*
3. *EBITDA is defined as earnings before interest, tax, depreciation and amortization from continuing operations, and before exceptional items.*
4. *EBITDA margin is EBITDA as a percentage of revenues*
5. *Interest Coverage ratio is EBITDA divided by interest expense from loans*
6. *Return on Assets is net income* as a percentage of assets*
7. *Return on Average Equity is net income* as a percentage of equity*
8. *Current Ratio is current assets divided by current liabilities*
9. *Net Debt to Equity Ratio is interest bearing debt less cash and cash equivalents over total equity*

* *ROE and ROA is computed based on the projected net income for the year*

CLI reported steady Gross Profit Margin at 49% and Net Income Margin of 31%. Bottom-line increase was brought about by NIAT attributable to Parent Company and income tax adjustment due to CREATE LAW.

For the period ended March 31, 2021, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 29%. Net Debt to Equity ratio slightly increased to 1.49x from 1.48x in December 31, 2020 to finance new project launches. The Company's current ratio projects ample liquidity at 2.21x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the pandemic. As a result, CLI's financial position remains liquid and strong.

III. OTHER INFORMATION

ITEM 1 FIRST QUARTER 2021 DEVELOPMENTS

A. New Projects or Investments in another line of business or corporation. None

B. Composition of Board of Directors

Name	Position
Jose R. Soberano III	Chairman of the Board, CEO and President
Ma. Rosario B. Soberano	Director, Treasurer and Executive Vice-President
Jose Franco B. Soberano	Director, Chief Operating Officer and Executive Vice-President
Joanna Marie B. Soberano-Bergundthal	Director, Vice President for Marketing
Beauregard Grant L. Cheng	Director, Chief Finance Officer
Stephen A. Tan	Director, Assistant Treasurer
Rufino Luis Manotok	Independent Director
Ma. Aurora D, Geotina-Garcia	Independent Director
Atty. M. Jasmine S. Oporto	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

On March 16, 2021, the Board declared cash dividend of ₱0.25 per share totaling ₱378.74 to stockholders on record as of April 16, 2021. Such dividend was paid on May 10, 2021.

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

As of March 31, 2021, the Company holds ownership interests in the following subsidiaries and associates:

Entity	Effective Percentage of Ownership 2021	2020
Subsidiaries		
CLI Premier Hotels Int'l. Inc. (CPH)	100	100
Cebu Landmasters Property Management, Inc. (CPM)	100	100
A.S. Fortuna Property Ventures, Inc. (ASF)	100	100
BL CBP Ventures, Inc. (BL Ventures)	50	50
Yuson Excellence Soberano, Inc. (YES)	50	50
Yuson Huang Excellence Soberano, Inc. (YHES)	50	50
YHEST Realty and Development Corporation (YHEST)	50	50
CCLI Premier Hotels, Inc. (CCLI)	50	50
YHES Premier Hotels Inc. (YHESPH)	50	50
Mivesa Garden Residences, Inc. (MGR)	45	45
El Camino Developers Cebu, Inc. (El Camino)	35	35
Cebu Homegrown Developers, Inc. (CHDI)	50	50
Cebu BL-Ramos Ventures, Inc. (CBLRV)	50	50
GGTT Realty Corporation (GGTT)	50	-
Associates		
Magspeak Nature Park, Inc. (Magspeak)	25	25
Ming-mori Development Corporation (MDC)	20	20
Icom Air Corporation (ICOM)	20	-

CLI Premier Hotels Int'l. Inc. a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company's future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

Cebu Landmasters Property Management, Inc., a wholly owned subsidiary of the Company, was incorporated on April 20, 2017 to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. The started commercial operations on September 1, 2017. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

A.S. Fortuna Property Ventures, Inc. was incorporated as a joint venture on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

BL CBP Ventures, Inc. was incorporated on February 3, 2016 to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a joint venture of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.

Yuson Excellence Soberano, Inc. was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a joint venture between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences. It will also engage in real estate brokering to facilitate the marketing and sale of the joint venture developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave. in Davao City.

Yuson Huang Excellence Soberano, Inc. was incorporated on November 10, 2017 to develop the Paragon Davao Riverside Davao. The development will become a mixed-use real estate which will include a residential, retail, hotel and convention center. YHES Inc., is a joint venture of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

YHEST Realty and Development, Inc. was incorporated on August 10, 2018 to develop the Davao Global Township. YHEST Realty and Development is a joint venture between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

CCLI Premier Hotels, Inc. was incorporated on November 12, 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at 2nd floor MesaVirre showroom in Bacolod City.

YHES Premier Hotels Inc. was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. YHESPH has not yet started its commercial operations.

Mivesa Garden Residences, Inc. was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property. Its principal office is located 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.

EL Camino Developers Cebu, Inc. was incorporated on August 15, 2016 to develop a 1.17-hectare property inside the Cebu IT Park. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.

Cebu Homegrown Developers, Inc., a joint venture of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex in Mandaue City, Cebu. The Company has a 50% stake in CHDI.

Cebu BL-Ramos Ventures, Inc. was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.

GGTT Realty Corporation was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company. As of December 31, 2020, the transaction was accounted for by the Group as an asset acquisition. In the first quarter of 2021, GGTT has started commercial operations, hence, was constituted as an acquisition of a business as of March 31, 2021.

Magspeak Nature Park, Inc. was incorporated on October 21, 2011 to acquire, lease and develop lands into nature and eco-tourism parks in Balamban Cebu, and to manage and operate the same. CLI holds a 25% stake in Magspeak.

Ming-mori Development Corporation was incorporated on August 1, 2013 to undertake and execute land reclamation projects, submit bids and accept awards for reclamation projects, and manage, hold and sell reclaimed land and other real property. MDC is the private consortium

that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has subscribed to 20% in Ming-Mori Development Corporation.

Icom Air Corporation was incorporated in December 7, 2020 as an undertaking of CLI and various individual stockholders to import aircraft(s) and operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

During the Regular Meeting last February 27, 2018, The Board of Directors of CLI approved the Employee Share Options Plan (ESOP) to attract, retain deserving employees. The shares to be given to the employees of the Company will be carved out from the treasury shares it acquired from the share buy-back program. As of date, The ESOP policy is currently being reviewed for further development.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable

H. Other information, material events or happenings that may have affected or may affect market price of security.

None

I. Transferring of assets, except in normal course of business.

None

III. OTHER NOTES TO SECOND QUARTER OF 2020 OPERATIONS AND FINANCIALS

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

None

L. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

None

M. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

N. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None

O. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

None

P. Changes in Contingent Liabilities or contingent assets since the last annual balance sheet date.

None

Q. Other material events or transactions during the interim period.

None

R. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None

S. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

T. Material commitments for capital expenditures, general purpose and expected sources of funds

The Company's target capital expenditures for the year amount to ₱12.0 billion.

U. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations.

CLI's performance will remain to be in line with the strength of the country's economic performance and overall levels of business activity. The Company may be affected by any economic and political uncertainties both locally and internationally that could have adverse effects on the real estate industry.

CLI however believes that through its key strengths and competitive advantages, the Company will continue to operate and deliver its promise under any circumstances.

V. Significant elements of income or loss that did not arise from continuing operations

None

W. Causes for any material change/s from period to period in one or more line items of the financial statements.

None

X. Seasonal aspects that had material effect on the financial condition or results of operations.

None

Y. Disclosures not made under SEC Form 17C

None

CEBULANDMASTERS
We Build with You in Mind

SIGNATURES

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

ISSUER CEBU LANDMASTERS, INC.

PRINCIPAL ACCOUNTING OFFICER Beauregard Grant L. Cheng
Chief Finance Officer

DATE May 17, 2021

10th Floor, Park Centrale, J.M. del Mar St., Cebu I.T. Park, Apas, Cebu City
Tel. No. (032) 231 - 4914 & (032) 231 - 4870 or Telefax (032) 231 - 5073

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

	Notes		**March 31, 2021 (Unaudited)**		December 31, 2020 (Audited)
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	5	**P**	**986,704,016**	P	797,184,790
Receivables - net	6		**5,307,532,374**		6,020,754,434
Contract assets - net	17		**3,266,109,932**		3,642,591,056
Real estate inventories	7		**13,399,404,757**		13,398,181,847
Deposits on land for future development	8		**701,772,860**		699,772,860
Due from related parties	24		**19,473,965**		21,950,504
Prepayments and other current assets	9		**3,495,236,699**		3,019,869,681
Total Current Assets			**27,176,234,603**		27,600,305,172
NON-CURRENT ASSETS					
Receivables - net	6		**87,113,776**		121,204,328
Contract assets - net	17		**12,510,702,340**		10,214,059,439
Investments in associates	10		**139,823,960**		129,852,662
Property and equipment - net	11		**698,725,983**		643,387,606
Right-of-use assets	12		**934,868,483**		950,904,449
Investment properties - net	13		**10,060,699,226**		10,093,743,062
Other non-current assets - net	14		**344,665,455**		337,044,725
Total Non-current Assets			**24,776,599,223**		22,490,196,271
TOTAL ASSETS		**P**	**51,952,833,826**	P	50,090,501,443
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	15	**P**	**4,453,585,730**	P	3,434,542,160
Trade and other payables	16		**7,101,645,718**		7,257,232,364
Contract liabilities	17		**533,725,352**		532,649,347
Customers' deposits	17		**103,006,955**		196,124,012
Lease liabilities	12		**1,395,710**		1,634,080
Income tax payable			**78,858,724**		31,196,933
Total Current Liabilities			**12,272,218,189**		11,453,378,896
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	15		**20,782,695,175**		20,359,441,551
Trade and other payables	16		**168,187,540**		226,434,433
Lease liabilities	12		**833,890,352**		833,099,895
Post-employment defined benefit obligation	22		**621,184**		621,184
Deferred tax liabilities - net	23		**1,593,921,623**		1,690,284,026
Total Non-current Liabilities			**23,379,315,874**		23,109,881,089
Total Liabilities			**35,651,534,063**		34,563,259,985

(Forward)

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

	Notes	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
EQUITY			
Equity attributable to shareholders of Parent Company	25		
Capital stock		**1,714,000,000**	1,714,000,000
Additional paid-in capital		**1,608,917,974**	1,608,917,974
Treasury shares		**(732,851,016)**	(732,851,016)
Revaluation reserves - net		**(13,558,571)**	(12,883,375)
Retained earnings		**6,768,250,466**	6,054,418,178
		9,344,758,853	8,631,601,761
Non-controlling interest	25	**6,956,540,910**	6,895,639,697
Total Equity		**16,301,299,763**	15,527,241,458
TOTAL LIABILITIES AND EQUITY		**P 51,952,833,826**	P 50,090,501,443

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	**March 31, 2021 (Unaudited)**	March 31, 2020 (Unaudited)
REVENUES	17		
Sale of real estates		**P 2,322,476,210**	P 2,059,797,556
Rental		**13,722,705**	16,594,674
Management fees		**8,977,927**	10,240,124
Hotel operations		**4,258,899**	20,685,187
		2,349,435,741	2,107,317,541
COST OF SALES AND SERVICES	18	**(1,209,832,321)**	(1,055,916,559)
GROSS PROFIT		**1,139,603,420**	1,051,400,982
OPERATING EXPENSES	19	**(395,557,524)**	(264,826,199)
OTHER OPERATING INCOME	20	**21,994,241**	14,957,511
OPERATING PROFIT		**766,040,137**	801,532,294
FINANCE COSTS	21	**(48,874,797)**	(13,308,154)
FINANCE INCOME		**673,368**	2,156,905
SHARE IN NET LOSS OF ASSOCIATES	10	**(1,638,686)**	(5,118,791)
OTHER LOSSES	20	**(240,452)**	(15,015)
PROFIT BEFORE TAX		**715,959,570**	785,247,239
TAX BENEFIT (EXPENSE)	23	**9,225,536**	(136,730,066)
NET PROFIT		**P 725,185,106**	P 648,517,173
Net profit attributable to:			
Parent Company's shareholders		**P 713,832,288**	P 572,230,488
Non-controlling interests		**11,352,818**	76,286,685
		P 725,185,106	P 648,517,173
Earnings per Share:			
Basic and diluted	26	**P 0.46**	P 0.34

