

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter

Global-Estate Resorts, Inc.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

AS094-004462

5. BIR Tax Identification Code

000-426-523-000

6. Address of principal office

9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Brgy.

Bagumbayan, Quezon City

Postal Code

1110

7. Registrant's telephone number, including area code

5318-4374

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

22 July 2022; 9:00 a.m. by livestream access via <https://geri.com.ph/asm2022/>

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

Jul 1, 2022

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	10,986,000,000

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

- Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange; Common Shares

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



GLOBAL-ESTATE RESORTS, INC.

Global-Estate Resorts, Inc.

GERI

**PSE Disclosure Form 17-5 - Information Statement for Annual or
Special Stockholders' Meeting
References: SRC Rule 20 and
Section 17.10 of the Revised Disclosure Rules**

Date of Stockholders' Meeting	Jul 22, 2022
Type (Annual or Special)	Annual
Time	9:00 A.M.
Venue	by livestream access via https://geri.com.ph/asm2022/
Record Date	Jun 22, 2022

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information

Please see attached Definitive Information Statement (with annexes) of Global-Estate Resorts, Inc.

Filed on behalf by:

Name	Charisma Michelle de Jesus
Designation	Corporate Legal Head



Kristelle Dane C. Reyes <kdcreyes@global-estate.ph>

Re: GERI - Comments to PIS

1 message

Charisma Michelle L. De Jesus <cmldejesus@global-estate.ph>

Thu, Jun 30, 2022 at 4:42 PM

To: MSRD COVID19 <msrd_covid19@sec.gov.ph>

Cc: "Kristelle Dane C. Reyes" <kdcreyes@global-estate.ph>, "Arvin Joseph D. Panganiban" <ajdpanganiban@global-estate.ph>, "Ma. Bernardita P. De Leon" <mbdazada@global-estate.ph>, "Vicente Graciano P. Felizmenio Jr." <vgpfelizmenio@sec.gov.ph>, "Marlon G. Facun" <mgfacun@sec.gov.ph>, "Jennifer D. Bingil" <jdbingil@sec.gov.ph>, "CATHERINE E. GALIZA" <cegaliza@sec.gov.ph>, "ALDEN JYKA S. SANTOS" <ajssantos@sec.gov.ph>

Gentlemen:

In compliance with the directive of this office, please find attached Reply to the Commission's findings/checklist of requirements for GERI's Information Statement.

Also attached are the following:

1. Definitive Information Statement (final version and with track changes)
2. Management Report
3. Annual Report with Consolidated Financial Statements for 2021 - Annex A
4. Certificate of Independent Director (Varela) - Annex B
5. Certificate of Independent Director (Aquino) - Annex C

Copy of the Definitive Information Statement was also submitted via PSE EDGE.

We hope that you find the foregoing in order.

Thank you.

Sincerely,

Global-Estate Resorts, Inc.

By:

Charisma Michelle de Jesus

Legal Counsel



Disclaimer: This email and any files transmitted with it are confidential and are intended solely for the use of the intended addressee. It may also be privileged or otherwise protected by work product immunity or other legal rules. If you have received this email by mistake, please notify the sender immediately by email and delete this email from your computer. If you are not the intended addressee, you should not disseminate, distribute or copy this email. Please note further that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

On Mon, Jun 27, 2022 at 8:52 AM MSRD COVID19 <msrd_covid19@sec.gov.ph> wrote:

Gentlemen:

Enclosed herewith is the checklist of comments on Global-Estate Resorts, Inc's Preliminary Information Statement.







ur compliance.

acknowledge receipt. Thank you.

regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

6 attachments

-  **Annex B_Certification of Independent Director - Jesus Varela.pdf**
276K
-  **Annex A_2021 GERI 17A with email receipt.pdf**
6142K
-  **Annex C_Certification of Independent Director - Cresencio Aquino.pdf**
241K
-  **DIS_final_30June2022.pdf**
6548K
-  **GERI_DIS_final_with track changes.pdf**
1190K
-  **GERI ASM 2022_Management Report_FINALcld.pdf**
810K

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-15

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **GLOBAL-ESTATE RESORTS, INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **AS094-4462**
5. BIR Tax Identification Code: **000-426-523-000**
6. **9/F Eastwood Global Plaza, Palm Tree Avenue**
Eastwood City, Bagumbayan, Quezon City **1110**
Address of principal office **Postal Code**
7. Registrant's telephone number, including area code: **(632) 5318-4374**
8. Date, time and place of the meeting of security holders
- | | | |
|-------|---|--|
| Date | : | 22 July 2022 |
| Time | : | 9:00 a.m. |
| Place | : | by live stream access via https://geri.com.ph/asm2022/ |
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **01 July 2022**
10. **[No Proxy Solicitations]**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|----------------------|---|
| Common shares | 10,986,000,000¹ |
12. Are any or all of registrant's securities listed on a Stock Exchange?
- Yes No
- The Registrant's common shares are listed on the Philippine Stock Exchange.**

¹ As of June 22, 2022 record date.



NOTICE AND AGENDA OF THE ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2022 Annual Meeting of Stockholders (the "Annual Meeting") of **GLOBAL-ESTATE RESORTS, INC.** (the "Company") will be held on **22 July 2022 at 9:00 a.m.** to be conducted virtually, through the link <https://geri.com.ph/asm2022/> that can be accessed through the Company's website, with the following agenda:

- I. Call to Order
- II. Certification of Notice and Quorum
- III. Approval of the Minutes of the previous Annual Stockholders' Meeting
- IV. Annual Report of Management
- V. Appointment of External Auditor
- VI. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers adopted during the preceding year
- VII. Election of Directors
- VIII. Other matters
- IX. Adjournment

Stockholders of record as of **22 June 2022** will be entitled to notice of, and to vote at, the Annual Meeting.

Pursuant to Article V, Section 2 of the Company's Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code and to conform with the government's regulation on social distancing and prohibition on mass gatherings, the Company decided to hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or in absentia, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of **07 July 2022** until 5:00 PM of **15 July 2022**. The procedure for participation via remote communication and in absentia is contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 pm of **14 July 2022** to the Office of the Corporate Secretary at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City or by e-mail at corpsecretary@global-estate.ph. Validation of proxies shall be held on **15 July 2022**. A sample proxy form will be enclosed in the Information Statement for your convenience.

The Information Statement and other pertinent documents and information on the Annual Meeting are available through the Company's website. For any clarifications, please contact the Office of the Corporate Secretary via email at corpsecretary@global-estate.ph.

Taguig City, Metro Manila, Philippines, 07 June 2022.

MARIA CARLA T. UYKIM
Corporate Secretary

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

I. Call to Order

The Annual Meeting will be formally opened at approximately 9:00 o'clock in the morning.

II. Certification of Notice of Quorum (and Rules of Conduct and Procedures)

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code, which allow voting *in absentia* by the stockholders, the stockholders may register by submitting the requirements via email at corpsecretary@global-estate.ph and vote in absentia on the matters for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the Annual Meeting for complete information on remote participation or voting in absentia, as well as on how to join the live stream for the Annual Meeting.

III. Approval of the Minutes of the previous Annual Stockholders' Meeting

Stockholders will be asked to approve the Minutes of the Stockholders' Meeting held on 24 June 2021, a copy of which is available at the Company's website, <https://geri.com.ph>.

IV. Annual Report of Management

The performance of the Company in 2021 will be reported.

V. Appointment of External Auditor

The appointment of the external auditor for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

VI. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers

The actions of the Board and its committees were those taken since the annual stockholders' meeting on 24 June 2021 until 22 July 2022. These include approvals for the development, financing, licensing and operation of projects, land acquisitions, appointment of authorized representatives, treasury operations, and matters subject of disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

VII. Election of Directors

Nominees for election of nine (9) members of the Board of Directors, including two (2) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

VIII. Other matters

Other concerns or matters raised by stockholders will be discussed.

IX. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESUS B. VARELA**, Filipino, of legal age and a resident of No. 30 Sunrise Hill St., Rolling Hills Subdivision, Barangay Damayang Lagi, New Manila QC 1112, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of **GLOBAL-ESTATE RESORTS, INC.**, a corporation duly organized and existing under Philippine laws, with office address at 9th Floor Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City (hereafter, the "**Corporation**") and have been its
2. I have been an Independent Director of the Corporation since 30 June 2016.
3. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
International Chamber of Commerce Philippines	Director General	2016 to Present
Oil & Petroleum Holdings International Reserve	Board Member & Chair of Governance	2019 to Present
Unibersidad de Manila	Member of the Board of Regents	2016 to Present
Euro Exim Consulting HK Ltd.	Honorary Chair	2019 to Present
Suntrust Holdings Resort	Independent Director	2021 to Present
Megaworld Corporation	Lead Independent Director	2017 to Present
Travelers International Hotel Group	Lead Independent Director	2017 to Present
MREIT Fund Manager, Inc.	Independent Director	2021 to Present
Columnist Daily Tribune	Chairman and Director	2019 to Present
Foundation for Crime Prevention	President	2018 to Present

1. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

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

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

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

Done this JUN 23 2022 at Taguig city, Philippines.

JESUS B. VARELA
Affiant

SUBSCRIBED AND SWORN to before me this JUN 23 2022 at Taguig city, Philippines, affiant personally appeared before me and exhibited to his competent evidence of identity TIN .147-974-175.

Doc. No. 174 ;
Page No. 18 ;
Book No. vii ;
Series of 2022.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CRESENCIO P. AQUINO**, Filipino, of legal age and a resident of 503 Batangas St., East Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of **GLOBAL-ESTATE RESORTS, INC.**, a corporation duly organized and existing under Philippine laws, with office address at 9th Floor Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City (hereafter, the "**Corporation**") and have been its

2. I have been an Independent Director of the Corporation for the years 2010 to 2012 and February 2018 to present.

3. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Global-Estate Resorts, Inc.	Independent Director	2010 to 2012 2018 to Present
Megaworld Corporation	Independent Director	2018 to Present
Empire East Land Holdings, Inc.	Independent Director	2018 to Present

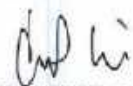
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

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

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


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

Done, this 28 day of June 2022, at Taguig City, Philippines.


CRESENCIO P. AQUINO
 Affiant

SUBSCRIBED AND SWORN to before me this 28 June 2022 at Taguig City, Philippines, affiant personally appeared before me and exhibited to his competent evidence of identity TIN. 113-313-284.

Doc. No. 93 ;
 Page No. 88 ;
 Book No. VII ;
 Series of 2022.


 Notary Public
 Commission No. 22-100-0114 June 30, 2022
 9th Floor, Allende Global Tower, 35th Street
 Juvater 15th Avenue, Uptown Bonifacio, Taguig City
 Acmara's Ref No. 00267
 RFP No. 0105/112/21-202 / Quezon City
 PTR No. 2022145/11/04/2022 Quezon City
 ISLE Compliance No. 2022021
 Issued on 27 August 2022

**SAMPLE ONLY
PROXY**

The undersigned stockholder(s) of **GLOBAL-ESTATE RESORTS, INC.** (the "Company") hereby appoint/s _____ or in his absence, the Chairman of the Annual Stockholders' Meeting, as proxy of the undersigned stockholder(s) at the Annual Stockholders' Meeting to be held on **22 July 2022 at 9:00** in the morning, and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

The undersigned stockholder(s) hereby direct/s the said proxy to vote all shares on the agenda items set forth below as expressly indicated by marking the same with [v] or [X]:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Minutes of the Annual Stockholders' Meeting held on 24 June 2021			
5	Appointment of Punongbayan & Araullo as External Auditor			
6	Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers adopted during the preceding year			
7	Election of Directors (including Independent Directors) for the ensuing year:			
	Andrew L. Tan			
	Lourdes T. Gutierrez-Alfonso			
	Monica T. Salomon			
	Kevin Andrew L. Tan			
	Wilbur L. Chan			
	Ferdinand T. Santos			
	Giancarlo C. Ng			
	Jesus B. Varela - Independent Director			
Cresencio P. Aquino - Independent Director				

This proxy should be submitted no later than 5:00 pm of **14 July 2022** to the Office of the Corporate Secretary at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City or by email to

PRINTED NAME OF
SHAREHOLDER

SIGNATURE OF SHAREHOLDER/
AUTHORIZED SIGNATORY

NUMBER OF SHARES
TO BE REPRESENTED

DATE

corpsecretary@global-estate.ph.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

This proxy does not need to be notarized.

(Partnerships, Corporations and Associations must attach certified resolutions thereof designating proxy/representative and authorized signatories.)

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.

PART I

A. GENERAL INFORMATION

ITEM 1. Date, time and place of meeting of security holders

Date : 22 July 2022
Time : 9:00 a.m.
Place : To be conducted virtually by live stream access via <https://geri.com.ph/asm2022/>

- (b) The approximate date on which the Information Statement is first to be sent or given to security holders is on or before **01 July 2022**.

The Company is not soliciting any proxy -

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.

ITEM 2. Dissenters' Right of Appraisal

There are no matters to be acted upon or proposed corporate action in the agenda for the annual meeting of stockholders that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of the Revised Corporation Code of the Philippines.

A stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances stated in the Revised Corporation Code, to wit:

- (1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (*Section 80*);
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (*Section 80*);
- (3) In case of merger or consolidation of the Company with or into another entity (*Section 80*); and,
- (4) In case of any investment of corporate funds for any purpose other than the primary purpose of the Corporation (*Section 80*).