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	**March 31, 2021 (Unaudited)**	March 31, 2021 (Unaudited)
NET PROFIT		**₱ 725,185,106**	₱ 648,517,173
OTHER COMPREHENSIVE LOSS - Net of Tax			
Item that will not be reclassified subsequently to profit or loss			
Loss on remeasurements of post-employment defined benefit plan		**-**	-
Tax expense	23	**(675,196)**	-
		(675,196)	-
Other Comprehensive Loss		**(675,196)**	-
TOTAL COMPREHENSIVE INCOME		**₱ 724,509,910**	₱ 648,517,173
Total comprehensive income attributable to:			
Parent Company's shareholders		**₱ 713,157,092**	₱ 572,230,488
Non-controlling interests		**11,352,818**	76,286,685
		₱ 724,509,910	₱ 648,517,173

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company									
	Capital Stock (See Note 25)	Additional Paid-in Capital (See Note 25)	Treasury Stock (See Note 25)	Revaluation Reserves (See Note 25)	Retained Earnings (See Note 25)			Total	Non-controlling Interests (See Note 25)	Total
					Appropriated	Unappropriated	Total			
Balance at January 1, 2021										
As previously reported	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,639,697	P 15,527,241,458
Effect of prior period adjustment	-	-	-	-	-	-	-	-	(451,605)	(451,605)
Balance after prior period adjustment	1,714,000,000	1,608,917,974	(732,851,016)	(12,883,375)	3,949,504,623	2,104,913,555	6,054,418,178	8,631,601,761	6,895,188,092	15,526,789,853
Transactions with owners										
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	50,000,000	50,000,000
Reversal of appropriations during the year	-	-	-	-	(385,456,103)	385,456,103	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	713,832,288	713,832,288	713,832,288	11,352,818	725,185,106
Other comprehensive loss	-	-	-	(675,196)	-	-	-	(675,196)	-	(675,196)
	-	-	-	(675,196)	-	713,832,288	713,832,288	713,157,092	11,352,818	724,509,910
Balance at March 31, 2021	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	(P 13,558,571)	P 3,564,048,520	P 3,204,201,946	P 6,768,250,466	P 9,344,758,853	P 6,956,540,910	P 16,301,299,763
Balance at January 1, 2020	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	(P 6,589,225)	P 3,050,000,000	P 1,573,093,445	P 4,623,093,445	P 7,692,228,383	P 6,056,029,905	P 13,748,258,288
Transactions with owners										
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	220,000,001	220,000,001
Cash dividend	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	-	(414,795,000)
	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	220,000,001	(194,794,999)
Reversal of appropriations during the year	-	-	-	-	(1,158,789,464)	1,158,789,464	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	572,230,488	572,230,488	572,230,488	76,286,685	648,517,173
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	572,230,488	572,230,488	572,230,488	76,286,685	648,517,173
Balance at M arch 31, 2020	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	(P 6,589,225)	P 1,891,210,536	P 2,889,318,397	P 4,780,528,933	P 7,849,663,871	P 6,352,316,591	P 14,201,980,462

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 715,959,570**	P 785,247,239
Adjustments for:			
Depreciation and amortization	19	**25,879,517**	20,164,690
Interest expense on lease liabilities	12	**14,321,095**	13,308,154
Interest income on bank deposits	22	**(673,370)**	(2,156,905)
Interest expense on interest-bearing loans	21	**34,553,702**	5,750,556
Share in net loss of associates	10	**1,638,686**	5,118,791
Loss on sale of property and equipment	20	**18,646**	-
Operating profit before working capital changes		**791,697,846**	827,432,525
Decrease in receivables		**747,312,612**	411,668,374
Increase in contract assets		**(1,920,161,777)**	(2,304,119,299)
Increase in real estate inventories		**451,217,604**	75,189,741
Increase in deposits on land for future development		**(2,000,000)**	(486,179,994)
Increase in prepayments and other current assets		**(486,103,701)**	(606,542,565)
Increase in other non-current assets		**(1,795,846)**	(8,795,983)
Increase in trade and other payables		**(122,495,853)**	(129,095,888)
Increase (decrease) in contract liabilities		**1,076,005**	714,217,423
Increase (decrease) in customers' deposits		**(93,117,057)**	9,663,876
Decrease in post-employment defined benefit obligation		**(675,196)**	-
Cash used in operations		**(635,045,363)**	(1,496,561,790)
Cash paid for taxes		**(28,379,548)**	(21,287,848)
Net Cash Used in Operating Activities		**(663,424,911)**	(1,517,849,638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of investment properties	13	**(147,094,936)**	(115,186,132)
Acquisitions of property and equipment	11	**(55,727,965)**	(31,145,296)
Investments in associates	10	**(11,609,984)**	(5,188,085)
Acquisitions of computer software	14	**(7,841,734)**	(980,680)
Advances to related parties	24	**2,476,539**	(6,627,022)
Interest received		**673,370**	2,156,905
Proceeds from sale of property and equipment		**50,714**	-
Net Cash Used in Investing Activities		**(219,073,996)**	(156,970,310)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of interest-bearing loans	15	**1,780,210,531**	2,164,999,644
Repayments of interest-bearing loans	15	**(351,190,271)**	(622,333,333)
Interest paid on interest-bearing loans		**(403,631,857)**	(278,437,489)
Additional investment from non-controlling shareholders	25	**50,000,000**	220,000,001
Interest paid on lease liabilities	12	**(14,321,095)**	(13,308,154)
Amendment (repayments) of lease liabilities		**10,950,825**	(93,799,188)
Net Cash From Financing Activities		**1,072,018,133**	1,377,121,481
NET DECREASE IN CASH AND CASH EQUIVALENTS		**189,519,226**	(297,698,467)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**797,184,790**	917,170,651
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 986,704,016**	P 619,472,184

Supplemental Information for Non-cash Operating, Investing and Financing Activities:

1) In 2021, the Group reclassified assets from Investment Properties totaling P170.2 million to Real Estate Inventories and Property and Equipment, respectively (see Notes 7, 11 and 13).

2) In the first quarter of 2021, borrowing costs that were capitalized as part of Real Estate Inventories and Investment Properties totalled to P277.5 million (see Notes 7, 13 and 15).

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities such as real estate development, sales, leasing and property management. It's real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as office projects and retail spaces.

In 2016, A B Soberano Holdings Corp. (ABS), formerly A B Soberano International Corporation, one of CLI's stockholders, assumed control of CLI by acquiring additional 400,000,000 shares of CLI and became the parent company of CLI.

On January 6, 2017, the Board of Directors (BOD) approved CLI's application for the registration of 1,714,000,000 of its common shares with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The BOD's approval also covered the planned initial public offering (IPO) of 430,000,000 unissued common shares of CLI. CLI's shares were listed in the Philippine Stock Exchange on June 2, 2017 (see also Note 25).

ABS is a holding company and is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

		Effective Percentage of Ownership	
	Note	**2021**	2020
Subsidiaries			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	**100**	100
Cebu Landmasters Property Management, Inc. (CPM)	(b)	**100**	100
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	**100**	100
BL CBP Ventures, Inc. (BL Ventures)	(d)	**50**	50

(Forward)

	Note	Effective Percentage of Ownership	
		2021	2020
Subsidiaries			
Yuson Excellence Soberano, Inc. (YES)	(e)	**50**	50
Yuson Huang Excellence Soberano, Inc. (YHES)	(f)	**50**	50
YHEST Realty and Development Corporation (YHEST)	(g)	**50**	50
CCLI Premier Hotels, Inc. (CCLI)	(h)	**50**	50
Cebu Homegrown Developers, Inc. (CHDI)	(i)	**50**	50
YHES Premier Hotel Inc. (YHESPH)	(j)	**50**	50
Cebu BL-Ramos Ventures, Inc. (CBLRV)	(k)	**50**	50
GGTT Realty Corporation (GGTT)	(l)	**50**	–
Mivesa Garden Residences, Inc. (MGR)	(m)	**45**	45
El Camino Developers Cebu, Inc. (El Camino)	(n)	**35**	35
Associates			
ICOM Air Corporation (ICOM)	(o)	**33**	33
Magspeak Nature Park Inc. (Magspeak)	(p)	**25**	25
Ming-mori Development Corporation (MDC)	(q)	**20**	20

CLI and its subsidiaries (collectively known as the "the Group") and its associates are incorporated in the Philippines and, except CPM, CPH and CCLI, are in the same line of business with CLI. A brief description of these entities follows:

(a) CPH was incorporated in 2016 as a wholly-owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business which started commercial operations on September 14, 2019. The principal place of business of CPH is located at Cebu City;

(b) CPM was incorporated in 2017 as a wholly-owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPH is located at Cebu City;

(c) ASF was incorporated in 2017 as a joint venture where CLI initially holds 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly-owned subsidiary as of December 31, 2017. The principal place of business of ASF is located at Cebu City;

(d) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located at Cebu City;

(e) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located at Davao City;

(f) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located at Davao City;

(g) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located at Davao City;

(h) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City and is managed by Ascott. The principal place of business of CCLI is located at Bacolod City;

(i) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu. CHDI was incorporated on December 5, 2019 and its principal place of business is located at Cebu City;

(j) YHESPH was incorporated on October 28, 2019 as a wholly-owned subsidiary of YHES and is engaged in the hotel business. Its ultimate parent is CLI which owns 50% of YHES. As at March 31, 2021, YHESPH has not started commercial operations;

(k) CBLRV was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.

(l) MGR was incorporated in 2017 as an undetaking by CLI and four other corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located at Cebu City;

(m) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located at Cebu City;

(n) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.

On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company. As of December 31, 2020, the transaction was accounted for by the Group as an asset acquisition. In the first quarter of 2021, GGTT has started commercial operations, hence, was constituted as an acquisition of a business as of March 31, 2021.

(o) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

(p) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located at Cebu City; and,

(q) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located at Cebu City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period.

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

There are no new and amended PFRS that are relevant to the Group effective for the annual periods beginning on or after January 1, 2021.

(a) Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

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

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

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

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

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

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

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

(b) SEC Financial Reporting Reliefs Availed by the Group

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

In December 2020, the SEC issued MC No. 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry*, providing another relief by further deferral of the implementation until December 2023 of certain provisions of certain standards which are covered by MC No. 14-2018 and MC No. 4-2020. Said relief is primarily due to the effect of the COVID-19 pandemic on the real estate industry, which requested such additional period of deferral.

Discussed below are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Group has previously availed of the relief provided by MC No. 14-2018 and MC No. 4-2020 and has opted to apply the provisions of MC No. 34-2020 beginning January 1, 2021 until the end of the deferment period as provided under the MC.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the financial statements: • interest expense would have been higher; • cost of real estate inventories would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Originally until December 31, 2020 under MC 4-2020; further deferred until December 31, 2023 under MC 34-2020.
PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell*	PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. Had the Group elected not to defer this provision of the standard, there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration	Originally until December 31, 2020 under MC 14-2018; further deferred until December 31, 2023 under MC No. 34-2020.

Relief	Description and Implication	Deferral period
	and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method. This will have a retrospective effect the retained earnings, real estate sales, and profit or loss in 2020, 2019 and 2018.	

SEC MC No. 34-2020 provides that, once the extension of the deferral is adopted and applied for financial reporting purposes, are not considered in accordance with PFRS and that real estate companies availing of the relief shall specify in the "*Basis of Preparation of the Financial Statements*" section of the financial statements that the financial statements is prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, which is considered as a compliance framework.

Accordingly, once the Group has adopted and applied the provisions of SEC MC No. 34-2020, its financial reporting framework will transition from PFRS to the aforementioned compliance framework. SEC MC No. 34-2020 also provided the required disclosures in the notes to the financial statements should an entity decide to avail of the relief which include the following:

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

2.3 Basis of Consolidation

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

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

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

(a) Investments in Subsidiaries

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

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

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

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

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

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the equity in net earnings (losses) of associates under Other Losses in the consolidated statement of profit or loss.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

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

(c) Transactions with Non-controlling Interests

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

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

2.4 Business Combination

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

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

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment. Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

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

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

Acquisition of interest in an entity which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. In order to meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes that can collectively significantly contribute to the creation of outputs. A business usually consists of the three elements as follows:

(a) inputs, which is an economic resource that creates outputs or can contribute to the creation of outputs when processes are applied to it;

(b) processes, which a system, standard, protocol, convention or rule that when applied to an input, creates outputs or can contribute to the creation of outputs; and,

(c) utputs, which are the result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.

Under the asset purchased accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and, transaction costs are capitalized.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

(a) Financial assets

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

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the Group's financial assets are all categorized as financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

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

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Receivables (excluding Advances to officers and employees), Due from Related Parties and Other Non-current Assets in respect of the refundable deposits included therein.

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income.

(ii) Impairment of Financial Assets

The Group assesses and recognizes an allowance for expected credit losses (ECL) on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information in assessing credit risk, including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the

financial assets. ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Group assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit impaired, the Group considers both quantitative and qualitative criteria as further discussed in Note 28.2.

The amount of allowance for ECL is 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 include cash flows from the sale of any collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses impairment of receivables and contract assets on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the ECL for receivables and contract assets by applying a method that evaluates the credit quality of a portfolio of receivables and contract assets and the cumulative loss rates by analyzing historical net charge-offs arising from cancellations and back-out sale for homogenous accounts that share the same origination period.

For other credit exposures such as due from related parties and refundable deposit, ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset 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 (lifetime ECL). For deposits in cash and cash equivalents, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

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

- *Probability of Default* – it is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss Given Default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Group expects to receive. For receivables and contract assets, this include cash flows from resale of repossessed real estate properties,

net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or *Maceda law*.

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

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

(iii) Derecognition of Financial Assets

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

(b) Financial liabilities

Financial liabilities, which include interest-bearing loans and borrowings and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)], are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument.

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

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD.

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

All interest-related charges are recognized as expense in profit or loss under the caption Finance and Other Charges account in the statement of comprehensive income.
Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

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

2.6 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties are also capitalized by the Group (see Note 2.13). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

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

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

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

2.7 Deposits on Land for Future Development

Deposits on land for future development pertain to advance cash payments made to sellers of properties purchased by the Group but title over the properties have not yet been transferred to the Group. Once sale is consummated which is usually within 12 months from the date the deposit is made, such advance payments are applied to the full amount of the contract price and debited to either Real Estate Inventory or Investment Property account.

The Group presents land for future development that are intended for subdivision and condominium for sale under current assets while those that are intended for commercial leasing or with no definite plans as non-current assets in the consolidated statement of financial position.

2.8 Prepayments and Other Assets

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

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period are classified as part of non-current assets.

2.9 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. Cost also includes capitalized borrowing costs (see Note 2.13).

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	2-5 years

Leasehold improvements are amortized over the useful life of the improvements of 10 years or the lease term, whichever is shorter.

Construction-in-progress is not depreciated until the completion of the constructed asset.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

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

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

2.10 Investment Properties

Investment properties are completed and under construction or development properties that are held to earn rental income, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Cost of the asset includes cost of construction and capitalized borrowing costs (see Note 2.13).

Investment properties are carried at cost, net of accumulated depreciation, except for land which is not subjected to depreciation, and any impairment in value. Depreciation of investment properties that are subject to depreciation is computed using the straight-line method over the estimated useful lives of the assets of 20 to 50 years.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.13) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

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. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 2.15).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal.

2.11 Provisions and Contingencies

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

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

provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.12 Revenue and Expense Recognition

Revenue of the Group arises mainly from the sale of real estate units, lease of property, rendering of management services and hotel operations. However, lease of property is accounted for separately (see Note 2.14).

The Group follows the five-step process below to when it recognizes revenue:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

A contract with a customer is identified when the following five gating criteria are present:

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

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

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

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

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1*(b)*]:

(a) *Sale of real estate units* – Revenue from the sale of real estate units are recognized as the control transfers at either over time for units sold under pre-completed contracts or at a point in time for ready for occupancy (RFO) units, provided that the collectability of the contract price is reasonably assured. Invoicing for real estate sales are based on the agreed amortization schedule by the Group and the buyer.

When the price gating criteria of the revenue recognition has not been met, including assessment that collectability of the contract price is not yet assured, the consideration received from buyers are accounted as Customers' Deposits which is presented under current liabilities in the consolidated statements of financial position.

Subsequent cancellations of prior year sales are deducted from real estate sales and the related costs in the year in which such cancellations are made.

For tax reporting purposes, the taxable income for the year is based on the provisions of Section 49 of the National Internal Revenue Code (NIRC), as amended, which governs installment sales. Under the NIRC, revenue on sale and cost of real estate sold are recognized in full when the initial payments collected in the year of sale exceed 25% of the selling price; otherwise, revenue and cost of real estate sold are recognized based on the collections.

(b) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities, which consume the benefit as the Group performs. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as part of contract receivables as only the passage of time is required before payment of these amounts will be due.

(c) *Hotel operations* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are

subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.5(a)(ii)].

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Incremental costs of obtaining a contract to sell real property to customers, such as broker's commissions, are recognized as part of Prepayments and Other Current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis, except capitalized borrowing costs (see Note 2.13).

2.13 Borrowing Costs

Borrowing costs are recognized in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

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

2.14 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) Group as Lessor

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

2.15 Impairment of Non-financial Assets

The Group's property and equipment, right-of-use assets, investment properties, investment in associates and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

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

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

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

2.16 Employee Benefits

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

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan, which became effective on January 1, 2015, covers all regular full-time employees. The pension plan is noncontributory and administered by a trustee.

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

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive

income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the consolidated statement of profit or loss. Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment, if any.

(b) Post-Employment Defined Contribution Plans

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

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Performance Bonus

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

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

2.17 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to

which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

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

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

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

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

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

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

2.18 Related Party Transactions and Relationships

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

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

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

For purposes of reporting of material related party transactions for publicly-listed companies to the SEC, transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with the related parties are

considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote to approve the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten 10% of the Group's total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transactions that meets and exceeds the materiality threshold covering the same related party.

2.19 Segment Reporting

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

In identifying its operating segments, management generally follows the Group's geographical location, which represent the main products and services provided by the Group.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except post-employment benefit expenses in arriving at the operating profit of the operating segments.

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

2.20 Equity

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

Additional paid-in capital represents the proceeds in excess of the par value of shares issued less directly attributable costs in relation to the issuance of the shares.

Treasury shares represent the shares that are re-acquired by the Parent Company at cost but are not cancelled shares.

Revaluation reserves comprise gains and losses arising from the remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared. Appropriated retained earnings are retained earnings that have been set aside by the Group for specific purpose and are not available for dividend declarations.

Non-controlling interest (NCI) represents equity in consolidated entities that are not attributable, directly or indirectly to the Parent Company. This increases by equity investments from non-controlling shareholders, share in profit or loss and share in each component of other comprehensive income in the consolidated entities. This decreases by dividends declared to non-controlling shareholders.

The Group adjusts the carrying amount of NCI to reflect the changes in their relative interests in the consolidated entities when the proportion of the equity held by NCI changes. The Group directly recognize in equity any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received, and attribute it to the shareholders of the Parent Company.

2.21 Earnings Per Share

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

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.22 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be

entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(d)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

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

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

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

(c) Determination of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be remote that the buyer will default and the contract will be cancelled. Accordingly, as discussed in Note 2.12 under identification of contract, the Group will not recognize the whole contract and no revenue will be recognized when the threshold is not yet reached.

(d) Assessment Involving Right of Return

The Group's sale of real estate under pre-completed contracts has variable consideration, which is the right of return when a buyer defaulted the equity payments. Moreover, Republic Act No. 6552, *Realty Installment Buyer Act* or, which is popularly known in the Philippines as the Maceda Law, provides a statutory obligation to the Group to refund

the buyer the cash surrender value of the collections received on the property equivalent to fifty percent of the total collected amount, and, after five years of installments, an additional five percent every year but not to exceed 90% of the total collections received.

(e) Determination of ECL on Receivables and Contract Assets

The Group uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 28.2.

(f) Distinction Between Investment Properties and Owner-managed 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 an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the operations.

(g) Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor

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

(h) Determination of Lease Term of Contracts with Renewal and Termination Options

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

For leases of land and office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

(i) Accounting for Equity Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Group evaluates whether control or significant influence exists. Control is present when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policy decisions.

The Parent Company was able to demonstrate control over the operations of GGTT (since 2021), CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Parent Company's actual role in the investees' operations. Accordingly, said entities are accounted for as subsidiaries.

(j) Distinguishing Between Business Combination and Asset Acquisition

The Parent Company determines whether an acquisition of an entity constitutes a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business taking into consideration the substance of the transaction. The Group evaluates whether an acquired entity is capable of being conducted and managed as a business by assessing the integrated set of activities and assets based on at least two essential elements – inputs and processes applied to those inputs, which together are or will be used to create outputs. Otherwise, the transaction is accounted for as an asset acquisition. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transaction.

As of December 31, 2020, management assessed that the acquisition of the outstanding shares of GGTT did not qualify as a business acquisition, but as a mere acquisition of assets.

In 2021, GGTT has conducted a set of activities which displays its capability as a business. Thus, as of March 31, 2021, management assessed that the investment in GGTT has constituted as an acquisition of a business under PFRS 3.

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligations Satisfied Over Time

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

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

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

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 28.2.

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

In determining the net realizable value of real estate inventory, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventory as presented in Note 7, is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation

uncertainty and may cause significant adjustments to the Group's real estate inventory within the next financial reporting period.

Considering the Group's pricing policy, the net realizable values of real estate inventory for sale are determined to be higher than their related costs.

(e) Estimation of Useful Lives of Property and Equipment, Investment Properties and Right-of-use Assets

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

The carrying amounts of property and equipment, investment properties and right-of-use assets are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as at March 31, 2021 and December 31, 2020, there is no change in estimated useful lives of these assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned.

(f) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.15).

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, particularly property and equipment, right-of-use assets and investment properties, as at March 31, 2021 and December 31, 2020.

(g) Valuation of Post-employment Defined Benefit Obligation

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

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit as well as the significant assumptions used in estimating such obligation are presented in Note 22.2.

(b) Fair Value Measurement for Investment Properties

Investment properties are measured using the cost model. The fair value of investment property held for capital appreciation disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of a professional and independent appraiser. The fair value is determined by reference to market-based evidence, which 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. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair value the Group's investment properties as at December 31, 2020 is disclosed in Note 29.3.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

Segment accounting policies are the same as the policies described in Note 2.19. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation, if any.

4.4 Analysis of Segment Information

The following tables present revenue and profit information regarding industry segments for the periods ended March 31, 2021 and 2020 and certain assets and liabilities information regarding segments as at March 31, 2021 and December 31, 2020:

	2021					
	Real Estate	**Rental**	**Management Services**	**Hotel Operations**	**Elimination**	**Consolidated**
REVENUES						
Sale to external customers	**₱2,322,476,210**	**₱13,722,705**	**₱8,977,927**	**₱4,258,899**	**₱–**	**₱2,349,435,741**
Intersegment sales	**(9,522,563)**	**(1,963,128)**	**15,709,565**	**–**	**(4,223,874)**	**–**
Total revenues	**2,312,953,647**	**11,759,577**	**24,687,492**	**4,258,899**	**(4,223,874)**	**2,349,435,741**
COSTS AND EXPENSES						
Costs of sales and services	**1,197,588,166**	**9,991,430**	**3,803,314**	**3,268,987**	**(4,819,576)**	**1,209,832,321**
Operating expenses	**403,725,431**	**2,003,347**	**574,552**	**3,000,625**	**(13,746,431)**	**395,557,524**
Total costs and expenses	**1,601,313,597**	**11,994,777**	**4,377,866**	**6,269,612**	**(18,566,007)**	**1,605,389,845**
Segment results	**₱711,640,050**	**(₱235,200)**	**₱20,309,626**	**(₱2,010,713)**	**14,342,133**	**₱744,045,896**
Other operating income						**22,032,277**
Finance costs						**(48,874,797)**
Finance income						**673,368**
Share in net loss of associates						**(1,638,686)**
Other losses						**(240,451)**
Tax benefit						**9,225,536**
Net profit						**₱725,185,107**
ASSETS AND LIABILITIES						
Segment assets	**₱46,609,876,274**	**₱10,146,271,524**	**₱30,595,723**	**₱448,640,612**	**(₱5,282,550,307)**	**₱51,952,833,826**
Segment liabilities	**₱34,205,633,424**	**₱32,493,837**	**₱4,738,494**	**₱238,511,119**	**(₱423,764,435)**	**₱34,057,612,439**

	2020					
	Real Estate	Rental	Management Services	Hotel Operations	Elimination	Consolidated
REVENUES						
Sale to external customers	₱2,059,797,556	₱16,594,674	₱10,240,124	₱20,685,187	₱–	₱2,107,317,541
Intersegment sales	9,702,055	–	10,201,572	–	(19,903,627)	–
Total revenues	2,069,499,611	16,594,674	20,441,696	20,685,187	(19,903,627)	2,107,317,541
COSTS AND EXPENSES						
Costs of sales and services	1,042,546,512	5,212,667	4,051,682	10,175,911	(6,070,213)	1,055,916,559
Operating expenses	274,651,413	264,950	76,511	34,900	(10,201,575)	264,826,199
Total costs and expenses	1,317,197,925	5,477,617	4,128,193	10,210,811	(16,271,788)	1,320,742,758
Segment results	₱752,301,686	₱11,117,057	₱16,313,503	₱10,474,376	(₱3,631,839)	₱786,574,783
Other operating income						14,957,511
Finance costs						(13,308,154)
Finance income						2,156,905
Share in net loss of associates						(5,118,791)
Other losses						(15,015)
Tax expense						(136,730,066)
Net profit						₱648,517,173
ASSETS AND LIABILITIES						
Segment assets	₱40,383,454,972	₱10,109,861,036	₱26,525,944	₱397,946,646	(₱827,287,155)	₱50,090,501,443
Segment liabilities	₱33,012,060,943	₱29,854,341	₱5,536,745	₱186,205,150	(₱360,681,220)	₱32,872,975,959

The real estate and management services segments are further analyzed based on their geographical location as shown in Note 17.1 of the consolidated financial statements. Both rental and hotel operation segments are located in Cebu City.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	March 31, 2021	December 31, 2020
Cash on hand	**₱1,688,027**	₱3,929,500
Cash in banks	**627,132,318**	751,514,323
Short-term placements	**357,883,671**	41,740,967
	₱986,704,016	₱797,184,790

Cash in banks (savings and demand deposits) generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods from 30 to 90 days and earn effective interest ranging from 0.75% to 1.38% and 1.74% to 6.00% per annum in 2021 and 2020, respectively.