The procedures and conditions for the exercise by a dissenting stockholder of his appraisal right shall be in accordance with Section 81 of the Revised Corporation Code, to wit:

- (1) A stockholder voted against a proposed action of the Company;
- (2) The dissenting stockholder shall make a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. The failure of the stockholder to make the demand within the thirty (30)-day period shall be deemed a waiver of his appraisal right;

- (3) If the proposed corporate action is implemented, the Company shall pay to such shareholder, upon surrender of the corresponding certificates of stock representing his shares within ten (10) days after demanding payment for his shares (*See Section 86*), the fair market value thereof as of the day prior to the date on which the vote was taken;
- (4) If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of shareholders' approval of the corporate action, then the fair value of the shares shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the dissenting shareholder, one (1) by the Company and a third to be named by the two already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award.
- (5) No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.
- (6) Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the Company.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director, officer, or nominee for election as director, or the associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter which will be acted upon during the Annual Meeting, other than election to office.
- (b) No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

(a) *Number of Shares Outstanding*

The Company has 10,986,000,000 common shares outstanding as of 22 June 2022. Each of the common shares is entitled to one (1) vote with respect to all matters to be taken up during the Annual Meeting.

(b) *Record Date*

The Board of Directors of the Company set **22 June 2022** as the record date for determining the stockholders entitled to notice and to vote at the Annual Meeting. As such, only stockholders as of such record date are entitled to notice and to vote at the Annual Meeting.

(c) *Manner of Voting*

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders may now participate in the Annual Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or in absentia until 5:00 pm of **15 July 2022**.

A stockholder voting remotely or in absentia shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the Annual Meeting for

complete information on voting via remote participation or voting in absentia, as well as on how to join the live stream for the Annual Meeting.

(d) *Cumulative Voting Rights*

Each holder of common stock shall have cumulative voting rights with respect to the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(e) *Security Ownership of Certain Record and Beneficial Owners and Management*

(i) *Security ownership of certain record and beneficial owners*

Security ownership of certain record and beneficial owners owning more than five percent (5%) of any class of the Company's voting securities as of 30 April 2022 –

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent (Based on total shares)
Common Shares	Megaworld Corporation 30 th Floor, Alliance Global Tower, 36 th Street cor. 11 th Avenue, Uptown Bonifacio, Taguig City 1634	Megaworld Corporation ²	Filipino	9,042,732,139 ³	82.31%
Common shares	PCD Nominee Corporation (Filipino) 6/F MKSE Bldg, Ayala Avenue, Makati City	Various shareholders ⁴	Filipino	1,674,204,170	15.24%

Other than the persons identified above, there are no other beneficial owners of more than five percent (5%) of the outstanding capital stock that are known to the Company.

² Megaworld Corporation is both the record and beneficial owner. However, Mr. Andrew L. Tan is usually designated as its representative, with authority to vote its shares at meetings of the stockholders.

³ Data refers to direct and indirect shares. Direct shares consist of 8,859,398,139 while indirect shares consist of 183,334,000.

⁴ Under PCD Nominee Corporation, there are no person/s who are beneficial owner/s of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to shares comprising more than five percent (5%) of the outstanding capital stock of the Corporation.

(ii) *Security ownership of Management*

Security ownership of directors and executive officers of the Company as of 30 April 2022 –

SECURITY OWNERSHIP OF MANAGEMENT

Title of Class	Name of Beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Andrew L. Tan	2 (direct)	Filipino	0.00%
Common	Lourdes T. Gutierrez-Alfonso	2 (direct)	Filipino	0.00%
Common	Monica T. Salomon	1 (direct)	Filipino	0.00%
Common	Kevin Andrew L. Tan	2 (direct)	Filipino	0.00%
Common	Ferdinand T. Santos	30,007 (direct)	Filipino	0.00%
Common	Wilbur L. Chan	2,611,826 (direct)	Filipino	0.00%
Common	Giancarlo S. Ng	1 (direct)	Filipino	0.00%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.00%
Common	Jesus B. Varela	1 (direct)	Filipino	0.00%
Other Executive Officers				
Common	Lailani V. Villanueva	0	Filipino	n/a
Common	Marie Emelyn Gertrudes C. Martinez	0	Filipino	n/a
Common	Karen B. Maderazo	0	Filipino	n/a
Common	Felipe L. Mangubat, Jr.	0	Filipino	n/a
Common	Michael R. Roxas	0	Filipino	n/a
Common	Maria Carla T. Uykim	0	Filipino	n/a
Common	Nelileen S. Baxa	0	Filipino	n/a

There is no indirect beneficial ownership of the named directors and officers.

(iii) *Voting Trust Holders of 5% or more –*

The Company has no knowledge of persons holding more than five percent (5%) of its voting securities under a voting or similar agreement.

(f) *Changes in Control*

There has been no change in the control of the Company since it became a subsidiary of Megaworld.

ITEM 5. Directors and Executive Officers

(a) *Incumbent Directors, Independent Directors, and Executive Officers*

The following are the names, ages, citizenship and periods of service of the incumbent directors and independent directors of the Company:

Name	Age	Citizenship	Period during which individual has served as such
Andrew L. Tan	72	Filipino	January 2011 up to present
Lourdes T. Gutierrez-Alfonso	58	Filipino	June 2011 up to present
Monica T. Salomon	53	Filipino	1 March 2015 to present
Kevin Andrew L. Tan	42	Filipino	24 June 2014 up to present
Wilbur L. Chan	62	Filipino	January 2011 up to present
Ferdinand T. Santos	71	Filipino	1994 up to present
Giancarlo C. Ng	44	Filipino	28 August 2020 to present
Jesus B. Varela (Independent Director)	65	Filipino	June 2016 up to present
Cresencio P. Aquino (Independent Director)	68	Filipino	2010 to 2012; February 2018 up to present

The following are the names, ages, positions, citizenship and periods of service of the incumbent executive officers of the Company:

Name	Age	Citizenship	Position	Period during which individual has served as such
Andrew L. Tan	72	Filipino	Chairman & CEO	January 2011 up to present
Monica T. Salomon	53	Filipino	President	1 March 2015 to present
Lourdes T. Gutierrez - Alfonso	58	Filipino	Managing Director	1 March 2015 to present
Lailani V. Villanueva	42	Filipino	Chief Financial Officer/ Compliance Officer/Treasurer/ Corporate Information Officer	CFO/Compliance Officer - July 2013 up to present/ Treasurer – March 2019 Corporate Info. Officer – June 2019
Maria Carla T. Uykim	45	Filipino	Corporate Secretary and Assistant Corporate Information Officer	April 2019 to present
Nelileen S. Baxa	43	Filipino	Assistant Corporate Secretary	8 October 2020 up to present
Michael R. Roxas	43	Filipino	Chief Audit Executive and Chief Risk Officer	27 June 2019 up to present
Marie Emelyn Gertrudes C. Martinez	57	Filipino	EVP for Legal Division	February 2012 up to present
Felipe L. Mangubat Jr.	56	Filipino	VP – Head of Operations Management	January 2020 to present
Karen B. Maderazo	43	Filipino	VP for HR and Corporate Administration	October 2013 up to present

Brief Background of the Directors and Officers

The business experiences of the Directors and Executive Officers of the Company for the last five (5) years are as follows:

Board of Directors -

ANDREW L. TAN, Filipino, 72 years old, was first elected as Chairman of the Board and Chief Executive Officer of the Company on 12 January 2011. Dr. Tan serves as Chairman of the Board of Alliance Global Group, Inc. (AGI), while continuing to focus on consumer-friendly food and beverage and quick service restaurants. Dr. Tan is the founder of the Company's parent company, Megaworld Corporation and has served as its Chairman and President since its incorporation in 1989. He pioneered the live-work-play-learn model in real estate development through Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism and leisure estates through the Company and is Chairman of the Company's subsidiaries Twin Lakes Corporation, Southwoods Mall, Inc. and Oceanfront Properties, Inc. Mr. Tan is also Chairman of Megaworld subsidiaries Empire East Land Holdings, Inc. and Suntrust Properties, Inc., and AGI's brandy subsidiary, Emperador, Inc. He is a director of Travellers International Hotel Group, Inc., which owns Resorts World Manila, and Golden Arches Development Corporation, a strategic partnership between AGI and George Yang Group, the master franchise holder of McDonald's in the Philippines. Dr. Tan holds a degree in Business Administration from the University of the East.

LOURDES T. GUTIERREZ-ALFONSO, 58 years old, was first elected as Director of the Company on 30 June 2011. Effective 01 March 2015, she was appointed as the Company's Managing Director to oversee the Company's business performance and lead in the formulation of overall strategic direction, plans, and policies for the Company. Ms. Gutierrez has extensive experience in real estate and a strong background in finance and marketing. A certified public accountant by profession, she previously held the position of Senior Executive Vice President for Finance and Administration in the Company. Ms. Gutierrez is Chairman of the property management company, First Oceanic Property Management, Inc. She serves as director in numerous affiliate companies including Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., Prestige Hotels & Resorts, Inc., and MREIT, Inc. She is currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc and, Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc.

MONICA T. SALOMON, 53 years old, has served as Director, President, and Chief Operating Officer of the Company since 01 March 2015. Prior to joining GERI, she was Head of Megaworld's Corporate Management Division and spearheaded strategic real estate acquisitions and joint ventures for the Megaworld Group. She was also a member of Megaworld's Management Executive Committee, which is responsible for the development and execution of the Group's corporate strategies, policies and initiatives. She holds directorships in various Megaworld and GERI subsidiaries significant of which are Twin Lakes Corporation, Megaworld Global-Estate, Inc., Southwoods Ecocentrum Corp., Southwoods Mall, Inc., Prestige Hotels & Resorts, Inc., Luxury Global Hotels and Leisure, Inc., Belmont Hotel Boracay, Inc., Savoy Hotel Boracay, Inc., Twin Lakes Hotel, Inc., and Megaworld Foundation, Inc. She obtained her Bachelor of Laws in 1994 from the University of the Philippines.

WILBUR L. CHAN, Filipino, 62 years old, was first elected as Director of the Company on 12 January 2011. He also serves as Director for Hotels and Clubs and is currently the Chairman of Fairways & Bluewater Resorts Golf & Country Club, Inc. and Fil-Estate Urban Development Corporation. He is also a director in Southwoods Ecocentrum Corporation and Uni-Asia Properties, Inc. He has a Master's Degree in Business Management from the Asian Institute of Management, a Master's Degree in National Security

Administration (Silver Medalist) from the National Defense College of the Philippines and a Degree in Command & General Staff Course at Command & General Staff College.

FERDINAND T. SANTOS, Filipino, 71 years old, was elected as Director of the Company since its incorporation in 1994. He served as the Company's President until his retirement on 28 February 2015. He is also the President of Fil-Estate Management Inc., Fil-Estate Development Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Newport Hills Golf Club, Inc., St. Benedict Realty & Development Inc., Royal Jade Memorial Inc., and Mt. Zion Memorial, Inc. He obtained his Bachelor of Arts degree from Arellano University in 1970 and took his Bachelor of Laws at San Beda College.

KEVIN ANDREW L. TAN, 42 years old, was elected as Director on 26 June 2014. He is the Chief Executive Officer and Vice Chairman of Alliance Global Group, Executive Vice President and Chief Strategy Officer of Megaworld Corporation, and President and Chief Executive Officer of MREIT, Inc. He is also concurrently a Director of publicly-listed companies, Empire East Land Holdings, Inc., Emperador Inc., Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a trustee and an Executive Director of Megaworld Foundation, Inc. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

GIANCARLO C. NG, 44 years old, was first elected as Director on 28 August 2020. He is the Vice-President of Progreen Agricornp, Inc. He has 20 years of leadership roles in the areas of Information Technology consulting, customer support, pre-sales engineering, and global business development. He is experienced in strategic and tactical planning, client relationship management, corporate governance, and change management. Mr. Ng holds a Bachelor of Arts in Humanities and masters degree in Information Technology, from the University of Asia and the Pacific.

JESUS B. VARELA, Filipino, 65 years old, was elected as Lead Independent Director on 30 June 2016. He is also an Independent Director of Megaworld Corporation, Travellers International Hotel Group, Inc., and MREIT, Inc. He is also the Director General of International Chamber of Commerce Philippines and Board Regent of Unibersidad de Manila. He is the President of Foundation for Crime Prevention, Philippine Greek Business Council and Philippine Peru Business Council. He is also a Director and Chair of Governance & Investment Committee of Oil & Petroleum Holdings International Reserve, HK Ltg. (OPHIR, HK Ltd) and Honorary Chairman of Euro Exim Consultancy Limited. Mr. Varela has more than 20 years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri-Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines.

CRESENCIO P. AQUINO, Filipino, 68 years old, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. of publicly-listed, Megaworld Corporation and Empire East Land Holdings, Inc. He is a graduate of the San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016., Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special

Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines.

Key Executive Officers (other than those presented above under "Directors")

LAILANI V. VILLANUEVA, Filipino, 42 years old, is the Chief Finance Officer, Compliance Officer and Treasurer of the Company. She is a Certified Public Accountant with over 19 years of experience in accounting and finance. Prior to joining the Company, she was Senior Accounting Manager for Megaworld Corporation from 2007 until 2010. In 2011, she joined Global-Estate Resorts, Inc. as Comptroller. She is concurrently the Chief Financial Officer of Fairways and Bluewater Resort Golf and Country Club, Inc., Director and Chief Finance Officer of Southwoods Ecocentrum Corporation, Director of Southwoods Mall Inc., and Megaworld Global-Estate, Inc. Ms. Villanueva obtained her bachelor's degree in Accountancy from the College of the Immaculate Conception.

MARIE EMELYN GERTRUDES C. MARTINEZ, Filipino, 57 years old, is the Executive Vice President for Legal. She is also the Corporate Secretary of Fil-Estate Golf and Development, Inc., Fil-Estate Urban and Development, Inc., Fairways and Bluewater Resort Golf and Country Club, Inc., and Newport Hills Golf Club, Inc. Before joining GERI, she was the Chief of Staff of the Office of COMELEC Commissioner Augusto C. Lagman. She was a Partner in Ponce Enrile Reyes & Manalastas (PECABAR) Law Offices and in Nisce Mamuric Guinto Rivera & Alcantara Law Offices. She was admitted to the Bar in 1991 after obtaining her Bachelor of Laws degree from University of the Philippines and her Bachelor of Arts major in Economics from the same university.

KAREN B. MADERAZO, Filipino, 43 years old, is the Vice President and Head of the Company's Human Resources and Corporate Administration Division. She joined the Company on 1 October 2013. Ms. Maderazo served as the Senior Manager for Human Resources Division of Megaworld Corporation from May 2005 to September 2013. She also worked for Suyen Corporation from June 2003 to February 2005 as Training Specialist of the Personnel Department. She graduated from Centro Escolar University with a bachelor's degree in Science in Psychology. She pursued graduate studies in Psychology at the Centro Escolar University.

FELIPE L. MANGUBAT, JR., Filipino, 56 years old, was appointed Vice President and Head of Operations Management of the Company in January 2020. A civil engineer by profession, he has extensive experience in project development, having managed various residential, commercial, institutional and industrial projects in the Philippines and in the Middle East. Prior to his appointment, he served as Project Development Head of the Company's Boracay Newcoast and Twin Lakes projects.

MICHAEL R. ROXAS, Filipino, 43 years old, is currently the Chief Audit Executive and Chief Risk Officer of the Company. Before joining GERI, he was the head of Risk Management & Insurance Division of Makati Development Corporation (MDC), a wholly owned subsidiary and the construction arm of Ayala Land, Inc. During his time in MDC, he championed several initiatives for MDC such as documentation and improvement of MDC's systems and procedures, establishment of the Enterprise-wide Risk Management program, development of Business Continuity Management, and Lean Construction. He has a dynamic 16-year management career in auditing, assurance and consultancy in real estate, retail, manufacturing and telecommunications companies. He performed financial, operations and compliance audits including business process, project management, continuous monitoring, process mapping, and fraud investigation.

He has a Master's Degree in Business Administration from the Pamantasan ng Lungsod ng Maynila. He is a Certified Lead Auditor for ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Mike is certified in Safety Program Audit, Loss Control Management and Construction Occupational Safety and Health (COSH). He also obtained the Certified Internal Control Auditor (CICA) title in February 2019. He is a member of the Institute of Internal Auditors – Philippines (IIA-P) since 2009.

MARIA CARLA T. UYKIM, 45 years old, Filipino, is the Corporate Secretary and Assistant Corporate Information Officer. She is also the Corporate Secretary of San Vicente Coast, Inc., Northwin Properties, Inc., Maple Grove Land, Inc., and MREIT, Inc., and a Director and Corporate Secretary of Luxury Global Malls, Inc. She is currently the First Vice President and the Head of the Corporate Advisory and Compliance Division of Megaworld Corporation and is a member of Megaworld Corporation's Management Executive Committee. Prior to joining Megaworld Corporation, Atty. Uykim was an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. She obtained her Juris Doctor Degree from the Ateneo De Manila School of Law and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management.

NELILEEN S. BAXA, Filipino, 43 years old, is the Assistant Corporate Secretary of the Company and is currently a Senior Accounting Manager of Megaworld Corporation. She is a certified public accountant with over 18 years of experience in the fields of accounting and finance. Ms. Baxa concurrently serves as a Director of Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc. and Venetian Properties, Inc. Ms. Baxa obtained her Bachelor's Degree in Accountancy from the University of Sto. Tomas.

Employment in Government

No director or officer of the Company is employed or working for the government or any of its agencies and instrumentalities.

Significant Employees

Other than the Company's executive officers, there are no employees who are expected to make a significant contribution to the Company's business or personnel upon whose services the Company's business is highly dependent.

Family Relationships

Chairman Andrew L. Tan is the father of director Kevin Andrew L. Tan. There are no other family relationships apart from the ones that were disclosed.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any of the following events that occurred during the past five (5) years up to the date of this report, which are material to an evaluation of the ability or integrity of any director or executive officer:

- a. None of them has been involved in any bankruptcy petition.
- b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding both domestic and foreign.

- c. None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily, enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.
- d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the commission or comparable foreign body or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

There are no material pending legal proceedings with respect to election of directors.

Certain Relationships and Related Transactions

The Company, in its regular conduct of business, has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, marketing, leasing and administrative service agreements.

Advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements.

Except with respect to the Related Party Transactions as discussed in Note 25 to the consolidated financial statements as at December 31, 2020 and 2019 and for each of the last three (3) years ended December 31, 2020, there was no transaction during the last three (3) years involving the Company in which any of its directors or executive officers, any nominee for election as director, or security holder owning 10% or more of the Company's total outstanding shares and members of their immediate family had a material interest.

(b) *Disagreement with the Company*

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Meeting because of disagreement with the Company on any matter relating to the Company's operations, policies or practices.

(c) *Procedure for Nomination and Election of Independent Directors*

The nomination and election of independent directors shall be conducted in accordance with SRC Rule 38, which provides the following rules:

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Corporate Governance Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor.

during the actual annual stockholders' meeting.

5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its By-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The Company is required to have at least two (2) independent directors in its Board of Directors, who are each independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. An independent director should have at least one (1) share of the Company's common stock, a college graduate or has been engaged or exposed to the business for at least five (5) years, and possesses integrity/probity and assiduousness. Pursuant to SEC Memorandum Circular No. 19, Series of 2016, the independent directors shall serve for a maximum cumulative term of nine (9) years, reckoned from 2012. After which, the independent director should be perpetually barred from reelection as such in the Corporation but may continue to qualify for nomination and election as a non-independent director. If the Corporation wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

There shall be no limit in the number of covered companies that a person may be elected as Independent Director, except in business conglomerates where he can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate.

(d) *Nominees*

Directors are elected annually by the stockholders during the annual stockholders' meeting to serve until the election and qualification of their successors.

The Corporate Governance Committee, composed of Mr. Jesus B. Varela as Chairman, and Mr. Cresencio P. Aquino and Mr. Giancarlo C. Ng as Members, accept nominees to the Board of Directors including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees.

The following is the complete and final list of nominees for members of the Board of Directors:

- | | | | |
|----|------------------------------|---|----------------------|
| 1. | Andrew L. Tan | | |
| 2. | Lourdes T. Gutierrez-Alfonso | | |
| 3. | Monica T. Salomon | | |
| 4. | Kevin Andrew L. Tan | | |
| 5. | Ferdinand T. Santos | | |
| 6. | Wilbur L. Chan | | |
| 7. | Giancarlo C. Ng | | |
| 8. | Cresencio P. Aquino | - | Independent Director |
| 9. | Jesus B. Varela | - | Independent Director |

The background and experience of all the nominees for directors are presented above.

Independent Directors

Messrs. Aquino and Varela, as candidates for independent directors of the Company for the forthcoming year, were recommended for nomination by Megaworld Corporation.

Mr. Jesus B. Varela was first elected as an independent director in June 2016. Mr. Cresencio P. Aquino, on the other hand, was first elected as an independent director in 2010 to 2012. Mr. Aquino was re-elected as Independent Director on 15 February 2018.

Both Messrs. Varela and Aquino have not exceeded the term limits for independent director as prescribed under SEC Memorandum Circular No. 9 Series of 2011 as revised by SEC Memorandum Circular No. 4 Series of 2017.

In compliance with SEC Memorandum Circular No. 5, Series of 2017, the Certifications on Qualification of Independent Directors executed by the nominees for independent directors are being submitted together with the Company's Information Statement.

The Corporate Governance Committee determined that the Messrs. Andrew L. Tan, Lourdes T. Gutierrez-Alfonso, Monica T. Salomon, Kevin Andrew L. Tan, Ferdinand T. Santos, Wilbur L. Chan, Giancarlo C. Ng, Cresencio P. Aquino and Jesus B. Varela have all the qualifications and none of the disqualifications of a director.

ITEM 6. Compensation of Directors and Executive Officers

Executive Officers

NAME	POSITION	YEAR	SALARY	Other Annual Compensation and Variable Pay
A. Five Most Highly Compensated Officers		2022 (Estimated)	22.7 Million	3.5 Million
Monica T. Salomon Wilbur L. Chan	President Director for Hotels and Clubs			
Emelyn C. Martinez Felipe L. Mangubat Jr.	EVP-Legal Head of Operations Management			
Lailani V. Villanueva	Chief Finance Officer			
B. All other officers and directors as a group unnamed			18.8 Million	2.5 Million

NAME	POSITION	YEAR	SALARY	Other Annual Compensation and Variable Pay
A. Five Most Highly Compensated Officers Monica T. Salomon Wilbur L. Chan Emelyn C. Martinez Felipe L. Mangubat Jr. Lailani V. Villanueva	President Director for Hotels and Clubs EVP-Legal Head of Operations Management Chief Finance Officer	2021	21.6 Million	3.4 Million
B. All other officers and directors as a group unnamed			16.3 Million	2.1 Million
C. Five Most Highly Compensated Officers Monica T. Salomon Wilbur L. Chan Emelyn C. Martinez Jennifer L. Romualdez * Felipe L. Mangubat Jr. ** Lailani V. Villanueva	President Director for Hotels and Clubs EVP - Legal SVP – Operations Head of Operations Management Chief Finance Officer	2020	21.8 Million	3.9 Million
D. All other officers and directors as a group unnamed			15.9 Million	2.0 Million
* Until February 29, 2020 ** Starting March 1, 2020				

The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four highly compensated executives amounted to Php25 million in 2021, Php25.7 million in 2020 and Php28.7 million in 2019. The projected total annual compensation for the current year is Php26.2 million.

The total annual compensation paid to all senior personnel from AVP and up are all payable in cash. The total annual compensation includes the basic salary and 13th month pay.

The Company has no other arrangement with regard to the remuneration of its existing officers aside from the compensation received as herein stated.

Directors

Article III, Section 8 of the Company's By-laws provides -

"Section 8. Compensation - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."

Other than payment of per diem per attendance at board meetings, there are neither standard nor other arrangements pursuant to which directors of the Company are compensated or are to be compensated, for any service provided as director for the last completed year and the ensuing year.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

The Company has no existing employment contract with any executive officer or any existing compensatory plan or arrangement, including payments to be received from the Company or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, if any, including all periodic payments or installments, which exceeds P2,500,000.

Warrants and Options Outstanding held by Directors or Officers

On 8 November 2011, the Company approved an Executive Stock Option Plan (ESOP) to enable its key Company directors and executives who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Corporate Governance Committee.

Pursuant to this ESOP, from 2012 to 2016, the Company granted the option to its key company directors and executives to subscribe to a total of 400 million shares of the Company. As of 31 December 2021, none of the Option Holders has exercised the options granted to them under the ESOP, and no underlying shares have been subscribed nor fully paid for by the Option Holders in connection therewith.

As of 31 March 2022, a total of fifty million (50,000,000) common shares of unexercised options remain valid under the ESOP.

ITEM 7. Independent Public Accountants

(a) Appointment of External Auditor

Punongbayan & Araullo is being recommended to the stockholders at the scheduled Annual Meeting on 22 July 2022 for approval as external auditor of the Company for the calendar year ending 31 December 2022.

Punongbayan & Araullo was the same entity recommended to and approved by the stockholders at the Annual Meeting in 2021 as external auditor of the Company for the calendar year ending 31 December 2021. Punongbayan & Araullo was likewise appointed external auditor of the Company for the fiscal years ending 31 December 2020 and 2019.

The appointment of Punongbayan & Araullo is compliant with the provisions SEC Rules on *Strengthening the Commission's Requirements Regarding Auditor Independence* (Release No. 33-8183, January 28, 2003), which require that the external auditor be rotated or the handling partner changed every seven (7) years or earlier.

(b) Availability of Auditor

Representatives of Punongbayan & Araullo are expected to be present during the Annual Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

(c) Members of the Audit Committee

The selection of the external auditor is upon the recommendation of the Audit Committee, which is chaired by Mr. Cresencio P. Aquino with Mr. Jesus B. Varela and Mr. Kevin Andrew L. Tan as members, and is made on the basis of credibility, professional reputation, accreditation with Securities and Exchange Commission, and affiliation with a reputable foreign partner.

(d) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

(e) External Audit Fees and Services

For the audit of the Company's financial statements and services that are normally provided by the external auditors in connection with statutory and regulatory filings for the calendar year reports of 2021, 2020, and 2019, the fee was approximately Php1.68 million, Php1.57 million, and Php1.49 million, respectively.