Interest income earned from cash and cash equivalents amounted ₱673,368 and ₱2,156,905 as at March 31, 2021 and 2020, respectively, are presented as Finance Income in the consolidated statements of Profit or Loss.

6. RECEIVABLES

This account includes the following:

	March 31, 2021	December 31, 2020
Installment contracts receivable		
Third parties	**₱4,877,820,529**	₱5,550,553,929
Related parties	**173,071,117**	257,432,271
	5,050,891,646	5,807,986,200
Rent receivable	**69,299,216**	66,636,064
Retention receivable	**63,175,514**	57,707,728
Management fee receivables	**49,840,333**	27,506,262
Advances to officers and employees	**14,496,352**	16,558,780
Others	**147,543,784**	166,164,422
	5,395,246,845	6,142,559,456
Allowance for impairment	**(600,695)**	(600,694)
	₱5,394,646,150	₱6,141,958,762

Receivables are presented in the consolidated statements of financial position as follows.

	March 31, 2021	December 31, 2020
Current	**₱5,307,532,374**	₱6,020,754,434
Non-current	**87,113,776**	121,204,328
	₱5,394,646,150	₱6,141,958,762

Buyers of real estate properties are given two to four years to complete the equity amortization which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyer's chosen financing institution of the buyer's account within 12 months. Titles to real estate properties are transferred to the buyers once full payment has been made. Hence, contracts receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to ₱2,461,014 as at March 31, 2021 and December 31, 2020.

Shown below is the aging of contract receivables.

	March 31, 2021
Not yet due	**₱4,722,056,622**
Less than 30 days	**87,863,763**
More than 30 days but less than 60 days	**33,039,262**
More than 60 days but less than 90 days	**48,023,506**
More than 90 days but less than 120 days	**18,080,623**
More than 120 days	**141,827,870**
	₱5,050,891,646

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and update the assessment at each reporting date based on the analysis by management. A reconciliation of the allowance for impairment at the beginning and end of March 31, 2021 and December 31, 2020 is shown below:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱600,695**	₱348,217
Changes in expected credit losses	**–**	252,478
Balance at end of year	**₱600,695**	₱600,695

7. REAL ESTATE INVENTORIES

This account includes the following inventories carried at cost, which are lower than their NRV.

	March 31, 2021	December 31, 2020
Subdivision units	**₱608,419,970**	₱419,174,144
Condominium units	**297,998,432**	696,385,131
	906,418,402	1,115,559,275
Construction in progress		
Land development cost	**7,024,616,094**	4,549,275,173
Condominium building cost	**2,781,282,943**	2,391,243,922
Housing cost	**876,574,035**	1,096,020,640
	10,682,473,072	8,036,539,735
Raw land inventory	**1,810,513,283**	4,246,082,837
	₱13,399,404,757	₱13,398,181,847

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 18 to the consolidated financial statements.

Land development costs pertain to the cost of land acquisition, and site development costs of subdivision projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group.

Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units. In 2021 and 2020, the Group reclassified deposits on land for future development amounting to nil and ₱1,457,731,053, respectively, to raw land inventory, for payments applied on land acquisitions that were consummated (see Note 8).

Borrowing costs capitalized as part of real estate inventory amounted to ₱232,375,739 and ₱898,039,007 for the periods ended March 31, 2021 and December 31, 2020, respectively, which represents the general and specific borrowing costs incurred on loans and corporate notes obtained to fund the Company's construction projects (see Note 15). Capitalization rate used for general borrowings ranges from from 1.98% to 6.25% for the year ended December 31, 2020.

In 2021 and 2020, the Group reclassified investment properties totaling ₱162,233,561 and ₱997,649,685, respectively, to real estate inventories (see Note 13).

Real estate inventories amounting to ₱6,338,671,988 and ₱6,313,953,917 as at March 31, 2021 and December 31, 2020, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

8. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

This account pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable or leasable real estate projects.

A reconciliation of the deposits on land for future development is presented below:

	Note	**March 31, 2021**	December 31, 2020
Balance at beginning of year		**₱699,772,860**	₱1,289,398,997
Additions		**2,000,000**	868,104,916
Transferred to raw land inventory	7	**–**	(1,457,731,053)
Balance at end of year		**₱701,772,860**	₱699,772,860

The deposits on land for future development is presented as current assets in the consolidated statements of financial position.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	March 31, 2021	December 31, 2020
Advances to subcontractors	**₱1,421,652,611**	₱1,087,635,323
Input VAT and deferred input VAT	**875,003,056**	684,996,056
Prepaid commissions	**803,424,931**	862,373,242
Advances to suppliers	**307,618,309**	288,283,971
Prepaid expenses	**66,054,513**	64,561,537
Prepaid taxes	**10,889,242**	21,625,925
Refundable deposits	**10,208,587**	10,008,175
Others	**385,450**	385,452
	₱3,495,236,699	₱3,019,869,681

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses that were paid in behalf of subcontractors. These are applied against the progress billings of subcontractors.

In the first quarter of 2021 and 2020, the Group expensed prepaid commissions of ₱166,665,338 and ₱32,012,425, respectively, based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

Prepaid expenses include advance payment for insurance and rent.

10. INVESTMENTS IN ASSOCIATES

The reconciliation of the carrying amounts of investments in associates follows:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱129,852,662**	₱16,378,423
Additional investments	**11,609,984**	114,090,016
Share in net losses during the year	**(1,638,686)**	(615,777)
Balance at end of year	**₱139,823,960**	₱129,852,662

Analyses of the carrying amounts of the Group's investments in associates as at March 31, 2021 and December 31, 2020 are shown below:

2021

	Magspeak	**MDC**	**ICOM**	**Total**
Cost				
Balance at beginning of year	**₱18,235,096**	**₱21,600,000**	**₱96,490,016**	**₱136,325,112**
Additional investments	**7,500,000**	**-**	**4,109,984**	**11,609,984**
Balance at end of year	**25,735,096**	**21,600,000**	**100,600,000**	**147,935,096**
Accumulated equity in net losses				
Balance at beginning of year	**(849,697)**	**(5,541,682)**	**(81,071)**	**(6,472,450)**
Equity in net losses during the year	**(198,992)**	**(1,520,765)**	**81,071**	**(1,638,686)**
Balance at end of year	**(1,048,689)**	**(7,062,447)**	**–**	**(8,111,136)**
Net carrying amount	**₱24,686,407**	**₱14,537,553**	**₱100,600,000**	**₱139,823,960**

2020

	Magspeak	MDC	ICOM	Total
Cost				
Balance at beginning of year	₱10,635,096	₱11,600,000	₱–	₱ 22,235,096
Additional investments	7,600,000	10,000,000	96,490,016	114,090,016
Balance at end of year	18,235,096	21,600,000	96,490,016	136,325,112
Accumulated equity in net losses				
Balance at beginning of year	(542,354)	(5,314,319)	–	(5,856,673)
Equity in net losses during the year	(307,343)	(227,363)	(81,071)	(615,777)
Balance at end of year	(849,697)	(5,541,682)	(81,071)	(6,472,450)
Net carrying amount	₱17,385,399	₱16,058,318	₱96,408,945	₱129,852,662

Shares in net losses of associates totaling ₱1,638,686 and ₱5,118,791 were recognized in the first quarter of 2021 and 2020, respectively, in the consolidated statements of profit or loss.

There were no dividends received from the Group's associates in 2021 and 2020.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 are shown below:

	2021							
	Land	**Building**	**Office Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱140,896,820**	**₱255,033,535**	**₱70,755,434**	**₱46,189,920**	**₱28,848,061**	**₱4,585,537**	**₱269,748,169**	**₱816,057,476**
Additions	**–**	**2,863,840**	**3,780,290**	**9,622,193**	**1,076,119**	**–**	**38,385,523**	**55,727,965**
Disposals	**–**	**–**	**(26,782)**	**–**	**(517,582)**	**–**	**–**	**(544,364)**
Reclassifications	**–**	**11,533,069**	**–**	**–**	**–**	**–**	**–**	**11,533,069**
Balance at end of year	**140,896,820**	**269,430,444**	**74,508,942**	**55,812,113**	**29,406,598**	**4,585,537**	**308,133,692**	**882,774,146**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**–**	**84,445,236**	**31,271,468**	**33,586,991**	**19,911,373**	**3,454,802**	**–**	**172,669,870**
Depreciation and amortization	**–**	**3,504,198**	**2,238,800**	**1,262,511**	**957,737**	**283,094**	**–**	**8,246,340**
Disposals	**–**	**–**	**(26,782)**	**–**	**(448,222)**	**–**	**–**	**(475,004)**
Reclassifications	**–**	**3,556,030**	**1,995**	**–**	**48,932**	**–**	**–**	**3,606,957**
Balance at end of year	**–**	**91,505,464**	**33,485,481**	**34,849,502**	**20,469,820**	**3,737,896**	**–**	**184,048,163**
Carrying Amount	**₱140,896,820**	**₱177,924,980**	**₱41,023,461**	**20,962,611**	**8,936,778**	**₱847,641**	**₱308,133,692**	**₱698,725,983**

	2020							
	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance at beginning of year	₱139,794,060	₱150,489,580	₱62,468,842	₱41,012,216	₱26,085,688	₱2,330,639	₱72,079,085	₱494,260,110
Additions	–	19,542,518	8,286,592	5,177,704	2,762,373	2,254,898	197,669,084	235,693,169
Reclassification	1,102,760	85,001,437	–	–	–	–	–	86,104,197
Balance at end of year	140,896,820	255,033,535	70,755,434	46,189,920	28,848,061	4,585,537	269,748,169	816,057,476
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	67,413,259	23,635,550	29,791,432	16,065,951	2,232,938	–	139,139,130
Depreciation and amortization	–	17,031,977	7,635,918	3,795,559	3,845,422	1,221,864	–	33,530,740
Reclassification	–	–	–	–	–	–	–	–
Balance at end of year	–	84,445,236	31,271,468	33,586,991	19,911,373	3,454,802	–	172,669,870
Carrying Amount	₱140,896,820	₱170,588,299	₱39,483,966	₱12,602,929	₱8,936,688	₱1,130,735	₱269,748,169	₱643,387,606

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses (see Note 18).

In 2021 and 2020, the Group reclassified certain retail building previously presented as Investment Properties with an aggregate amount of ₱11,533,069 and ₱86,104,197, respectively, to property and equipment (see Note 13) because CLI used these units as one of its offices starting 2020.

Certain office equipment and furniture and fixtures were disposed in 2021 with a total carrying amount of ₱69,360 from which the Company recognized a net loss on disposal amounting to ₱18,646 (see Note 20.2).