The external auditors rendered no other assurance and related services to the Company other than the items discussed above.

ITEM 8. Compensation Plans

No action is to be taken up during the Annual Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. Authorization or Issuance of Securities other than for Exchange

No action is to be taken up during the Annual Meeting with respect to the authorization or issuance of any securities other than for exchange for outstanding securities of the Company.

ITEM 10. Modification or Exchange of Securities

No action is to be taken up during the Annual Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

ITEM 11. Financial and Other Information

Financial Statements of the Company for the immediately preceding year as well as the Management's Discussion and Analysis of Operations and Financial Condition for the corresponding period are included in the Company's Management Report and are incorporated herein by reference.

ITEM 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken up during the Annual Meeting with respect to any transaction involving (a) merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (b) the acquisition by the Company or any of its security holders of securities of another person; (c) the acquisition by the Company of any other going business or of the assets thereof; (d) the sale or other transfer of all or any substantial part of the assets of the Company; or (e) the liquidation or dissolution of the Company.

ITEM 13. Acquisition or Disposition of Property

No action is to be taken up during the Annual Meeting with respect to the acquisition or disposition of any property.

ITEM 14. Restatement of Accounts

No action is to be taken up during the Annual Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

ITEM 15. Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 24 June 2021⁵ will be submitted to the stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Approval of the Minutes of the Previous Annual Meeting
2. Appointment of External Auditor
3. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers adopted during the preceding year
4. Election of Directors

The stockholders approved all matters submitted for the approval of the stockholders by ballot.

All stockholders were given the opportunity to ask questions by sending their questions and/or comments prior to the Annual Meeting through email at corpsecretary@global-estate.ph. The Minutes of the 2021 Annual Meeting, which is posted in the Company's website, contains a detailed discussion of the matters discussed, a record of the voting results for each agenda item, the list of directors and officers who attended the meeting, the Management's Report on the Company's performance during the previous year.

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the Minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

*Ratification of Acts and Resolutions of the Board of Directors,
Board Committees, and Management*

The stockholders will be asked to ratify all resolutions of the Board of Directors and the Board Committees and acts of Management adopted during the last Annual Meeting held on 24 June 2021 until 22 July 2022.

⁵ The Minutes of the 2021 Annual Stockholders' Meeting is made available for download through the Company's website at <https://geri.com.ph/>.

These include approvals for the development, financing, licensing and operation of projects, land acquisitions, appointment of authorized representatives, treasury operations, and matters subject of disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

ITEM 16. Matters not Required to be Submitted

No action is to be taken up during the Annual Meeting with respect to any matter, which is not required to be submitted to a vote of security holders. Only matters that require shareholders' approval will be taken up during the shareholders' meeting.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

No action is to be taken up during the Annual Meeting with respect to any amendment of the Company's Articles of Incorporation, By-laws, or other documents as to which information is not required in the preceding items.

ITEM 18. Other Proposed Actions

No action is to be taken with respect to any matter not specifically referred above.

ITEM 19. Voting Procedures

(a) Vote required

In the election of directors, the nine (9) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be elected at least two (2) independent directors in the Company's board of directors.

For all other matters proposed to be acted upon, the vote of majority of the outstanding capital stock will be required for approval, unless a higher vote is required by applicable laws or regulations.

(b) Method of Counting of Votes

Each holder of common share will be entitled to one (1) vote with respect to all matters to be taken up during the Meeting; provided that in the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided further, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Voting shall be done by ballot, which will be sent to all stockholders after successful registration. Stockholders may send their duly accomplished ballots via email to corpsecretary@global-estate.ph on or before 18 June 2021. Please to Annex "A" (Guidelines in Participating via Remote Communication and Voting in Absentia) for the detailed guidelines for the procedures for registration, participation, and voting during the Annual Meeting. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes, subject to validation by representatives of the Company's external auditors.

PART II

The Company is not soliciting any proxy –

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

PART III

SIGNATURE PAGE

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

GLOBAL-ESTATE RESORTS, INC.

By:



LAILANI V. VILLANUEVA

*Chief Finance Officer, Treasurer, Compliance Officer, and
Corporate Information Officer*

ANNEX "A"

GLOBAL-ESTATE RESORTS, INC.

**REQUIREMENTS AND PROCEDURE
FOR VOTING AND PARTICIPATION IN
THE 2022 ANNUAL STOCKHOLDERS' MEETING**

Pursuant to Article V, Section 2 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020, allowing voting through remote communication or in absentia, and to conform with the government's regulations on social distancing and prohibition on mass gatherings and to protect the safety of its stockholders during the COVID-19 pandemic crisis, **Global-Estate Resorts, Inc.** (the "Company") will dispense with the physical attendance of its stockholders for the 2022 Annual Stockholders' Meeting ("ASM"). Instead, the Company will conduct the 2022 ASM scheduled on 22 July 2022 at 9:00 AM by remote communication and will conduct electronic voting in absentia.

Only stockholders of record as of **22 June 2022** are entitled to participate and vote in the 2022 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2022 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of **07 July 2022** until 5:00 PM of **15 July 2022** to signify his/her/its intention to participate in the 2022 ASM by remote communication. The registration steps and requirements are available the Company's website: <https://geri.com.ph/asm2022/>

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corpsecretary@global-estate.ph:

1. For Individual Stockholders –

- a. Scanned copy of stock certificate issued in the name of the individual stockholder;
- b. Valid email address and active contact number;
- c. Scanned copy of valid government-issued identification card;
- d. Recent photo of stockholder.

2. For Stockholders with Joint Accounts –

- a. Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- b. Scanned copy of stock certificate issued in the name of the joint stockholders;
- c. Valid email address and active contact number of the authorized stockholder;
- d. Scanned copy of valid government-issued identification card of the authorized stockholder; and
- e. Recent photo of the authorized stockholder.

3. For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

- a. Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
- b. Broker's Certification on the stockholder's number of shareholdings;
- c. Valid email address and active contact number of the stockholder;

- d. Scanned copy of valid government-issued identification card of stockholder; and
- e. Recent photo of stockholder.

4. *For Corporate Stockholders –*

- a. Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
- b. Scanned copy of stock certificate issued in the name of the corporate stockholder;
- c. Valid email address and active contact number of authorized representative;
- d. Valid government-issued identification card of authorized representative; and
- e. Recent photo of authorized representative.

C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the ASM live streaming link.

II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2022 ASM through electronic voting in absentia. The deadline for registration is 5:00 PM of 15 July 2022. Beyond this date, stockholders may no longer avail of the option to electronically vote in absentia.

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

1. For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
2. For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
3. Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corpsecretary@global-estate.ph.
4. After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

C. Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.

D. Registered stockholders shall have until 5:00 PM of 15 July 2022 to cast their votes. Stockholders will not be allowed to cast votes during the live stream of the 2022 ASM.

III. VOTING BY PROXY

- A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at <https://geri.com.ph/asm2022/>
- B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at <https://geri.com.ph/asm2022/>. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.
- C. For corporate stockholders - Download the proxy form that is available at <https://geri.com.ph/asm2022/>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at <https://geri.com.ph/asm2022/>.
- D. General Instructions on Voting by Proxy:
 1. Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
 2. Send the scanned copy of the duly executed proxy form via email to corpsecretary@global-estate.ph or submit the original proxy form to the Office of the Corporate Secretary at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City.
 3. Deadline for the submission of proxies is at **5:00 PM of 14 July 2022**.
 4. Validation of proxies will be on **15 July 2022**.
 5. If a stockholder avails of the option to cast his/her vote electronically and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

- A. Only duly registered stockholders will be included in determining the existence of a quorum.
- B. Duly registered stockholders may send their questions and/or comments prior to the 2022 ASM through email at corpsecretary@global-estate.ph.
- C. The deadline for submitting questions shall be at **5:00 PM of 20 July 2022**.
- D. The proceedings during the 2022 ASM will be recorded.

The Company reserves the right to consider as non-compliant such submissions made on the last day subject to subsequent requirements also following a particular deadline.

For any questions and concerns, stockholders may visit GERI's website at www.geri.com.ph or contact the Office of the Corporate Secretary via e-mail at corpsecretary@global-estate.ph.



GLOBAL-ESTATE RESORTS, INC.

MANAGEMENT REPORT

For the
2022 Annual Shareholders' Meeting
Pursuant to SRC Rule 20 (4)

Item 1. Financial and Other Information

Audited Financial Statements

The consolidated financial statements as of 31 December 2021 are attached hereto including the interim financial statements as of March 31, 2022. The Statement of Management Responsibility, Schedules Required under Part IV (c) of Rule 48 are included in the Annual Report (Form 17-A).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 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), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Company are disclosed in detail below and in the succeeding pages. 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, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

In 2020, 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, 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, and MC 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 for another period of three years or until 2023, relating to several implementation issues of PFRS 15, Revenue from Contracts with Customers, affecting the real estate industry.

In 2021, MC No. 2021-08, Amendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 to clarify transitory provision, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed below and in the succeeding page are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
<p>IFRIC Decision on Over Time Transfer of Goods (PAS 23) for Real Estate Industry</p>	<p>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.</p> <p>Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:</p> <ul style="list-style-type: none"> • finance costs and other charges would have been higher; • cost of real estate inventories sold 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. 	<p>Until December 31, 2023</p>

Relief	Description and Implication	Deferral period
<p>PIC Q&A No. 2018-12-D, Concept of the Significant Financing Component in the Contract to Sell and PIC Q&A No. 2020-04, Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch Between the Percentage of Completion and Schedule of Payments</p>	<p>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.</p> <p>There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group do not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.</p> <p>Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the POC of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.</p>	<p>Until December 31, 2023</p>

Relief	Description and Implication	Deferral period
PIC Q&A No. 2018-12-E, Treatment of land in the determination of POC	Land on which the real estate development will be constructed shall also be excluded in the assessment of POC. Had the Group elected not to defer this provision of the standard, it would not have an impact on the consolidated financial statements as the cost of land is excluded in the assessment of the POC.	Exclusion of land in the assessment of progress is deferred until December 31, 2023.

(c) 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 all items of income and expenses in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position 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. The related notes to third consolidated statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

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

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

1.2 Adoption of Amended PFRS

(a) Effective in 2021 that is Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 7, PFRS 9, and PFRS 16 (Amendments)	:	Financial Instruments: Disclosures, Financial Instruments, and Leases – Interest Rate Benchmark Reform Phase 2
PFRS 16 (Amendments)	:	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these pronouncements.

(i) The Group adopted for the first time the application of the amendments to PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases - Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no significant impact on the Group's consolidated financial statements as the Group do not have any financial instruments subject to LIBOR.

(ii) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions Beyond June 30, 2021* (effective from April 1, 2021). The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Group's consolidated financial statements as the Group did not receive any rent concession from its lessors in 2021.

(b) *Effective Subsequent to 2021 but not Adopted Early*

There are pronouncements 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)

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

(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:

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the “10 per cent” Test for Derecognition of Liabilities*

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective January 1, 2023)

(vii) PAS 1 (Amendments), *Presentation of Financial Statements – Definition of Accounting Estimates* (effective from January 1, 2023)

(viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(ix) 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)

(v) *PIC Q&As Relevant to the Real Estate Industry Applicable in 2021*

Discussed below and in the succeeding page are the PIC Q&As effective January 1, 2021 that are applicable to the Group, including the descriptions of their impact to the Group's consolidated financial statements.

(i) PIC Q&A No. 2018-12-E, *Treatment of uninstalled materials in the determination of POC15 and PIC Q&A No. 2020-02, Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

PIC Q&A No. 2018-12-E specifies, in recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials delivered on-site that are not customized, such as steel and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of progress. Control over the uninstalled materials is not transferred to the customer upon delivery to the site but only when these are installed or when they are used in the construction. In the case of uninstalled materials that are not customized, since the Group is not involved in their design and manufacture, revenue should only be recognized upon installation or use in construction. The application of the PIC Q&A had no significant financial impact to Group's consolidated financial statements since the Group does not include uninstalled materials that are not customized in determining measure of progress for revenue recognition.

(ii) PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer's Payment*

PIC Q&A No. 2020-03 concludes that the difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group assessed to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as part of the Contract Assets account, hence, the adoption did not have a significant impact on the 2021 consolidated financial statements.

(iii) PIC Q&A No. 2020-05, *Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

This PIC Q&A superseded PIC Q&A No. 2018-14, The interpretation provides three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

- Repossessed property is recognized at fair value less cost to repossess;
- Repossessed property is recognized at fair value plus repossession cost; or,
- Cancellation is accounted for as a modification of the contract

The Group assessed that it will account for cancellations of sales contracts and repossession of property as a modification of contract, hence, the adoption of this PIC Q&A did not have a significant impact on the Group's consolidated financial statements.

1.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Company, and its subsidiaries as enumerated in the Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Company accounts for its investments in subsidiaries, associates, interests in joint operations and transactions with NCI as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group 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 Company obtains control.

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

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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 NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any NCI 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 (negative goodwill) is recognized directly as gain in profit or loss.

(b) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the 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 Group'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 Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Losses of Associates account in the consolidated statement of comprehensive income.

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

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized. If the investment in associate is subsequently sold, the Group recognize in profit or loss the difference between the consideration received and the carrying amount of the investment.