Certain building, office equipment, furniture and fixtures and leasehold improvements with an aggregate carrying amount of ₱255,590,515 and ₱64,404,721 as at March 31, 2021 and December 31, 2020, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

As at March 31, 2021 and December 31, 2020, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to ₱84,112,766 and ₱80,220,251.

12. LEASES

In 2021 and 2020, the Group entered into lease contracts, as lessee, for leases of land and an office space. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the 2021 and 2020 consolidated statements of financial position as Right-of-use Asset and the corresponding obligation, as Lease Liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2021 and 2020 consolidated statements of financial position:

	Number of right-of-use assets leased	Range of remaining term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with termination options
Land	2	40-43 years	-	-	-
Office space	1	3 years	1	-	1

12.1 Right-of-use Assets

The carrying amounts and movements of the Group's right-of-use assets as at March 31, 2021 and December 31, 2020 are shown below:

March 31, 2021

	Land	**Office Space**	**Total**
Cost			
Balance at beginning of year	**₱971,236,695**	**₱8,556,881**	**₱979,793,576**
Amendment of contract	**(10,398,738)**	**–**	**(10,398,738)**
Balance at end of period	**960,837,957**	**8,556,881**	**969,394,838**
Accumulated amortization			
Balance at beginning of year	**26,308,480**	**2,580,647**	**28,889,127**
Amendment of contract	**5,365,581**	**271,647**	**5,637,228**
Balance at end of period	**31,674,061**	**2,852,294**	**34,526,355**
Carrying amount at end of period	**₱929,163,896**	**₱5,704,587**	**₱934,868,483**

December 31, 2020

	Land	Office Space	Total
Cost			
Balance at beginning of year	₱171,439,329	₱8,556,881	₱179,996,210
Additions	818,482,704	–	818,482,704
Amendment of contract	(18,685,338)	–	(18,685,338)
Balance at end of period	971,236,695	8,556,881	979,793,576
Accumulated amortization			
Balance at beginning of year	4,285,983	950,764	5,236,747
Amendment of contract	22,022,497	1,629,883	23,652,380
Balance at end of period	26,308,480	2,580,647	28,889,127
Carrying amount at end of period	₱949,214,198	₱5,976,234	₱950,904,449

The additional right-of-use assets in 2020 pertains to a lease contract for a period of 43 years covering a piece of land which will be the site of another real estate project (leasing and hotel operations) of the Group.

12.2 Lease Liabilities

Lease liabilities presented in the statements of financial position follow:

	March 31, 2021	December 31, 2020
Current	**₱1,395,710**	₱1,634,080
Non-current	**833,890,352**	833,099,895
	₱835,286,062	₱834,733,975

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contract of lease on land does not provide for any future lease termination and extension options. The Group paid advance rentals of ₱100,944,000 in 2020, at the start of the lease of land which will be applied to the first two to five years of the lease term. This amount was deducted from the lease liabilities as at December 31, 2020.

The lease liabilities are secured by the related underlying assets.

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of ₱4,465,201 and ₱7,102,880 for March 31, 2021 and 2020, respectively, and is presented as Rent under the Operating Expenses in the consolidated statements of profit of loss (see Note 19).

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to ₱3,370,270 and ₱107,107,342 for the periods ended March 31, 2021 and 2020. These include the interest expense in relation to the lease liabilities amounting to ₱14,321,095 and ₱13,308,154 in March 31, 2021 and 2020, respectively, and is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statement of profit or loss.

13. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for undetermined future use and, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of March 31, 2021 and December 31, 2020 are shown below:

	2021					
	Land	**Retail Building**	**Condo Units**	**Parking Units**	**Construction in Progress**	**Total**
Cost						
Balance at beginning of year	**₱5,742,622,708**	**₱595,061,927**	**₱551,960,802**	**₱31,371,804**	**₱3,287,906,544**	**₱10,208,923,785**
Additions	**–**	**–**	**–**	**–**	**147,094,936**	**147,094,936**
Reclassifications	**(867,757,358)**	**(11,533,069)**	**–**	**–**	**705,523,797**	**(173,766,630)**
Balance at end of year	**4,874,865,350**	**583,528,858**	**551,960,802**	**31,371,804**	**4,140,525,277**	**10,182,252,091**
Accumulated depreciation						
Balance at beginning of year	**–**	**33,635,295**	**75,583,112**	**5,962,316**	**–**	**115,180,723**
Reclassifications	**–**	**(3,556,030)**	**–**	**–**	**–**	**(3,556,030)**
Depreciation	**–**	**4,635,618**	**4,900,406**	**392,148**	**–**	**9,928,172**
Balance at end of year	**–**	**34,714,883**	**80,483,518**	**6,354,464**	**–**	**121,552,865**
Carrying amount	**₱4,874,865,350**	**₱548,813,975**	**₱471,477,284**	**₱25,017,340**	**₱4,140,525,277**	**₱10,060,699,226**

	2020					
	Land	Retail Building	Condo Units	Parking Units	Construction in Progress	Total
Cost						
Balance at beginning of year	₱5,742,274,541	₱100,228,005	₱285,413,555	₱31,371,804	₱2,821,044,269	₱8,980,332,174
Additions	348,167	–	–	–	2,311,995,527	2,312,343,694
Reclassifications	–	494,833,922	266,547,247	–	(1,845,133,252)	(1,083,752,083)
Balance at end of year	5,742,622,708	595,061,927	551,960,802	31,371,804	3,287,906,544	10,208,923,785
Accumulated depreciation						
Balance at beginning of year	–	15,112,259	55,981,489	4,393,726	–	75,487,474
Depreciation	–	18,523,036	19,601,623	1,568,590	–	39,693,249
Balance at end of year	–	33,635,295	75,583,112	5,962,316	–	115,180,723
Carrying amount	₱5,742,622,708	₱561,426,632	₱476,377,690	₱25,409,488	₱3,287,906,544	₱10,093,743,062

Income and expense from investment properties for the periods ended March 31, 2021 and 2020 are presented below:

	Note	**March 31, 2021**	March 31, 2020
Rental income	17.1	**₱13,722,705**	₱16,594,674
Expenses:	19		
Depreciation		**₱9,928,171**	₱5,212,667
Real property taxes		**63,259**	–
		₱9,991,430	₱5,212,667

The expense is included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2021 and 2020 (see Note 18).

The last valuation made by an independent expert was for the period ended December 31, 2020 for which investment properties were appraised to have a total fair value of ₱11,943,650,421 [see Note 29.3*(c)*].

Investment properties with a total carrying amount of ₱1,780,236,084 and ₱1,798,577,632 as at March 31, 2021 and December 31, 2020, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

14. OTHER NON-CURRENT ASSETS

This account includes the following:

	March 31, 2021	December 31, 2020
Advances to subcontractors	**₱209,505,401**	₱209,505,401
Refundable deposits	**69,775,269**	78,003,269
Computer software - net of accumulated amortization	**41,697,082**	35,869,967
Advance payment for future investment in equity securities	**5,468,752**	5,468,752
Deferred input VAT	**5,447,344**	5,549,979
Others	**12,771,607**	2,647,357
	₱344,665,455	₱337,044,725

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

Total additions to computer software amounted to ₱7,841,734 and ₱8,960,023 in 2021 and 2020, respectively. The amortization expense on the computer software amounted to ₱2,014,619 and ₱672,275 for March 31, 2021 and 2020, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 19).

15. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	Note	**March 31, 2021**	December 31, 2020
Current			
Bank loans	15.1	**₱2,435,728,587**	₱1,416,685,017
Corporate notes	15.2	**2,017,857,143**	2,017,857,143
		4,453,585,730	3,434,542,160
Non-current			
Bank loans	15.1	**7,947,280,593**	7,533,149,676
Corporate notes	15.2	**12,835,414,582**	12,826,291,875
		20,782,695,175	20,359,441,551
		₱25,236,280,905	₱23,793,983,711

15.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱8,949,834,693**	₱9,923,711,949
Proceeds and drawdowns - net	**1,780,210,531**	4,692,123,374
Repayments	**(351,190,271)**	(5,672,248,772)
Amortization of debt issue costs	**4,154,227**	6,248,142
Balance at end of year	**₱10,383,009,180**	₱8,949,834,693

A reconciliation of the unamortized debt issue cost at the beginning and end of 2021 and 2020 is shown below:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱22,600,198**	₱22,038,714
Debt issue costs from new loans	**3,534,971**	6,809,626
Amortization of debt issue costs	**(4,154,227)**	(6,248,142)
Balance at end of year	**₱21,980,942**	₱22,600,198

The loans bear interest rates per annum ranging from 1.84% to 6.50% in 2021 and 1.84% to 7.13% in 2020. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained. The costs of such projects aggregating to ₱8,374,498,587 and ₱8,176,936,270 as at March 31, 2021 and December 31, 2020, respectively, are included in the Real Estate Inventory, Property and

Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 7, 11 and 13).

In 2021, the Group availed of new bank loans amounting to ₱1,780,210,531, net of debt issuance cost, which bear interest ranging from 4.00% to 6.25% with maturity dates ranging from 2021 to 2027. Loans obtained in 2020 from various commercial banks amounting to ₱4,692,123,374, net of debt issuance cost, which bear interest ranging from 4.00% to 6.25% with maturity dates ranging from 2021 to 2027.

The total interest incurred from the foregoing loans amounted to ₱108,406,227 and ₱85,661,125 in 2021 and 2020, respectively, and of which ₱74,744,683 and ₱85,661,125 were capitalized as part of construction costs (see Notes 7 and 13).

15.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) and short-dated note (SDN) amounting ₱13,000,000,000 and ₱2,000,000,000, respectively.

An analysis of the movements in the balance of interest-bearing loans is presented below:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱14,844,149,018**	₱6,923,044,628
Proceeds and drawdowns – net	**–**	7,891,875,689
Amortization of debt issue costs	**9,122,707**	29,228,701
Balance at end of year	**₱14,853,271,725**	₱14,844,149,018

The NFA is composed of the following tranches:

NFA	**Date Executed**	**Tranche**	**Tenor**	**Principal Amount**
SDN	10/25/2019		18 months from drawdown date	₱2,000,000,000
LTCN	07/20/2018	Series A	Seven years	₱2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
	3/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	1,000,000,000
				₱13,000,000,000

The Parent Company made the following drawdowns from the NFA.

Year	Tranche	Interest Rate	Maturity Dates	Amount
2020	Series D	3.46%	September 2025	₱1,300,000,000
	Series E	4.66%	April 2027	5,700,000,000
	Series F	5.23%	March 2030	1,000,000,000
				₱8,000,000,000
2019	Series A	7.25%	January 2026	₱2,000,000,000
	SDN	4.75%	April 2021	2,000,000,000
				₱4,000,000,000
2018	Series A	7.25%	December 2025	₱500,000,000
	Series B	6.63%	August - September 2028	1,000,000,000
	Series C	6.75%	October - December 2028	1,500,000,000
				₱3,000,000,000

A reconciliation of the unamortized debt issue costs of corporate notes at the beginning and end of 2021 and 2020 is shown below:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱155,850,982**	₱76,955,372
Debt issue costs from new loans	**–**	108,124,311
Amortization of debt issue costs	**(9,122,707)**	(29,228,701)
Balance at end of year	**₱146,728,275**	₱155,850,982

The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA amounted to ₱202,746,306 and ₱94,067,416 in 2021 and 2020, respectively, of which ₱202,746,306 and ₱94,067,416 were capitalized as part of real estate inventories and investment properties (see Notes 7 and 13).

The Group is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at March 31, 2021, the Group is compliant with the requirements.

15.3 Interest

Details of interest incurred from interest-bearing loans follow:

	Notes	**March 31, 2021**	March 31, 2020
Capitalized as part of construction costs	7, 13	**₱232,375,739**	₱72,411,323
Recognized in the statements of profit or loss:			
Cost of real estate sold	18	**45,115,250**	143,196,543
Finance cost	21	**33,661,544**	–
		78,776,794	143,196,543
		₱311,152,533	₱215,607,866

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	March 31, 2021	December 31, 2020
Current:		
Unbilled construction cost	**₱3,222,170,147**	₱3,444,486,727
Trade payables	**1,812,173,609**	1,717,167,163
Sales commission payable	**1,223,277,103**	1,251,685,699
Retention payable	**433,263,318**	320,853,275
Output VAT	**157,765,905**	99,119,283
Accrued expenses	**89,632,904**	153,204,848
Government-related obligations	**23,467,625**	28,764,646
Others	**139,895,107**	241,950,723
	7,101,645,718	7,257,232,364
Non-current:		
Retention payable	**150,281,975**	209,603,913
Advanced rental	**15,568,662**	14,493,616
Other payables	**2,336,903**	2,336,904
	168,187,540	226,434,433
	₱7,269,833,258	₱7,483,666,797

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

Accrued expenses pertain to accruals for contracted services, security services, professional fees and other recurring accruals in the Group's operations.