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

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint control arises from a contractually agreed sharing of control in an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. For interests in joint operations, the Group recognized in its consolidated financial statements its assets including its share of any assets held jointly; its liabilities including its share of any liabilities incurred jointly; its revenue from sale of its share of the output arising from the joint operation; its expenses including its share of any expenses incurred jointly; and its share in the income from the sale of goods or services by the joint operation. The amounts of these related accounts are presented as part of the

regular asset and liability accounts and income and expense accounts of the Group and are measured and recognized in accordance with the relevant financial reporting standards.

No adjustment and consolidation procedures are required for the assets, liabilities, income and expenses of the joint operation that are recognized in the separate financial statements of the joint operators.

(d) Transactions with NCI

The Group's transactions with NCI 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 NCI result in gains and losses for the Group that are also recognized in equity.

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

1.4 Foreign Currency Transactions and Translations

The accounting records of the Parent Company and its subsidiaries are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as Foreign currency gains (losses) under Finance and Other Income or Charges – net in the consolidated statement of income.

1.5 Financial Assets

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

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(a) Classification and Measurement 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. Financial assets are categorized into the following categories: financial assets at amortized cost,

financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. The financial asset category currently relevant to the Group is financial assets at amortized cost.

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

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables [except for Value-added tax (VAT) on contracts with customers, Advances to raw landowners and Advances to officers and employees], Advances to Real Estate Property Owners, Advances to Related Parties, and Refundable deposits (as part of Other Non-current Assets account).

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 on financial assets at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the consolidated statement of comprehensive income as part of Finance and Other Income account.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables, contract assets, and other financial assets carried at amortized cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

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

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 obligations 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 arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at Default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

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

(c) Derecognition of Financial Assets

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

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

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

1.7 Prepayments and Other Assets

Prepayments and other current 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 entity and the asset has a cost or value that can be measured reliably.

Advances to contractors pertain to advance payments made by the Group for the construction of real estate properties intended for sale (i.e. held as inventory) and investment properties. This is classified as current asset if it will be applied as payments for construction of assets to be classified as inventories. Otherwise, this will be classified as non-current asset.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current 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.

1.8 Property and Equipment

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

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; expenditures for repairs and maintenance are charged to expenses as incurred.

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

Building	50 years
Office furniture, fixtures and equipment	3-5 years
Transportation and other equipment	5 years
Building and office improvements	5-10 years

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.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

1.9 Investment Property

Investment property consists of parcels of land and buildings, including those under construction, held or intended for lease or for capital appreciation or both. Buildings are carried at cost less accumulated depreciation and any impairment losses. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Land development and improvements	20 years
Building and improvements	25-50 years

Construction in progress pertains to the accumulated costs of putting up the assets, additions or improvements including the applicable borrowing costs (see Note 2.20). Cost is recognized when materials purchased and services performed in relation to construction of an asset have been delivered or rendered. When the asset has become available for use, the accumulated cost is transferred to the appropriate investment property account, and depreciation is recognized based on the estimated useful life of such asset.

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

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.

Transfers from other accounts (such as property and equipment or real estate inventory) are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party, while transfers from investment property are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment account up to the date of change in use (see Note 2.8).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

1.10 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Due to Joint Venture Partners, Redeemable Preferred Shares, Lease Liabilities and Other Non-current Liabilities account (except Advance rental), are recognized when the Group becomes a party to the contractual terms of the instrument. These are initially recognized at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges, if any, incurred on financial liability

are recognized as an expense in profit or loss under the caption Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

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.

Preferred shares, which carry a mandatory coupon or are redeemable on specific date or at the option of the shareholder, are classified as financial liabilities and presented as a separate line item in the consolidated statement of financial position as Redeemable Preferred Shares. Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD. The dividends on the redeemable preferred shares are recognized in the consolidated statement of comprehensive income as interest expense on an amortized cost basis using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

1.11 Business Combination

(a) Accounting for Business Combination Using the Acquisition Method

Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

Goodwill, if any, 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, if any, 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 profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

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

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

(b) Accounting of Business Combination Using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2, *Application of the Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (Amended by PIC Q&As Nos. 2015-01 and 2018-13); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as “equity reserves”, which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

1.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company’s BOD - its chief operating decision-maker. The BOD is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group’s products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm’s length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments;

- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property.

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

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

1.13 Provisions and Contingencies

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

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

1.14 Offsetting of Financial Instruments

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

1.15 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, hotel operations and leasing activities. The Group's leasing activities are accounted for under PFRS 16.

To determine whether to recognize revenue from revenue covered by PFRS 15, the Group follows a five-step process:

- (a) identifying the contract with a customer;
- (b) identifying the performance obligation;
- (c) determining the transaction price;
- (d) allocating the transaction price to the performance obligations; and,
- (e) recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

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

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

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

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

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group 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.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1. Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

The specific recognition criteria of the various revenue streams of the Group are as follows:

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under Revenues and Income section in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under Revenues and Income section in the consolidated statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

(c) *Hotel operations* – Revenues from room accommodation and services 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. For food and beverage, revenue is recognized at a point in time upon delivery to and receipt of food and beverage by the customer.

(d) *Service income* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Service income comprises fees from maintenance of golf course and management fees.

(e) *Marketing fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Incremental costs of obtaining a contract to sell real property to customers 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.

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

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

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, considerations received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

1.16 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.

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 mainly pertain to fixed payments agreed in the contract. 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 consolidated 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, plant and equipment and other liabilities, respectively.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income are recognized based on the pattern reflecting constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

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.

Sublease which was previously classified as operating lease applying PAS 17, *Leases*, but finance lease applying PFRS 16 is accounted as a new finance lease entered into at the date of initial application of PFRS 16 on January 1, 2019. The effect of recognizing the net investment in the sublease is recognized as adjustment to the opening balance of retained earnings.

1.17 Impairment of Non-financial Assets

The Group's investments in associates, investment property, property and equipment, right-of-use assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amounts 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 amount 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.

1.18 Employee Benefits

The Group's employee benefits are recognized and measured 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. The Group's defined benefit post-employment plan covers all regular full-time employees. The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO 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), if any, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs and Other Charges or Finance and Other Income account in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) 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 end of the reporting period are discounted to their present value.

(c) 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 of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

1.19 Share-based Employee Remuneration

The Company grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC).

1.20 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses 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 Inventories account. 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. For income tax purposes, all interest and other borrowing costs are treated as deductible expenses in the period in which they are incurred.

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

1.21 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; and, (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.

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

Based on the requirement of SEC MC No. 2019-60, *Rules of Material Related Party Transactions for Publicly Listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on the

latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent director's vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% if the Group's consolidated total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

1.22 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred 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 reporting period. These 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 carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the 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 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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 and the same taxation authority.

1.23 Equity

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

APIC represents premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Revaluation reserves pertain to remeasurements of retirement benefit obligation.

Retained earnings includes all current and prior period results of operations as reported in the profit or loss section of the consolidated statements of comprehensive income and share-based employee remuneration, reduced by the amounts of dividends declared, if any.

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the Company's shareholders which are presented separately in the Group's consolidated statement of comprehensive income and within the equity in the Group's consolidated statement of financial position and consolidated statement of changes in equity.

1.24 Basic and Diluted Earnings per Share

Basic earnings per share (EPS) is computed by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period, 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 common shares outstanding to assume conversion of potentially dilutive shares. Currently, the Group's potentially dilutive shares consist only of share options.

1.25 Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

External Auditor

The Group has engaged the services of Punongbayan & Araullo during the most recent calendar year. There were no disagreements with Punongbayan & Araullo on any matter of accounting and financial disclosure.

Attendance of Accountants at the Meeting

Representatives of the Corporation's external accountants, Punongbayan & Araullo, for the Calendar Year 2021, are expected to be present at the Annual Stockholders' Meeting scheduled on 24 June 2021.

Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Corporation's financial statements.

BUSINESS AND GENERAL INFORMATION

Form and Date of Organization

Global-Estate Resorts, Inc. ("**GERI**" or the "**Company**") was incorporated on 18 May 1994 as Fil-Estate Land, Inc. to engage in real estate development. The Company went public in November 1995 when its common shares were listed in the Philippine Stock Exchange (PSE).

In 2011, Alliance Global Group, Inc. ("**AGI**") acquired a majority stake in the Company and re-branded it as Global-Estate Resorts, Inc. to engage in the development of integrated tourism and leisure estates.

In 2014, GERI was consolidated under Megaworld Corporation when the latter acquired AGI's stake in the Company.

Description of Business

The Company is primarily engaged in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, retail, hotel and/or leisure components in natural resort settings. Its key developments are Boracay Newcoast in Malay, Aklan, Twin Lakes in Laurel, Batangas, Sta. Barbara Heights in Iloilo, Southwoods City in Laguna and Cavite, Alabang West in Las Piñas, Metro Manila, Eastland Heights in Antipolo City, Rizal, The Hamptons Caliraya in Lumban- Cavinti, Laguna, Arden Botanical Estate in Trece and Tanza, Cavite, and The Fifth in Pasig City, Metro Manila. The Company undertakes its development business by itself or in joint venture with landowners. Among the Company's subsidiaries are joint venture corporations: i) Twin Lakes Corporation ("**TLC**"), which was incorporated on 02 March 2011 to develop Twin Lakes in Laurel, Batangas; ii) Oceanfront Properties, Inc. ("**OPI**"), which was incorporated on 12 October 2010 to develop parts of Boracay Newcoast; and iii) Southwoods Mall, Inc. ("**SMI**"), which was incorporated on 18 July 2013 to develop the Southwoods Mall and Office Towers in Southwoods City.

The Company's developments are marketed by Megaworld Global-Estate, Inc. ("**MGEI**"), a subsidiary incorporated on 14 March 2011, and by the Company's in-house marketing group.

The Company's hotel developments in Boracay and Twin Lakes are operated by its subsidiaries Twin Lakes Hotel, Inc. (incorporated on 28 September 2018), Savoy Hotel Boracay, Inc. (incorporated on 24 January 2017), Belmont Hotel Boracay, Inc. (incorporated on 18 March 2019), and Fil-Estate Urban Development Corporation (incorporated on 6 March 2000).

Prior to 2011, the Company's subsidiaries Global-Estate Properties, Inc. (*formerly known as Fil-Estate Properties, Inc. or "**GEPI**"*) and Global-Estate Golf and Development, Inc. (*formerly known as Fil-Estate Golf and Development, Inc. or "**GEGDI**"*), incorporated on 13 February 1990 and 06 March 1990, respectively, had engaged in the development of residential subdivisions, condominium buildings, commercial lots, and golf clubs.

Management's Discussion and Analysis of Financial Condition and Results of Operations

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Current Ratio	4.53	4.29	4.37	4.20
Quick Ratio	1.53	1.33	1.48	1.28

Current Ratio (Current Assets/Current Liabilities)

Liquidity ratio measures a company's ability to pay short-term obligations.

Quick Ratio (Cash and cash equivalents + Current Trade receivables/Current Liabilities)

It measures a company's ability to meet its short-term obligations with its most liquid assets.

LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Debt to Total Assets	33%	32%	33%	32%
Equity to Total Assets	67%	68%	67%	68%
Debt to Equity	49%	47%	50%	46%
Asset to Equity	1.49	1.46	1.50	1.46

Debt to Total Assets

It shows the creditors' contribution to the total resources of the organization.

Equity to Total Assets

It shows the extent of owners' contribution to the total resources of the organization.

Debt to Equity

It relates the exposure of the creditors to that of the owners.

Asset to Equity (Total Assets/Total Owner's Equity)

It measures the company's leverage.

PROFITABILITY RATIOS

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Return on Equity	1.13%	1.04%	4.37%	3.79%
Return on Assets	0.76%	0.63%	2.86%	2.59%
Earnings per Share	₱ 0.0312	₱ 0.0273	₱ 0.119	₱ 0.099

Return on Equity (Net Income Attributable to Parent Company's shareholders / Average Equity Attributable to Parent Company's shareholders)

It tests the productivity of the owners' investments.

Return on Assets (Net Income / Average Total Assets)

This ratio indicates how profitable a company is relative to its total assets.

Earnings per Share (EPS)

It indicates the earnings for each of the common shares held.

ACTIVITY RATIO

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Asset Turnover	1.90%	1.78%	6.87%	7.15%

Asset Turnover (Sales / Total Assets)

It measures the level of capital investment relative to sales volume.

INTEREST COVERAGE RATIO

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Interest Coverage	5.81	5.35	7.52	8.00

Interest Coverage Ratio (Earnings before Interest and Income Tax / Interest Expense)

It measures how easily a company can pay interest on an outstanding debt.

Management Discussion and Analysis

Review for the period ended March 31, 2022

Continuing Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial

statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In response to this matter, the Group has taken the following actions:

- maximized digital platforms to sell real estate projects in order to limit face to face engagements;
- focused on sale of residential and commercial lots outside Metro Manila to meet a robust demand of these products;
- assisted tenants in implementing social distancing measures which in effect lowered the foot traffic in malls and commercial spaces;
- continued to work closely with tenants to determine and address their needs;
- expanded outdoor dining areas in lifestyle malls to meet customer demand for alfresco dining though still implementing social distancing measures;
- launched E-Concierge, a mobile application that allows contactless interaction between guests and hotel staff from check-in to check-out, including virtual ordering of food from various food and beverage outlets inside the hotels; and,
- obtained lower cost funding through bank financing to support its business operations, such as financing capital expenditures, land banking and refinancing of loans, and maintain its cash preservation objective.