Current portion of the other payables include construction bonds from various subcontractors.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time.

Below is the revenue of its major product lines and in geographical areas as of March 31, 2021:

	Cebu	**Visayas**	**Mindanao**	**Luzon**	**Total**
Sale of real estate units					
Over time	₱1,174,388,847	₱694,417,920	₱455,765,559	₱–	**₱2,324,572,326**
At a point in time	(2,126,917)	–	(2,911,199)	2,942,000	**(2,096,116)**
	1,172,261,930	694,417,920	452,854,360	2,942,000	**2,322,476,210**
Lease of properties					
Over time	13,722,705	–	–	–	**13,722,705**
Render of management services					
Over time	7,828,346	–	1,149,581	–	**8,977,927**
Hotel operations					
Over time	4,258,899	–	–	–	**4,258,899**
	₱1,198,071,880	₱694,417,920	₱454,003,941	₱2,942,000	**₱2,349,435,741**

Below is the revenue of its major product lines and in geographical areas as of March 31, 2020:

	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	₱1,130,135,692	₱335,518,060	₱401,121,350	₱–	₱1,866,775,102
At a point in time	163,232,258	–	14,560,196	15,230,000	193,022,454
	1,293,367,950	335,518,060	415,681,546	15,230,000	2,059,797,556
Lease of properties					
Over time	16,594,674	–	–		16,594,674
Render of management services					
Over time	9,238,166	–	1,001,958	–	10,240,124
Hotel operations					
Over time	20,685,187	–	–	–	20,685,187
	₱1,339,885,977	₱416,683,504	₱335,518,060	₱15,230,000	₱2,107,317,541

17.2 Contract Balance

The breakdown of contract balances is as follows:

	March 31, 2021	December 31, 2020
Contract assets – net	**₱15,776,812,272**	₱13,856,650,495
Contract liabilities	**(533,725,352)**	(532,649,347)
Net	**₱15,243,086,920**	₱13,324,001,148

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period.

The contract assets of the Group presented in the consolidated statement of the financial position as at March 31, 2021 and December 31, 2020 follow:

	March 31, 2021	December 31, 2020
Current	**₱3,266,109,932**	₱3,642,591,056
Non-current	**12,510,702,340**	10,214,059,439
	₱15,776,812,272	₱13,856,650,495

Contract liabilities pertain to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have not yet met are accounted for as Customers' deposits.

A summary of the Group's contract liabilities and customers' deposits is presented below:

	March 31, 2021	December 31, 2020
Contract liabilities	**₱533,725,352**	₱532,649,347
Customers' deposits	**103,006,955**	196,124,012
	₱636,732,307	₱728,773,359

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

18. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below:

	March 31, 2021	March 31, 2020
Cost of real estate sales	**₱1,192,768,590**	₱1,036,476,300
Cost of rental services		
Depreciation	**9,928,171**	5,212,667
Real property taxes	**63,259**	–
	9,991,430	5,212,667
Cost of management services		
Salaries and wages	**3,803,314**	4,051,681
Cost of hotel operations		
Salaries and wages	**2,033,203**	2,090,184
Materials and supplies	**488,974**	3,986,703
Utilities	**313,467**	1,100,193
Advertising and promotion	**170,730**	2,443,422
Others	**262,613**	555,409
	3,268,987	10,175,911
	₱1,209,832,321	₱1,055,916,559

Cost of real estate sales are further broken down as follows:

	March 31, 2021	March 31, 2020
Contracted services	**₱911,569,738**	₱567,550,726
Land cost	**136,574,596**	245,255,738
Borrowing cost	**107,719,149**	143,196,543
Other costs	**36,905,107**	80,473,293
	₱1,192,768,590	₱1,036,476,300

19. OPERATING EXPENSES BY NATURE

Details of operating expenses by nature are shown below:

	Note	**March 31, 2021**	March 31, 2020
Contracted services	18	**₱911,569,738**	₱567,550,726
Commissions	9	**166,665,338**	32,012,425
Land cost	18	**136,574,596**	245,255,738
Borrowing costs	18	**107,719,149**	143,196,543
Taxes and licenses		**88,105,517**	65,850,589
Salaries and employee benefits		**80,380,819**	73,480,751
Depreciation and amortization	11, 12, 13, 14	**25,193,564**	20,667,770
Professional fees		**14,882,549**	73,767,283
Advertising		**9,870,915**	18,594,702
Utilities		**8,481,768**	14,291,520
Repairs and maintenance		**8,407,534**	5,006,961
Subscription and membership dues		**6,607,857**	2,357,005
Rent	26.2	**4,465,201**	7,102,880
Transportation and travel		**4,205,891**	8,622,454
Donations		**3,889,867**	1,683,233
Security services		**3,753,297**	4,143,644
Representation and entertainment		**3,544,332**	4,745,534
Supplies		**3,354,617**	4,950,370
Hotel operations		**3,268,987**	10,175,911
Management fee		**2,383,821**	1,020,925
Communication		**2,302,428**	2,106,778
Insurance		**1,490,618**	2,960,200
Trainings and seminars		**362,655**	150,407
Fuel and lubricants		**–**	21,893
Others		**7,908,787**	11,026,516
		₱1,605,389,845	₱1,320,742,758

Borrowing costs pertains to those interest that were capitalized as part of real estate inventory but expensed when the related asset was sold.

The expenses are classified in the consolidated statements of profit or loss as follows:

	Note	**March 31, 2021**	March 31, 2020
Cost of sales and services	18	**₱1,209,832,321**	₱1,055,916,559
Operating expenses		**395,557,524**	264,826,199
		₱1,605,389,845	₱1,320,742,758

20. OTHER INCOME AND LOSSES

20.1 Other Operating Income

This account is composed of the following:

	March 31, 2021	March 31, 2020
Administrative charges	**₱14,096,460**	₱3,262,887
Documentation fee	**2,866,072**	1,910,714
Water income	**1,955,468**	4,379,854
Utilities charged to tenants	**859,814**	664,770
Late payment penalties charged to customers	**288,482**	1,420,177
Foreign exchange gains	**175,469**	9,987
Referral incentive	**45,568**	–
Reversal of payables	**–**	2,052,717
Others	**1,706,908**	1,256,405
	₱21,994,241	₱14,957,511

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

Reversal of payables pertains to recoveries from cancelled contracts with certain building contractors.

20.2 Other Losses

	Note	**March 31, 2021**	March 31, 2020
Foreign exchange losses		**₱ 221,806**	₱15,015
Loss on sale of assets – net	11	**18,646**	**–**
		₱240,452	₱15,015

The Group recognized realized net foreign exchange losses arising from collections from buyers and payments to suppliers denominated foreign currencies.

21. FINANCE COSTS

This is comprised of the following:

	Note	**March 31, 2021**	March 31, 2020
Interest expense on:			
Loans		**₱33,661,544**	₱–
Lease liabilities	12.4	**14,321,095**	13,308,154
Amortized debt issuance cost		**892,158**	**–**
		₱48,874,797	₱13,308,154

Interest expense on loans is the portion of total interest incurred not capitalized as part of real estate inventory.

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits (see Note 19) are presented below:

	March 31, 2021	March 31, 2020
Short-term employee benefits	**₱80,380,819**	₱73,480,751

22.2 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains funded and non-contributory post-employment benefit plans that are being administered by trustee banks that are legally separated from the Group. The trustee banks manage the fund in coordination with the Group's top management who act in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plans cover all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

23. CURRENT AND DEFERRED TAXES

The Group was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Group has 14 and 17 registered projects with BOI as at March 31, 2021 and December 31, 2020, respectively.

On March 26, 2021, the Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act (Republic Act 11534) was signed by the President of the Philippines and passed into law. The CREATE Act lowers certain corporate taxes and rationalizes tax incentives given to certain taxpayers. Upon enactment, the effective regular corporate income tax (RCIT) rate applicable to the Group from January 1, 2020 to June 30, 2020 and July 1, 2020 to December 31, 2020 is 30% and 25%, respectively. In 2021, the effective RCIT rate is 25%.

The components of tax expense (income) relating to profit or loss and other comprehensive loss follow:

	March 31, 2021	March 31, 2020
Reported in profit or loss:		
Current income tax expense:		
Regular corporate income tax (RCIT) at 25% in 2021 and 30% in 2020	**₱86,598,546**	₱36,606,764
Final income tax	**133,936**	464,756
Minimum corporate income tax (MCIT) at 1% in 2021 and 2% in 2020	**45,540**	421,257
	86,778,022	37,492,777
Deferred income tax (income) expense relating to origination and reversal of temporary differences	**(96,003,558)**	99,237,289
	(₱9,225,536)	₱136,730,066
Reported in other comprehensive income:		
Deferred tax expense relating to origination and reversal of a temporary difference on post-employment defined benefit plan	**₱675,196**	₱–

As of March 31, 2021, only the Parent Company, CPM, CPH, BL Ventures and El Camino are subject to MCIT which is computed at the applicable rate (1% and 2% in March 31, 2021 and 2020, respectively) of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to ₱45,540 and ₱421,257 in 2021 and 2020, respectively.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the quarters ended March 31, 2021 and 2020.

24. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, unconsolidated subsidiary, shareholders, the Group's key management personnel, its retirement fund and others as described in the consolidated financial statements.

A summary of the Group's transactions and outstanding balances with related parties is presented below:

		Amount of Transaction		Outstanding Balance	
	Notes	**2021**	2020	**2021**	2020
Ultimate Parent Company					
Sale of real estate	23.3, 23.4	**₱–**	₱41,538,000	**₱130,181,574**	₱214,172,636
Entities under Common Ownership					
Net advances (collections)	23.1	**(₱2,459,632)**	₱11,953,583	**₱19,441,368**	₱21,901,000
Associates					
Net advances (collections)		**(₱16,907)**	₱49,504	**₱32,957**	₱49,504
Key Management Personnel					
Sale of real estate	23.4	**₱–**	₱39,075,750	**₱42,889,543**	₱43,259,635
Compensation		**23,245,910**	94,066,157	–	–

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at March 31, 2021 and December 31, 2020. The cash advances to and from related parties are noninterest-bearing, unsecured, due on demand and are expected to be settled in cash or offsetting of accounts within one year from end of the reporting period. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follow.

24.1 Advances to Related Parties

The Group grants cash advances to certain entities under common ownership. An analysis of such advances is presented below:

	Entities Under Common Ownership	**Associate**	**Total**
Balance at January 1, 2021	**₱21,901,000**	**₱49,504**	**₱21,950,504**
Collections	**(2,459,632)**	**(16,907)**	**(2,476,539)**
Balance at March 31, 2021	**₱19,441,368**	**₱32,597**	**₱19,473,965**
Balance at January 1, 2020	₱9,947,417	₱–	₱9,947,417
Additional advances	11,953,583	49,504	12,003,087
Balance at December 31, 2020	₱21,901,000	₱49,504	₱21,950,504

24.2 Sale of Real Estate to Ultimate Parent Company

In 2020, 2019 and 2017, CLI sold condominium units to ABS totaling ₱41,538,000, ₱24,410,000 and ₱158,867,450, respectively. The outstanding balance related to these transactions amounted to ₱130,181,574 and ₱214,172,636 as at March 31, 2021 and December 31, 2020, respectively, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

24.3 Sale of Real Estate to Key Management Personnel

In 2020 and 2015, CLI sold condominium units totaling ₱39,075,750, and ₱2,232,762, respectively, to key management personnel. Outstanding balance related to these transactions amounted to ₱42,889,543 and ₱43,259,635 as at March 31, 2021 and December 31, 2020, respectively. These are presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

25. EQUITY

25.1 Capital Stock

Details of the authorized capital stock as of March 31, 2021 and December 31, 2020 are as follows:

Type	Par Value	Shares	Amount
Common stock	₱1.00	2,400,000,000	₱2,400,000,000
Preferred stock	₱0.10	1,000,000,000	100,000,000

As of March 31, 2021 and December 30, 2020, common shares issued and outstanding is 1,714,000,000 which amounts to ₱1,714,000,000. There is no issued preferred stock as of March 31, 2021 and December 31, 2020.

As disclosed in Note 1.1 to the consolidated financial statements, the Parent Company had an IPO of 430,000,000 unissued common shares at an offer price of ₱5 per share, which is equivalent to ₱2,150,000,000, on June 2, 2017. Accordingly, the Parent Company recognized additional paid-in capital of ₱1,608,917,974 in the consolidated statements of financial position after deducting related share issuance costs of ₱111,082,026.

The share price of the Parent Company's common stock closed at ₱5.90 and ₱5.05 per share on March 31, 2021 and December 29, 2020, respectively, the last trading days in the PSE.

The Group has no other listed securities as at March 31, 2021 and December 31, 2020.

On November 24, 2020, the Parent Company's BOD approved the proposed increase in its authorized common stock from ₱2,400,000,000, divided into 2,400,000,000 common shares with a par value of ₱1.00 per share to ₱10,000,000,000, divided into 10,000,000,000 common shares with a par value of ₱1.00 per share. Relative to the increase in authorized common stock, on the same date, the Parent Company's BOD approved to declare stock dividends, subject to the approval of the stockholders, of at least 1,900,000,000 or such number of common shares as sufficient to pay the required subscription to the increase in the authorized common stock and as necessary to avoid fractional shares, to be issued to stockholders of record as of the record date fixed and approved by the SEC, and to be paid on such payment date as shall be fixed by the BOD after the determination of the record

date. The increase in the authorized common stock and declaration of stock dividends were approved by the Parent Company's stockholders on February 26, 2021.

In relation to the foregoing, the Parent Company filed with the SEC an application for the increase of authorized capital stock through declaration of stock dividends. As at the issuance of the first quarter 2021 consolidated financial statements of the Group, the Parent Company has submitted complete documentary requirements to the SEC, and the application is undergoing formal review and approval.

25.2 Treasury Shares

An analysis of treasury shares as of March 31, 2021 and December 31, 2020, respectively is shown below:

	Shares		Amount	
	2021	2020	**2021**	2020
Balance at beginning of year	**159,000,400**	54,820,000	**₱732,851,016**	₱247,193,811
Reacquired during the year	**–**	104,180,400	**–**	485,657,205
Balance at end of year	**159,000,400**	159,000,400	**₱732,851,016**	₱732,851,016

On February 27, 2018, the BOD of the Parent Company approved a ₱250,000,000 budget for a share buy-back program and employee stock option plan. As of March 31, 2021, the employee stock option plan is on-going revisions.

On March 27, 2020, the BOD of the Parent Company approved an additional ₱500,000,000 stock buy-back program for its valuation plans over the next two years.

In relation to this programs, the Parent Company reacquired a total of 159,000,400 shares for ₱732,851,016 as of March 31, 2021 and December 31, 2020 and presented them as Treasury Stock in the consolidated statement of financial position.

The common stock of the Parent Company that is held under nominee accounts totaled 680,864,750 shares of December 31, 2020.

25.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive loss presented in the consolidated statement of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**(₱12,883,375)**	(₱6,589,225)
Other comprehensive income:		
Gain on remeasurement of post-employment defined benefit obligation	**–**	(8,991,642)
Tax expense	**(675,196)**	2,697,492
Balance as at end of period	**(₱13,558,571)**	(12,883,375)

25.4 Retained Earnings

(a) Dividends

On March 15, 2021, the BOD declared cash dividends of ₱0.25 per share totalling ₱388,749,900 to stockholders on record as of April 16, 2021. Such dividends will be paid on May 10, 2021.

On February 26, 2021, the stockholders of the Parent Company representing at least two-thirds of the outstanding capital stock approved the following matters previously approved by the BOD (see also Note 26.1):

- the increase of the authorized common stock from ₱2,400,000,000, divided into 2,400,000,000 common shares with a par value of ₱1.00 per share to ₱10,000,000,000, divided into 10,000,000,000 common shares with a par value of ₱1.00 per share; and,

- the declaration of stock dividends of at least 1,900,000,000 common shares or such number as sufficiently required for the increase in the authorized capital stock. The stock dividend record date and payment date are yet to be determined upon the approval of the SEC.

On February 19, 2020, the BOD declared cash dividend of ₱0.25 per share totaling ₱414,795,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

(b) Appropriations

The movements of the appropriated retained earnings in 2021 are shown below:

Purpose	January 1, 2021	Releases	March 31, 2021
Funding of CLI's projects:			
Mivela Garden Residences	₱500,000,000	(₱235,689,319)	₱264,310,681
Casa Mira Towers Mandaue	500,000,000	(88,108,376)	411,891,624
Casa Mira and Velmiro Homes Davao	400,000,000	(1,409,326)	398,590,674
Cebu Business Park Office/ Hotel Tower	364,269,107	(731,377)	363,537,730
Abaca Resort Mactan	148,209,601	(22,646,457)	125,563,144
Mactan Lowaii Project	72,216,550	(435,394)	71,781,156
Velmiro Heights Teakwood	64,809,365	(36,435,854)	28,373,511
	2,049,504,623	(385,456,103)	1,664,048,520
Declaration of stock dividends	1,900,000,000	–	1,900,000,000
	₱3,949,504,623	₱(385,456,103)	₱3,564,048,520

In 2021, the Parent Company released the appropriated retained earnings in 2020 and 2019 for funding or certain projects by ₱385,456,103 to unrestricted retained earnings after partial fulfillment of its intended purpose.

The movements of the appropriated retained earnings in 2020 are shown below:

Purpose	January 1, 2020	Releases	Additions	December 31, 2020
Funding of CLI's projects:				
Mivela Garden Residences	₱400,000,000	(₱400,000,000)	₱500,000,000	₱500,000,000
Casa Mira Towers Mandaue	300,000,000	(300,000,000)	500,000,000	500,000,000
Casa Mira and Velmiro Homes Davao	500,000,000	(500,000,000)	400,000,000	400,000,000
Cebu Business Park Office/ Hotel Tower	600,000,000	(235,730,893)	–	364,269,107
Abaca Resort Mactan	400,000,000	(251,790,399)	–	148,209,601
Mactan Lowaii Project	600,000,000	(527,783,450)	–	72,216,550
Velmiro Heights Teakwood	250,000,000	(185,190,635)	–	64,809,365
	3,050,000,000	(2,400,495,377)	1,400,000,000	2,049,504,623
Declaration of stock dividends	–	–	1,900,000,000	1,900,000,000
	₱3,050,000,000	(₱2,400,495,377)	₱3,300,000,000	₱3,949,504,623

In 2020, appropriated retained earnings for certain projects totaling ₱2,400,495,377 in 2019 were released to unrestricted retained earnings after full and/or partial fulfillment of the intended purposes.

On November 24, 2020, the BOD approved the appropriation of ₱3,300,000,000 retained earnings. Details of the appropriation are as follows:

- ₱1,900,000,000 is intended for the Parent Company's proposed increase in authorized common stock and of which portion will be issued through stock dividends [see Note 25.4*(a)*].

- ₱1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the Parent Company expects to incur in 2021 with details below:

  - ₱400,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects. Project developments commenced on December 2019 and are expected to be completed by fourth quarter of 2023;

  - ₱500,000,000 for the on-going development of Mivela Garden Residences. Project development was commenced on September 2019 and is expected to be completed by fourth quarter of 2023; and,

  - ₱500,000,000 for the on-going development of Casa Mira Towers Mandaue. Project development was commenced on September 2019 and is expected to be completed by fourth quarter of 2023.

On October 24, 2019, the BOD approved the appropriation of ₱3,050,000,000 from the Parent Company's retained earnings for purposes of funding certain projects. The appropriated amount is specifically intended and allocated for the capital expenditures, financing costs, and other related development costs that the Parent Company expects to incur. Details of the appropriation are shown in the next page:

- ₱400,000,000 for the on-going development of Mivela Garden Residences, a modern garden residential community and condominium project located in Banilad, Cebu City. Project development was commenced on September 2019.

- ₱600,000,000 for the development of Cebu Business Park Office / Hotel Tower, an office and hotel building located at the Cebu Business Park, Cebu City. Project development was commenced last November 2019 and is expected to be completed by first quarter of 2024;

- ₱500,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects, which are subdivision projects (house and lots) located in Magtuod, Davao City. Project developments commenced on December 2019.

- ₱400,000,000 for the redevelopment of the Abaca Resort Mactan, a resort in Punta Engaño, Mactan Island, Cebu. Redevelopment was commenced on November 2019 and is expected to be completed by second quarter of 2024.

- ₱600,000,000 for the redevelopment of the Mactan Lowaii Project, a resort in Mactan Island, Cebu. Development was commenced on November 2019 and is expected to be completed by second quarter of 2023.

- ₱300,000,000 for the on-going development of Casa Mira Towers Mandaue, a condominium project with four towers located in Alang-alang, Mandaue City. Project development was commenced on September 2019.

- ₱250,000,000 for the on-going development of the Velmiro Heights Taekwoord, a subdivision project located in Cagayan de Oro. Project development was commenced on December 2019 and is expected to be completed by fourth quarter of 2022.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

25.5 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at March 31, 2021 and December 31, 2020 and are as follows.

	NCI Ownership %		**NCI Equity in Subsidiaries**	
Subsidiaries	**2021**	2020	**2021**	2020
YHEST	**50**	50	**₱3,715,317,267**	₱3,715,725,255
El Camino	**65**	65	**1,099,320,415**	1,060,345,832
CHDI	**50**	50	**654,207,836**	654,584,882
YHES	**50**	50	**565,096,996**	540,728,657
MGR	**55**	55	**270,608,203**	279,378,963
YES	**50**	50	**253,457,966**	294,725,960
BL Ventures	**50**	50	**146,071,098**	145,666,074
CCPH	**50**	50	**104,327,531**	105,051,470
CBLRV	**50**	50	**99,534,710**	99,432,604
GGTT	**50**	–	**48,598,888**	–
			₱6,956,540,910	₱6,895,639,697

An analysis of the movement of NCI as at March 31, 2021 and December 31, 2020 follows:

	March 31, 2021	December 31, 2020
Balance at beginning of year	**₱6,895,639,697**	₱6,056,029,905
New and additional investments	**50,000,000**	647,502,204
Dividends	**–**	(37,500,000)
Share in net profit (loss) on:		
Income realized during the year	**11,352,818**	229,607,588
Accumulated loss realized in the previous year from a subsidiary	**(451,605)**	–
Balance as at end of period	**₱6,956,540,910**	₱6,895,639,697

As of March 31, 2021, CLI's acquisition of GGTT was accounted for as an acquisition of a business as it already commenced commercial operations in 2021 (see Note 1). Thus, the pre-existing contribution of GGTT's non-controlling stockholders amounting to ₱50,000,000 was accounted as additional investments during the year.

On June 16, 2020, CLI acquired 50% ownership in GGTT Realty Corporation (GGTT) to obtain a controlling interest in the company. As of December 31, 2020, the transaction was accounted for by the Group as an asset acquisition. In the first quarter of 2021, GGTT has commenced commercial operations including pre-selling activities and initial development costs, hence, was constituted as an acquisition of a business as of March 31, 2021

In 2020, CBLRV was incorporated with paid-in capital from non-controlling stockholders amounting to ₱100,002,200. Other significant activities of the Group's NCI in 2020 are as follows:

- CHDI's non-controlling shareholders contributed cash of ₱430,000,000 as paid-in capital;
- CCLI's deposits for future share subscription from non-controlling shareholders amounting to ₱20,000,001 was transferred to capital stock after compliance of SEC requirements of the reclassification;
- El Camino's non-controlling shareholders contributed cash amounting to ₱97,500,002 as additional capital; and,
- YES declared a cash dividend of ₱20,000,000 in September 2020 and of which ₱10,000,000 was paid to non-controlling shareholders.

26. EARNINGS PER SHARE

EPS is computed as follows:

	March 31, 2021	March 31, 2020
Income available to common stockholders	**₱713,832,288**	₱572,230,488
Divided by weighted average number of outstanding common stock	**1,554,999,600**	1,659,180,000
Basic and diluted EPS	**₱0.46**	₱0.34

There were no instruments that could potentially dilute basic earnings per share for periods ended March 31, 2021 and 2020, hence, basic EPS is the same as diluted EPS.