As a result of the actions taken by management, the Group's operations showed the following results:

- net profit of the Group in 1Q2022 is 27.8% higher than that of 1Q2021;
- real estate sales in 1Q2022 is 13.8% higher as compared to that of 1Q2021 as a result of resumption of construction activities;
- rental income posted a decline of 6.6% in 1Q2022 as compared to 1Q2021. This is the effect of rental concessions, and end of lease contract of a tenant in Southwoods office towers; and,
- revenue from hotel operations increased by 175% in 1Q2022 as compared to 1Q2021 due to increase in occupancy rate as a result of lifting of travel bans and increased hotel operations in accordance with quarantine guidelines.

Management will continue to take actions to continually improve the operations. Based on the foregoing improvements, management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

REVIEW OF RESULTS OF OPERATIONS

(Comparing balances for the 3-month period ended March 31, 2022 and 3-month period ended March 31, 2021)

Consolidated revenues for the three-month period ended March 31, 2022 amounted to Php1.3 billion. The Company's real estate sale of Php1.0 billion came mainly from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal, The Hamptons Village in Caliraya, Batangas and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Manila Southwoods, The Fifth in Ortigas Center, Pasig City and Vineyard Residences, Belvedere and The Manor in Twin Lakes,

Tagaytay. Hotel revenues as of March 31, 2022 amounted to Php61 million, an increase of 175% from Php22 million as of March 31, 2021 mainly due to increase in occupancy rate as a result of lifting of travel bans and increase in hotel operations in accordance with quarantine guidelines. Rental income as of March 31, 2022 amounted to Php112 million, a decrease of 7% from Php120 million as of March 31, 2021 due to rent concessions and decrease of occupancy in Southwoods office towers. Balance of revenues was contributed by marketing fees of Php13.4 million, finance and other income of Php63.0 million, and Php40.0 million service income.

Cost and expenses posted an increase of Php32.3 million or 3.7% from Php0.88 billion in March 31, 2021 to Php0.91 billion as of March 31, 2022 mainly due to increase in cost of real estate sales, cost of hotel operations and income tax expense.

The company posted a Php412 million Net Income or 27.8% increase for the period ended March 31, 2022, as compared to a Php322 million net income realized as of March 31, 2021.

Major Movements of Income Statement Accounts are as follows:

(Increase/ decrease of 5% or more versus March 31, 2021)

- 14% Increase on Real estate sales – mainly due to increase on real estate sales that reached 10% collection and higher percentage of completion of uncompleted projects because of more relaxed quarantine guidelines
- 175% Increase in Hotel revenues – mainly due to increase in occupancy rate as a result of lifting of travel bans and increase in hotel operations in accordance with quarantine guidelines.
- 7% Decrease in Rental income – due to rent concessions and decrease of occupancy in Southwoods office towers
- 7% Decrease in Service income – due to lower service income for the period.
- 39% Decrease in Marketing fees – due decrease in marketing income from sale of lots of joint venture partner.
- 27% Decrease in Finance and other income – mainly due to decrease in other income
- 7% Increase in Cost of real estate sales – directly related to increase on real estate sales for the period
- 18% Increase in Cost of hotel operations – due to increase in hotel revenue.
- 6% Decrease in Operating expenses – mainly due to implementation of cost reduction measures by the Group
- 23% Decrease in Finance cost and other charges – mainly due to decrease in interest rate and payment of principal.
- 22% Increase in Income tax expense – due to increase of taxable income.

Account	Unaudited March 31, 2022	Audited March 31, 2021	Movement	Percentage
REVENUES AND INCOME				
Real estate sales	P 1,034,270,025	P 908,601,433	125,668,592	13.8%
Rental income	112,092,077	119,971,172	(7,879,095)	-6.6%
Marketing fees	13,363,196	21,830,412	(8,467,215)	-38.8%
Hotel operations	60,615,813	22,039,066	38,576,746	175.0%
Service income	39,961,803	42,996,552	(3,034,749)	-7.1%
Finance and other income	62,986,654	85,970,531	(22,983,877)	-26.7%
	1,323,289,567	1,201,409,165	121,880,402	10.1%
COSTS AND EXPENSES				
Cost of real estate sales	416,788,426	390,291,866	26,496,560	6.8%
Cost of rentals and services	73,186,817	71,253,066	1,933,751	2.7%
Cost of hotel operations	37,663,609	31,911,338	5,752,271	18.0%
Other operating expenses	245,010,470	261,871,192	(16,860,722)	-6.4%
Finance costs and other charges	20,707,463	26,768,452	(6,060,990)	-22.6%
	793,356,786	782,095,915	11,260,872	1.4%
PROFIT BEFORE TAX	529,932,781	419,313,251	110,619,531	26.4%
TAX EXPENSE	117,701,695	96,689,333	21,012,361	21.7%
NET PROFIT	412,231,086	322,623,917	89,607,169	27.8%

REVIEW OF FINANCIAL CONDITION

The Group's financial position remained stable. Total assets as of March 31, 2022, Php54.3 billion compared to Php54.1 billion as of December 31, 2021, posted an increase of Php0.20 billion. Cash and cash equivalents decreased by 7% mainly due to partial payments of Interest-bearing loans and borrowings, from P3.95 billion as of December 2021 to Php3.68 billion as of March 2022. Contract assets increased by 12%, from Php3.1 billion as of December 2021 to Php3.5 billion as of March 2022 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Advances to related parties decreased by 7% due to collections from related parties.

Customer deposits decreased from Php1.3 billion as of December 2021 to Php1.2 billion as of March 2022 or 8% decrease due to sales recognized for the period. Advances from related parties decreased from Php850.5 million as of December 31, 2021 to Php784.5 million as of March 2022 or 8% decrease due to payments made to related parties.

Shareholders' Equity increased from Php36.1 billion as of December 2021 to Php36.5 billion as of March 2022 mainly due to the income generated for the period.

Major movements of Balance Sheet Accounts are as follows:

- 7% Decrease in Cash and Cash equivalent – mainly due to partial payments of interest-bearing loans
- 12% Increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 7% Decrease in Advances to Related Parties – due to collections from related parties
- 8% Decrease in Customer's deposit - due to sales recognized for the period.
- 8% Decrease in Advances from Related Parties – due to payments made to related parties

	Unaudited	Audited	Movement	Percentage
	March 31, 2022	December 31, 2021		
Cash and cash equivalents	P 3,681,533,874	P 3,949,449,148	(267,915,274)	-6.8%
Trade and other receivables - net	10,137,708,907	10,134,424,726	3,284,181	0.0%
Contract assets	3,535,298,790	3,147,300,186	387,998,604	12.3%
Advances to real estate property owners	1,313,106,502	1,303,730,350	9,376,152	0.7%
Advances to related parties	662,922,302	714,141,424	(51,219,122)	-7.2%
Inventories - net	18,892,356,689	18,872,379,522	19,977,167	0.1%
Investments in associates - net	731,432,952	731,432,952	-	0.0%
Investment property - net	10,763,968,112	10,797,030,614	(33,062,502)	-0.3%
Property and equipment - net	894,856,306	912,535,908	(17,679,602)	-1.9%
Right-of-use assets - net	150,961,523	150,159,058	802,465	0.5%
Other current and non-current assets - net	3,552,144,527	3,405,485,697	146,658,830	4.3%
TOTAL ASSETS	54,316,290,484	54,118,069,585	198,220,899	0.4%
Interest-bearing loans	P 7,407,777,344	P 7,492,924,404	(85,147,060)	-1.1%
Trade and other payables	3,587,526,619	3,605,270,531	(17,743,912)	-0.5%
Contract liabilities	738,920,636	758,668,433	(19,747,797)	-2.6%
Due to joint venture partners	404,214,863	400,238,268	3,976,595	1.0%
Advances from related parties	784,571,859	850,531,858	(65,959,999)	-7.8%
Redeemable preferred shares	251,597,580	251,597,580	-	0.0%
Customers' deposits	1,199,991,307	1,300,393,845	(100,402,538)	-7.7%
Lease liabilities	545,300,668	526,912,163	18,388,505	3.5%
Retirement benefit obligation	127,255,646	127,234,441	21,205	0.0%
Deferred tax liabilities - net	2,176,739,761	2,135,571,400	41,168,361	1.9%
Other non-current liabilities	609,272,895	597,836,442	11,436,453	1.9%
TOTAL LIABILITIES	17,833,169,178	18,047,179,365	(214,010,187)	-1.2%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	0	0.0%
Revaluation reserves	32,585,760	32,585,760	-	0.0%
Retained earnings	14,561,057,874	14,218,026,127	343,031,747	2.4%
Equity attributable to shareholders of the Parent Company	30,327,382,908	29,984,351,161	343,031,747	1.1%
Non-controlling interest	6,155,738,398	6,086,539,059	69,199,339	1.1%
Total Equity	36,483,121,306	36,070,890,220	412,231,086	1.1%
TOTAL LIABILITIES AND EQUITY	P 54,316,290,484	P 54,118,069,585	P 198,220,899	0.4%

Others

As of the 1st quarter ended March 31, 2022, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.

- e. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2021

Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In response to this matter, the Group has taken the following actions:

- maximized digital platforms to sell real estate projects in order to limit face to face engagements;
- focused on sale of residential and commercial lots outside Metro Manila to meet robust demand of these products;
- assisted tenants in implementing social distancing measures;
- continues to work closely with tenants to determine and address their needs;
- expanded outdoor dining areas in lifestyle malls to meet customer demand for alfresco dining;
- launched E-Concierge, a mobile application that allows contactless interaction between guests and hotel staff from check-in to check-out, including virtual ordering of food from various food and beverage outlets inside the hotels; and,
- obtained lower cost funding through bank financing to support its business operations, such as financing capital expenditures, land banking and refinancing of loans, and maintain its cash preservation objective.

As a result of the actions taken by management, the Group's operations showed the following results:

- Real estate sales improved closed at 2.9% higher as compared to that of 2020 as a result of resumption of construction activities.
- Rental income posted a decline of 34.0% in 2021. This is the effect of decrease of occupancy rate of office space, rental concessions, and lower foot traffic in mall and commercial spaces.
- Revenue from hotel operations decreased by 27.5% as a result of temporary closure of hotels, travel bans and limited hotel operations in accordance with quarantine guidelines.

Management will continue to take actions to continually improve the operations. Based on the foregoing improvements, management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

Results of Operations

For the year ended December 31, 2021 the Group's consolidated net income amounted to Php 1.49 billion, a 15% increase from the December 31, 2020 net income of Php1.30 billion.

Consolidated total revenues amounted to Php4.99 billion. The bulk of revenues came from real estate sales, rental income, service income, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Southwoods City, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Southwoods City and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses as of December 2021 amounted to Php3.49 billion, a decrease of 10% from Php3.89 billion as of December 2020, mainly due to decrease in cost of hotel operations, operating expenses and tax expense.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php54.1 billion as of December 31, 2021 compared to Php50.6 billion as of December 31, 2020 posted an increase of Php3.6 billion or 7%.

Cash and cash equivalents increased by 76% mainly due to additional Interest-bearing loans and borrowings, from Php2.2 billion as of December 2020 to Php3.9 billion as of December 2021. Trade and other receivables increased by 10% due to installment sales

booked for the year, from Php9.2 billion as of December 2020 to Php10.1 billion as of December 2021. Contract assets increased by 13%, from Php2.8 billion as of December 2020 to Php3.1 billion as of December 2021 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Right-of- use asset increased by 17% due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City.

Interest bearing loans and borrowings increased by 41% or Php2.16 billion as of December 2021 as compared to December 2020 due to availment of new interest-bearing loans. Trade and other payables increased by 8% mainly due to increase in payables to contractors and suppliers. Contract liabilities decreased by 5% due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection. Advances from related parties decreased by 7% from Php916 million as of December 2020 to Php850.5 million as of December 2021 due to payments made to related parties. Redeemable preferred shares decreased by 50% due to redemption of shares. Lease liabilities increased by 11% from Php473.6 million in December 2020 to Php527 million in December 2021 due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City. Other non-current liabilities decreased from Php731 million to Php598 million mainly due to presentation of portion of retention payable to current liability.

Shareholders' Equity increased from Php34.5 billion to Php36 billion mainly due to net income for the year.

Material Changes in the Statements of Final Position for the year ended December 31, 20201

(Increase/ decrease of 5% or more versus December 31, 2020)

- 76% increase in Cash and cash equivalents – due to additional Interest-bearing loans and borrowings.
- 10% increase in Trade and other receivables – due to installment sales booked for the year.
- 13% increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 17% increase in Right of use-asset – due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City
- 41% increase in Interest-bearing loans and borrowings – due to availment of new interest-bearing loans.
- 8% increase in Trade and other payables – mainly due increase in payables to contractors and suppliers.
- 5% decrease in Contract liabilities – due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 7% decrease in Advances from related parties – due to payments made to related parties.
- 50% decrease in Redeemable preferred shares – due to redemption of shares.
- 11% increase in Lease liabilities – due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City
- 18% decrease in other non-current liability – mainly due to presentation of portion of retention payable to current liability

	Audited		Movement	Percentage
	2021	2020		
Cash and cash equivalents	P 3,949,449,148	P 2,239,105,042	1,710,344,106	76.4%
Trade and other receivables - net	10,134,424,726	9,221,982,318	912,442,408	9.9%
Contract assets	3,147,300,186	2,793,995,947	353,304,239	12.6%
Advances to real estate property owners	1,303,730,350	1,283,568,006	20,162,344	1.6%
Advances to related parties	714,141,424	717,625,029	(3,483,605)	-0.5%
Inventories - net	18,872,379,522	18,221,005,862	651,373,660	3.6%
Investments in associates - net	731,432,952	732,027,425	(594,473)	-0.1%
Investment property - net	10,797,030,614	10,824,754,225	(27,723,611)	-0.3%
Property and equipment - net	912,535,908	940,361,431	(27,825,523)	-3.0%
Right-of-use assets - net	150,159,058	128,232,911	21,926,147	17.1%
Other current and non-current assets - net	3,405,485,697	3,458,569,066	(53,083,369)	-1.5%
TOTAL ASSETS	54,118,069,585	50,561,227,262	3,556,842,323	7.0%
Interest-bearing loans	P 7,492,924,404	P 5,334,558,820	2,158,365,584	40.5%
Trade and other payables	3,605,270,531	3,338,759,931	266,510,600	8.0%
Contract liabilities	758,668,433	799,560,052	(40,891,619)	-5.1%
Due to joint venture partners	400,238,268	410,467,353	(10,229,085)	-2.5%
Advances from related parties	850,531,858	916,543,597	(66,011,739)	-7.2%
Redeemable preferred shares	251,597,580	503,195,160	(251,597,580)	-50.0%
Customers' deposits	1,300,393,845	1,297,465,671	2,928,174	0.2%
Lease liabilities	526,912,165	473,635,321	53,276,842	11.2%
Retirement benefit obligation	127,234,441	125,775,212	1,459,229	1.2%
Deferred tax liabilities - net	2,135,571,400	2,078,888,861	56,682,539	2.7%
Other non-current liabilities	597,836,442	731,137,402	(133,300,960)	-18.2%
TOTAL LIABILITIES	18,047,179,365	16,009,987,380	2,037,191,985	12.7%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0.0%
Revaluation reserves	32,585,769	7,628,466	24,957,294	327.2%
Retained earnings	14,218,026,127	12,906,744,489	1,311,281,638	10.2%
Equity attributable to shareholders of the Parent Company	29,984,351,161	28,648,112,229	1,336,238,932	4.7%
Non-controlling interest	6,086,539,059	5,903,127,653	183,411,406	3.1%
Total Equity	36,070,890,220	34,551,239,882	1,519,650,338	4.4%
TOTAL LIABILITIES AND EQUITY	P 54,118,069,585	P 50,561,227,262	P 3,556,842,323	7.0%

*Material Changes in the Statements of Comprehensive Income the year ended December 31, 2020
(Increase/ decrease of 5% or more versus December 31, 2020)*

- 34% decrease in Rental income – due to decrease in occupancy rate, rent concessions and lower foot traffic upon reopening.
- 27% decrease in Hotel Operations – mainly due to travel bans and limited hotel operations in accordance with quarantine guidelines.
- 6% increase in Service Income – due to higher service income for the year
- 53% decrease in Marketing fees – due to decrease in marketing income from sale of lots of joint venture partner.
- 35% increase in Finance and other income – due to increase in other income.
- 6% increase in Cost of real estate sales – mainly due to increase in real estate sales for the year.
- 9% increase in Cost of rentals and services – mainly due to increase in service income
- 33% decrease in Cost of hotel operations – directly related to decrease in hotel revenue.

- 7% decrease in Operating expenses – mainly due to decrease in expenses directly related to decrease in revenue and the Group’s implementation of cost reduction measures.
- 394% increase in Equity share in net losses of associates – due to increase in net loss of associate recognized for the year.
- 41% increase in Finance cost and other charges – due to increase in other charges
- 73% decrease on Income tax expense – due to lower tax rate because of CREATE law.

Account	Audited		Movement	Percentage
	2021	2020		
REVENUES AND INCOME				
Real estate sales	P 3,717,314,154	P 3,614,255,530	103,058,624	2.9%
Rental income	408,929,904	619,359,588	(210,429,684)	-34.0%
Marketing fees	148,531,430	314,157,595	(165,626,165)	-52.7%
Hotel operations	145,950,403	201,209,745	(55,259,342)	-27.5%
Service income	131,419,980	124,218,552	7,201,428	5.8%
Finance and other income	433,968,542	322,396,825	111,571,717	34.6%
Gain on sale of investment in associate	-	-	-	-
	4,986,114,413	5,195,597,835	(209,483,422)	-4.0%
COSTS AND EXPENSES				
Cost of real estate sales	1,628,491,489	1,538,459,693	90,031,796	5.9%
Cost of rentals and services	344,233,070	317,293,791	26,939,279	8.5%
Cost of hotel operations	75,864,785	113,669,079	(37,804,294)	-33.3%
Other operating expenses	1,044,689,038	1,122,279,497	(77,590,459)	-6.9%
Finance costs and other charges	220,512,155	156,338,409	64,173,746	41.0%
Equity share in net losses of associates	594,473	120,265	474,208	394.3%
	3,314,385,010	3,248,160,734	66,224,276	2.0%
PROFIT BEFORE TAX	1,671,729,403	1,947,437,101	(275,707,698)	-14.2%
TAX EXPENSE	177,036,359	647,156,777	(470,120,418)	-72.6%
NET PROFIT	1,494,693,044	1,300,280,324	194,412,720	15.0%
OTHER COMPREHENSIVE INCOME (LOSS)	24,957,294	2,360,983	22,596,311	957.1%
TOTAL COMPREHENSIVE INCOME	P 1,519,650,338	P 1,302,641,307	P 217,009,031	16.7%

Others

As of the year ended December 31, 2021, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company’s continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company’s financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

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

Review for the year ended December 31, 2020

Results of Operations

For the year ended December 31, 2020 the Group's consolidated net income amounted to Php 1.30 billion, a 25% decrease from the December 31, 2019 net income of Php1.73 billion (exclusive of P188.5 million non-recurring gain in 2019). This is the net effect of the Covid-19 pandemic to the Group's business decline in revenue from real estate sales, rental income and hotel operations.

Consolidated total revenues amounted to Php5.19 billion. The bulk of revenues came from real estate sales, rental income, hotel operations, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Manila Southwoods and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses as of December 2020 amounted to Php3.89 billion, a decrease of 39% from Php6.38 billion as of December 2019, mainly due to decrease in cost of real estate sales, cost of rentals and services, cost of hotel operations and other operating expenses directly related to decrease in revenue.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php50.6 billion as of December 31, 2020 compared to Php49.8 billion as of December 31, 2019 posted an increase of Php793million or 1.6%.

Cash and cash equivalents decreased by 15% mainly due to partial payment of Interest-bearing loans and borrowings and payments made to contractors and suppliers, from Php2.6 billion as of December 2019 to Php2.2 billion as of December 2020. Contract assets increased by 81%, from Php1.5 billion as of December 2019 to Php2.8 billion as of December 2020 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Advances to related parties decreased by 18% due to collection from related parties. Property and Equipment decreased by 7% due to depreciation. Right-of-use asset decreased by 24% due to amortization for the period.

Interest bearing loans and borrowings increased by 6% or Php310 million as of December 2020 as compared to December 2019 due to availment of new interest-bearing loan. Trade and other payables decreased by 16% mainly due to payments made to contractors and suppliers. Contract liabilities decreased by 35% due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection. Due to joint venture partners increased by 15% due to increase in collection of sales proceeds that are for remittance to joint venture partners. Advances from related parties decreased by 9% from Php1 billion as of December 2019 to Php92 million as of December 2020 due to payment of advances. Redeemable preferred shares decreased by 33% due to redemption of shares. Deferred Tax Liability also increased from Php1.57 billion in December 2019 to Php2.08 billion in December 2020. The 33% increase is due to increase in taxable temporary

difference. Retirement benefit obligation increased by 17% from Php107 million in December 2019 to Php126 million in December 2020 due to additional accrual of retirement benefit. Other non-current liabilities increased from Php683 million to Php731 million mainly due to increase in security deposit of tenants.

Shareholders' Equity increased from Php33.2 billion to Php34.5 billion mainly due to net income for the year.

Material Changes in the year ended December 31, 2020 Financial Statements

(Increase/ decrease of 5% or more versus December 31, 2019)

Financial Position

- 15% decrease in Cash and cash equivalents – due to partial payment of Interest-bearing loans and borrowings and payment to contractor and supplier.
- 81% increase in Contract assets – due additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 18% decrease in Advances to related parties – due to collection from related parties.
- 7% decrease in Property Plant and Equipment – due to depreciation for the period.
- 24% decrease in Right of use-asset – due to amortization for the period.
- 6% increase in Interest-bearing loans and borrowings – due to availment of new interest-bearing loan.
- 16% decrease in Trade and other payables – mainly due to payments made to contractors and suppliers.
- 35% decrease in Contract liabilities – due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 15% increase in Due to joint venture partners – increase in collection of sales proceeds that are for remittance to joint venture partners.
- 9% decrease in Advances from related parties – mainly due to payments made.
- 33% decrease in Redeemable preferred shares – due to redemption of shares.
- 33% increase in Deferred tax liabilities – due to increase in taxable temporary difference.
- 17% increase in Retirement benefit obligation – due to additional accrual of retirement benefit.
- 7% decrease in other non-current liability – mainly due to increase in collection of security deposit.

	Audited		Movement	Percentage
	2020	2019		
Cash and cash equivalents	P 2,239,105,042	P 2,621,473,415	(382,368,373)	-14.6%
Trade and other receivables - net	9,221,982,318	9,122,747,401	99,234,917	1.1%
Contract assets	2,793,995,947	1,542,549,924	1,251,446,023	81.1%
Advances to real estate property owners	1,283,568,006	1,280,685,030	2,882,976	0.2%
Advances to related parties	717,625,029	877,657,824	(160,032,795)	-18.2%
Inventories - net	18,221,005,862	18,113,657,372	107,348,490	0.6%
Investments in associates - net	732,027,425	732,147,690	(120,265)	0.0%
Investment property - net	10,824,754,225	10,784,728,402	40,025,823	0.4%
Property and equipment - net	940,361,431	1,014,528,721	(74,167,290)	-7.3%
Right-of-use assets - net	128,232,911	168,872,252	(40,639,341)	-24.1%
Other current and non-current assets - net	3,458,569,066	3,508,691,004	(50,121,938)	-1.4%
TOTAL ASSETS	50,561,227,262	49,767,739,035	793,488,227	1.6%
Interest-bearing loans	P 5,334,558,820	P 5,024,305,898	310,252,922	6.2%
Trade and other payables	3,338,759,931	3,950,962,607	(612,202,676)	-15.5%
Contract liabilities	799,560,052	1,232,642,698	(433,082,646)	-35.1%
Due to joint venture partners	410,467,353	356,227,254	54,240,099	15.2%
Advances from related parties	916,543,597	1,001,596,228	(85,052,631)	-8.5%
Redeemable preferred shares	503,195,160	754,792,740	(251,597,580)	-33.3%
Customers' deposits	1,297,465,671	1,347,728,715	(50,263,044)	-3.7%
Lease liabilities	473,635,321	494,291,683	(20,656,362)	-4.2%
Retirement benefit obligation	125,775,212	107,158,224	18,616,988	17.4%
Deferred tax liabilities - net	2,078,888,861	1,566,791,165	512,097,696	32.7%
Other non-current liabilities	731,137,402	682,643,250	48,494,152	7.1%
TOTAL LIABILITIES	16,009,987,380	16,519,140,462	(509,153,082)	-3.1%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0.0%
Revaluation reserves	7,628,466	5,267,482	2,360,984	44.8%
Retained earnings	12,906,744,489	11,819,907,992	1,086,836,497	9.2%
Equity attributable to shareholders of the Parent Company	28,648,112,229	27,558,914,748	1,089,197,481	4.0%
Non-controlling interest	5,903,127,653	5,689,683,825	213,443,828	3.8%
Total Equity	34,551,239,882	33,248,598,573	1,302,641,309	3.9%
TOTAL LIABILITIES AND EQUITY	P 50,561,227,262	P 49,767,739,035	P 793,488,227	1.6%

Results of Operations

- 39% decrease in Real estate sales – mainly due to decrease in real estate sales that reached 10% collection and effect of suspension of construction activities during the ECQ period which slowly resumed as the quarantine protocols were relaxed.
- 17% decrease in Rental income – primarily due to closure of mall and commercial spaces during ECQ, rent concessions and lower foot traffic upon reopening.
- 75% decrease in Hotel Operations – as a result of temporary closure of hotels, travel bans and limited hotel operations in accordance with quarantine guidelines.
- 28% decrease in Service Income – lower income due to effect of restriction guidelines of community quarantine.
- 74% increase in Marketing fees – due to increase in marketing income from sale of lots of joint venture partner.
- 12% increase in Finance and other income – due to increase in finance income.