27. COMMITMENTS AND CONTINGENCIES

27.1 Operating Lease Commitments - Group as Lessor

The Group is a lessor under several operating leases covering investment properties (see Note 12). The leases have terms ranging from one to five years, with renewal options, and include annual escalation from 5.00% to 10.00%. The future minimum lease receivables under these agreements are presented below:

	March 31, 2021	March 31, 2020
Within one year	**₱52,812,501**	₱59,467,774
After one year but not more than five years	**99,236,348**	91,924,899
More than five years	**116,356,736**	132,301,010
	₱268,405,585	₱283,693,683

Rental income amounted to ₱13,722,705 and ₱16,594,674 as at March 31, 2021 and 2020, respectively (see Note 13). None of the rental income in 2021 and 2020 are relating to variable lease payments.

27.2 Operating Lease Commitments – Group as Lessee

The Group entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases amounted to ₱4,465,201 and ₱7,102,880 for March 31, 2021 and 2020, respectively, and is shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Notes 19).

27.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. In 2021 and 2020, the Group recognized a contract liability when it collects more than it is entitled to base on the stage of completion of the project development.

27.4 Purchase of Land

As at March 31, 2021 and December 31, 2020, the Group had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land and for which the Group has made advance payments totalling ₱701,772,860 and ₱122,412,000 respectively (see Note 8). The advance payments shall be applied against the full amount of the contract price upon consummation of the contracts.

27.5 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As at March 31, 2021 and December 31, 2020, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 29. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described as follows.

28.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing and financing activities.

It has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency. The Group also has no significant interest rate risk exposure as most of its interest-bearing financial assets and liabilities bear fixed interest rates.

28.2 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) Maximum exposure to credit risk

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets) as summarized below:

	March 31, 2021	December 31, 2020
Cash and cash equivalents	**₱986,704,016**	₱797,184,790
Receivables [1]	**5,380,149,798**	6,125,399,982
Contract assets	**15,776,812,272**	13,856,650,495
Due from related parties	**19,473,965**	21,950,504
Refundable deposits	**69,775,269**	78,003,269
	₱22,232,915,320	₱20,879,189,040

[1] *Receivables excludes advances to officers and employees.*

(b) Credit quality

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

	2021					
	Neither past due nor impaired			**Past due but**	**Individually**	
	High grade	**Standard grade**	**Unrated**	**not impaired**	**impaired**	**Total**
Cash	**₱986,704,016**	**₱–**	**₱–**	**₱–**	**₱–**	**₱986,704,016**
Receivables						
Contract	**–**	**4,722,056,622**	**–**	**328,835,024**	**(600,695)**	**5,050,290,951**
Other	**–**	**–**	**329,858,847**	**–**	**–**	**329,858,847**
Contract assets	**–**	**15,776,812,272**	**–**	**–**	**–**	**15,776,812,272**
Due from related parties	**–**	**–**	**19,473,965**	**–**	**–**	**19,473,965**
Refundable deposits	**–**	**–**	**69,775,269**	**–**	**–**	**69,775,269**
Balance at end of year	**₱986,704,016**	**₱20,498,868,894**	**₱419,108,081**	**₱328,835,024**	**(₱600,695)**	**₱22,232,915,320**

	2020					
	Neither past due nor impaired			Past due but not	Individually	
	High grade	Standard grade	Unrated	impaired	impaired	Total
Cash	₱797,184,790	₱–	₱–	₱–	₱–	₱797,184,790
Receivables						
Contract	–	5,808,586,894	–	–	(600,695)	5,807,986,199
Other	–	–	317,413,782	–	–	317,413,782
Contract assets	–	13,856,650,495	–	–	–	13,856,650,495
Due from related parties	–	–	21,950,504	–	–	21,950,504
Refundable deposits	–	–	78,003,269	–	–	78,003,269
Balance at end of year	₱797,184,790	₱19,665,237,389	₱417,367,555	₱–	(₱600,695)	₱20,879,189,039

28.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

As at March 31, 2021 and December 31, 2020, the Group's financial liabilities have contractual maturities which are presented below:

	Current		**Non-current**	
	Within 6 Months	**6 to 12 Months**	**1 to 5 years**	**More than 5 years**
March 31, 2021				
Interest-bearing loans	**₱3,927,047,083**	**₱562,586,122**	**₱11,648,076,322**	**₱9,258,469,831**
Trade and other payables[1]	**2,970,888,539**	**1,699,915,874**	**2,402,226,653**	**–**
	₱6,897,935,622	**₱2,262,501,996**	**₱14,050,302,975**	**₱9,258,469,831**

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 years	More than 5 years
December 31, 2020				
Interest-bearing loans	₱3,248,858,810	₱1,225,240,146	₱14,589,097,481	₱9,754,201,145
Trade and other payables[1]	4,269,010,584	2,177,862,221	894,416,447	–
	₱7,517,869,394	₱3,403,102,367	₱15,483,513,928	₱9,754,201,145

[1] *Trade and other payables excludes government-related obligations, advance rentals and output VAT.*

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AN FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below:

		2021		2020	
	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortized cost					
Cash and cash equivalents	5	**₱986,704,016**	**₱986,704,016**	₱797,184,790	₱797,184,790
Receivables - net[1]	6	**5,380,149,798**	**5,380,149,798**	6,125,399,982	6,125,399,982
Due from related parties	23	**19,473,965**	**19,473,965**	21,950,504	21,950,504
Refundable deposits	9, 14	**69,775,269**	**69,775,269**	78,003,269	78,003,269
		₱6,456,103,048	**₱6,456,103,048**	₱7,022,538,545	₱7,022,538,545
Financial Liabilities at amortized cost					
Interest-bearing loans	15	**₱25,236,280,905**	**₱25,236,280,905**	₱23,793,983,711	₱23,757,633,171
Trade and other payables[2]	16	**7,073,031,066**	**7,073,031,066**	7,341,289,252	7,341,289,252
		₱32,309,311,971	**₱32,309,311,971**	₱31,135,272,963	₱31,098,922,423

[1] *Receivables - net excludes advances to officers and employees.*
[2] *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

See Note 2.5 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross Amount			Related Amounts not set-off		
	Financial Assets	Financial Liabilities Set off	Net Amount	Financial Instruments	Cash Collateral Received	Net Amount
March 31, 2021						
Cash and cash equivalents	**₱986,704,016**	**₱–**	**₱986,704,016**	**₱985,015,989**	**₱–**	**₱1,688,027**
December 31, 2020						
Cash and cash equivalents	₱797,184,790	₱–	₱797,184,790	₱793,255,290	₱–	₱3,929,500

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross Amount			Related Amounts not set-off		
	Financial Assets	Financial Liabilities Set off	Net Amount	Financial Instruments	Cash Collateral Received	Net Amount
March 31, 2021						
Interest-bearing loans and borrowings	**₱25,236,280,905**	**₱–**	**₱25,236,280,905**	**₱985,015,989**	**₱–**	**₱24,251,264,916**
December 31, 2020						
Interest-bearing loans and borrowings	₱23,793,983,711	₱–	₱23,793,983,711	₱793,255,290	₱–	₱23,000,728,421

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., related parties and contractors) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

29.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2021 and 2020 consolidated statements of financial position, but for which fair value is disclosed.

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets at amortized cost				
Cash and cash equivalents	**₱986,704,016**	**₱–**	**₱–**	**₱986,704,016**
Receivables - net[1]	**–**	**–**	**5,380,149,798**	**5,380,149,798**
Due from related parties	**–**	**–**	**19,473,965**	**19,473,965**
Refundable deposits	**–**	**–**	**69,775,269**	**69,775,269**
	₱986,704,016	**₱–**	**₱5,469,399,032**	**₱6,456,103,048**
Financial Liabilities at amortized cost				
Interest-bearing loans	**₱–**	**₱–**	**₱25,236,280,905**	**₱25,236,280,905**
Trade and other payables[2]	**–**	**–**	**7,073,031,066**	**7,073,031,066**
	₱–	**₱–**	**₱32,309,311,971**	**₱32,309,311,971**

	2020			
	Level 1	Level 2	Level 3	Total
Financial Assets at amortized cost				
Cash and cash equivalents	₱917,170,651	₱–	₱–	₱917,170,651
Receivables - net[1]	–	–	5,825,594,990	5,825,594,990
Due from related parties	–	–	9,947,417	9,947,417
Refundable deposits	–	–	66,028,148	66,028,148
	₱917,170,651	₱–	₱5,901,570,555	₱6,818,741,206
Financial Liabilities at amortized cost				
Interest-bearing loans	₱–	₱–	₱16,811,221,475	₱16,811,221,475
Trade and other payables[2]	–	–	5,668,327,586	5,668,327,586
	₱–	₱–	₱22,479,549,061	₱22,479,549,061

[1] Receivables - net excludes advances to officers and employees.
[2] Trade and other payables excludes output VAT, government-related obligations and advance rental.

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans, because of their short-term nature.

(c) Fair Value Measurement for Non-financial Assets

The Group has no non-financial assets measured at fair value as at March 31, 2021 and December 31, 2020. However, the fair values of its investment properties are required to be disclosed, as shown in Note 13 to the consolidated financial statements.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2020.

	Level 1	Level 2	Level 3	Total
Investment property	₱–	₱–	₱11,943,650,421	₱11,943,650,421

In 2020, the fair value of the Group's Investment Properties are determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(a) Fair Value Measurement for Land, Condominium Units and Retail Buildings

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(b) Fair Value Measurement for Improvements under Retail Buildings

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the year ended December 31, 2020.

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	March 31, 2021	December 31, 2020
Total liabilities	**₱35,651,534,063**	₱34,563,259,985
Total equity	**16,301,299,763**	15,527,241,458
Debt-to-equity ratio	**2.19:1.00**	2.23:1.00

The Group is required to maintain certain financial ratios in relation with its borrowings (see Note 15). Debt-to-equity ratio, as defined by the Group's lending banks, is obtained by dividing the amount of interest-bearing loans and borrowings by total equity as shown in the next page:

	March 31, 2021	December 31, 2020
Total interest-bearing loans and borrowings	**₱25,236,280,905**	₱23,793,983,711
Total equity	**16,301,299,763**	15,527,241,458
Debt-to-equity ratio	**1.55:1.00**	1.53:1.00

The Group has complied with its covenant obligations as at March 31, 2021 and December 31, 2020.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

31. OTHER MATTERS

31.1 Continuing Impact of COVID-19 Pandemic

The COVID-19 pandemic continues to have an influence and effects on the operations of the Group as well as in the real estate industry. The Group is working to resume its growth trajectory which was stalled in 2020 due to the pandemic. For the three months ending March 31, 2021, the Group has taken the following actions:

- Increased construction activity from 70% to 95% across VisMin sites.
- Focused in launching economic and middle market segments to address the resilient demand for quality housing despite the pandemic;
- Offered promotions to new buyers by stretching equity installment terms and boost reservation sales;
- Granted payment deferrals and grace period to buyers on their equity installments upon request;
- Increased construction activity from 70% to 95% across VisMin sites.
- Return of office-work arrangement by providing employees with an exclusive transportation service to reduce public exposure and transmission. For employees with special circumstances, offered flexible schedules and work-from-home arrangements.
- Incurred extra costs to promote health and safety protocols for both customers and employees to lessen the spread of the virus, provided cash assistance to Group employees and third party contractors workers, and supported frontliners and local government units through donations.

Additionally, CLI accelerated its digital transformation and growth efforts across the organization. It has launched a number of digital channels, including the following:

a. Buy-A-Home microsite to provide sales partners quick access to new project inventories and promotions;
b. Masters Portal application for homeowners to track their payment status, get CLI construction updates and promos; and,
c. Online turn-over experience; and
d. CLIO, CLI's 24/7 Facebook chatbot to respond to general inquiries.

Based on the above actions and efforts to minimize the detrimental impact of the COVID-19 pandemic, management anticipates that the Group can continue to post positive operating results and maintain sufficient liquidity.

31.2 Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

On March 26, 2021, the President of the Philippines signed into law the CREATE Act (Republic Act 11354) which aims to lower certain corporate taxes and rationalize tax incentives given to certain taxpayers. Upon enactment, the effective regular corporate income tax (RCIT) rate applicable to the Group from January 1, 2020 to June 30, 2020 and July 1, 2020 to December 31, 2020 is 30% and 25%, respectively. In 2021, the effective RCIT rate is 25%.