- 100% decrease in Gain on sale of investment on associate – no sale of investment for the period.
- 45% decrease in Cost of real estate sales – mainly due to decrease on real estate sales for the period.
- 74% decrease in Cost of hotel operations – directly related to decrease in hotel revenue.
- 35% decrease in Operating expenses – mainly due to decrease in expenses directly related to decrease in revenue and the Group's implementation of cost reduction measures.
- 18% increase in Equity share in net losses of associates – due to increase in net loss of associates recognized for the year.
- 44% decrease in Finance cost and other charges – effect of decrease of floating interest rate and partial payment of principal loan.
- 18% decrease on Income tax expense – due to decrease in taxable income.

Account	Audited		Movement	Percentage
	2020	2019		
REVENUES AND INCOME				
Real estate sales	P 3,614,255,530	P 5,906,525,172	(2,292,269,642)	-38.8%
Rental income	619,359,588	746,691,845	(127,332,257)	-17.1%
Marketing fees	314,157,595	180,867,447	133,290,148	73.7%
Hotel operations	201,209,745	813,928,144	(612,718,399)	-75.3%
Service income	124,218,552	172,020,165	(47,801,613)	-27.8%
Finance and other income	322,396,825	287,307,555	35,089,270	12.2%
Gain on sale of investment in associate	-	188,514,452	(188,514,452)	-100.0%
	5,195,597,835	8,295,854,780	(3,100,256,945)	-37.4%
COSTS AND EXPENSES				
Cost of real estate sales	1,538,459,693	2,794,278,385	(1,255,818,692)	-44.9%
Cost of rentals and services	317,293,791	331,144,642	(13,850,851)	-4.2%
Cost of hotel operations	113,669,079	442,819,864	(329,150,785)	-74.3%
Other operating expenses	1,122,279,497	1,737,131,547	(614,852,050)	-35.4%
Finance costs and other charges	156,338,409	280,829,826	(124,491,417)	-44.3%
Equity share in net losses of associates	120,265	101,665	18,600	18.3%
	3,248,160,734	5,586,305,929	(2,338,145,195)	-41.9%
PROFIT BEFORE TAX	1,947,437,101	2,709,548,851	(762,111,750)	-28.1%
TAX EXPENSE	647,156,777	792,811,961	(145,655,184)	-18.4%
NET PROFIT	1,300,280,324	1,916,736,890	(616,456,566)	-32.2%
Revaluation reserve	2,360,983	(31,863,308)	34,224,291	-107.4%
Total Comprehensive Income (Loss)	1,302,641,307	1,884,873,582	(582,232,275)	-30.9%

Others

As of the year ended December 31, 2020, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

- c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- d. Significant elements of income or loss that did not arise from the Company's continuing operations.
- e. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2019

For the year ended December 31, 2019 the Group's consolidated net income amounted to Php 1.92 billion, 11.2% increase from December 31, 2018 net income of Php1.72 billion.

Consolidated total revenues amounted to Php8.3 billion. The bulk of revenues came from real estate sales, rental income, hotel operations, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin, Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Manila Southwoods and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses amounted to Php6.4 billion, mainly from cost of real estate sales, cost of rentals and services, cost of hotel operations, and operating expenses resulting from aggressive marketing activities as well as other administrative and corporate overhead.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php49.8 billion as of December 31, 2019 compared to Php46 billion as of December 31, 2018 posted an increase of Php3.7 billion or 8%.

Cash and cash equivalents increased by 48% mainly due to collection and availment of new Interest bearing loans and borrowings, from Php1.8 billion as of December 2018

to Php2.6 billion as of December 2019. Trade and other receivables increased by 71% mainly due to installment sales recognized for the period and reclassification from Contract Asset due to completion of projects. Contract assets decreased by 56%, from Php3.5 billion as of December 2018 to Php1.5 billion as of December 2019 due completion of projects. Advances to related parties increased by 15% due to additional advances given to related parties. Investment in associates decreased by 13% due to sale of ownership in BNHGI. Other current and non-current assets increased by 8%, from Php3.2 billion as of December 2018 to Php3.5 billion as of December 2019, mainly due to increase in Advances to contractors and suppliers. Right of use-asset increased by 100% due to adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional

provisions of the standard. Property Plant and Equipment increased by 21% mainly due to space used for the administration of hotel operations.

Interest bearing loans and borrowings increased by 24% or Php964 million as of December 2019 as compared to December 2018 due to availment of new interest bearing loan. Trade and other payables increased by 10% mainly due to increase in payables to contractors and suppliers. Customer's Deposits increased from Php1.2 billion as of December 31, 2018 to Php1.3 billion as of December 31, 2019 or 14% mainly due to collection from existing buyers and new reservation sales. Contract liabilities increased by 15% due to additional sales from uncompleted projects with lower percentage of completion than percentage of collection. Redeemable preferred shares decreased by 25% due to redemption of shares. Deferred Tax Liability also increased from Php1.27 billion in December 2018 to Php1.57 billion in December 2019. The 23% increase is due to increase in taxable temporary difference. Retirement benefit obligation increased by 114% from Php50 million in December 2018 to Php107 million in December 2018 due to higher accrual of retirement benefit. Other non-current liabilities decreased from Php1.2 billion to Php683 million mainly due to decrease in retention payable. Lease liabilities increased by 100% due to adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional provisions of the standard. Due to joint venture partners decreased by 10% due remittance of their share from the projects.

Shareholders' Equity increased from Php31.2 billion to Php33.2 billion mainly due to net income for the year.

*Material Changes in the Statements of Final Position for the year ended December 31, 2019
(Increase/decrease of 5% or more versus December 31, 2018)*

- 48% increase in Cash and cash equivalents due to collection and availment of new Interest bearing loans and borrowings.
- 71% increase in Trade and other receivable – mainly due to installment real estate sales recognized for the period and reclassification of contract assets for completed projects.
- 56% decrease in Contract assets – due to completion of projects.
- 15% increase in Advances to related parties – additional advances given to related parties.
- 13% decrease on Investment in Associate – due to sale of ownership in BNHGI.
- 8% increase in other current and non-current assets – due to increase in advances to contractors and suppliers.
- 100% increase in Right of use-asset - due to adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional provisions of the standard.
- 21% increase in Property Plant and Equipment – due to space used for the administration of hotel operations
- 24% increase in Interest-bearing loans and borrowings – due to availment of new interest bearing loan.
- 10% increase in Trade and other payables – mainly due to increase in payables to contractors and suppliers.
- 14% increase in Customer's deposit – due to collection from existing buyers and new reservation sales.
- 15% increase in Contract liabilities – due to additional sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 25% decrease in Redeemable preferred shares – due to redemption of shares
- 23% increase in Deferred tax liabilities – due to increase in taxable temporary difference
- 114% increase in Retirement benefit obligation – due to increase in accrual of retirement benefit
- 45% decrease in other non-current liability – mainly due to decrease in retention payable.

- 100% increase in Lease liability adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional provisions of the standard.
- 10% decrease in Due to Joint Venture Partners – due to remittance of their share in the project.

	Audited		Movement	Percentage
	2019	2018		
Cash and cash equivalents	P 2,621,473,415	P 1,771,302,129	850,171,286	48.0%
Trade and other receivables - net	9,122,747,401	5,329,626,431	3,793,120,970	71.2%
Contract assets	1,542,549,924	3,530,180,685	(1,987,630,761)	-56.3%
Advances to real estate property owners	1,280,685,030	1,239,926,842	40,758,188	3.3%
Advances to related parties	877,657,824	765,235,996	112,421,828	14.7%
Inventories - net	18,113,657,372	17,933,958,120	179,699,252	1.0%
Investments in associates - net	732,147,690	841,219,811	(109,072,121)	-13.0%
Investment property - net	10,784,728,402	10,537,727,720	247,000,682	2.3%
Property and equipment - net	1,014,528,721	835,946,902	178,581,819	21.4%
Right-of-use assets - net	168,872,252	-	168,872,252	100.00%
Other current and non-current assets - net	3,508,691,004	3,244,906,530	263,784,474	8.1%
TOTAL ASSETS	49,767,739,035	46,030,031,166	3,737,707,869	8.1%
Interest-bearing loans	P 5,024,305,898	P 4,060,772,360	963,533,538	23.7%
Trade and other payables	3,950,962,607	3,599,888,181	351,074,426	9.8%
Contract liabilities	1,232,642,698	1,068,832,116	163,810,582	15.3%
Due to joint venture partners	356,227,254	395,424,643	(39,197,389)	-9.9%
Advances from related parties	1,001,596,228	1,001,894,838	(298,610)	0.0%
Redeemable preferred shares	754,792,740	1,006,390,320	(251,597,580)	-25.0%
Customers' deposits	1,347,728,715	1,182,605,054	165,123,661	14.0%
Lease liabilities	494,291,683	-	494,291,683	100.00%
Retirement benefit obligation	107,158,224	49,995,320	57,162,904	114.3%
Deferred tax liabilities - net	1,566,791,165	1,272,105,459	294,685,706	23.2%
Other non-current liabilities	682,643,250	1,232,214,997	(549,571,747)	-44.6%
TOTAL LIABILITIES	16,519,140,462	14,870,123,288	1,649,017,174	11.1%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0.0%
Revaluation reserves	5,267,483	37,130,791	(31,863,308)	-85.8%
Retained earnings	11,819,907,991	10,077,036,216	1,742,871,775	17.3%
Equity attributable to shareholders of the Parent Company	27,558,914,748	25,847,906,281	1,711,008,467	6.6%
Non-controlling interest	5,689,683,825	5,312,001,597	377,682,228	7.1%
Total Equity	33,248,598,573	31,159,907,878	2,088,690,695	6.7%
TOTAL LIABILITIES AND EQUITY	P 49,767,739,035	P 46,030,031,166	P 3,737,707,869	8.1%

*Material Changes in the Statements of Comprehensive Income the year ended December 31, 2019
(Increase/decrease of 5% or more versus December 31, 2018)*

- 6% decrease in Real estate sales – mainly due to decrease on real estate sales recognized for the period.
- 75% increase in Rental income – mainly due to increase in occupancy and additional leasable space due to completion of Southwoods Office Towers in Southwoods City, Laguna.
- 263% increase in Hotel Operations – due to increase in occupancy rate for the period and opening of Twin Lakes Hotel in Laurel, Batangas.

- 28% increase in Service Income – due to increase in income from golf course maintenance.
- 15% increase in Marketing fees – due to increase in marketing income from sale of lots of joint venture partner
- 38% increase in Finance and other income – due to increase on interest income on real estate sales.
- 100% increase in Gain on sale of investment on associate – due to sale of investment in BNHGL.
- 7% decrease in Cost of real estate sales – mainly due to decrease on real estate sales for the period
- 64% increase in Cost of rental and services – mainly due to increase in depreciation from additional property held for lease and increase in cost of services.
- 180% increase in Cost of hotel operations – mainly due to increase in hotel revenue and opening of Twin Lakes Hotel.
- 34% increase in Operating expenses – mainly due to additional operating expenses from the expansion of hotel operation.
- 45% decrease in Equity share in net losses of associates – due to decrease in net loss of associates recognized for the year.
- 13% increase in Finance cost and other charges – due to interest from new loans.

Account	Audited		Movement	Percentage
	2019	2018		
REVENUES AND INCOME				
Real estate sales	P 5,906,525,172	P 6,306,004,632	(399,479,460)	-6.3%
Rental income	746,691,845	426,536,057	320,155,788	75.1%
Marketing fees	180,867,447	156,893,125	23,974,322	15.3%
Hotel operations	813,928,144	223,958,354	589,969,790	263.4%
Service income	172,020,165	134,709,245	37,310,920	27.7%
Finance and other income	287,307,555	208,856,924	78,450,631	37.6%
Gain on sale of investment in associate	188,514,452	-	188,514,452	100.00%
	8,295,854,780	7,456,958,337	838,896,443	11.2%
COSTS AND EXPENSES				
Cost of real estate sales	2,794,278,385	3,018,683,870	(224,405,485)	-7.4%
Cost of rentals and services	331,144,642	202,125,585	129,019,057	63.8%
Cost of hotel operations	442,819,864	158,162,392	284,657,472	180.0%
Other operating expenses	1,737,131,547	1,292,381,362	444,750,185	34.4%
Finance costs and other charges	280,829,826	249,468,159	31,361,667	12.6%
Equity share in net losses of associates	101,665	183,393	(81,728)	-44.6%
	5,586,305,929	4,921,004,761	665,301,168	13.5%
PROFIT BEFORE TAX	2,709,548,851	2,535,953,576	173,595,275	6.8%
TAX EXPENSE	792,811,961	811,666,522	(18,854,561)	-2.3%
NET PROFIT	1,916,736,890	1,724,287,054	192,449,836	11.2%
Revaluation reserve	(31,863,308)	20,955,984	(52,819,292)	-252.0%
Total Comprehensive Income (Loss)	1,884,873,582	1,745,243,038	139,630,544	8.0%

Others

As of the year ended December 31, 2019, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.

- b. Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- d. Significant elements of income or loss that did not arise from the Company's continuing operations.
- e. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Independent Public Accountants

The Company's Board of Directors approved, on 24 June 2021, the designation of Punongbayan and Araullo as the external auditor for the audit of the financial statements of the Company for the year ending 31 December 2021. For the years 2016 to 2021, the handling partner has been Mr. Renan Piamonte, an Audit and Assurance partner of Punongbayan and Araullo.

Changes in Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company at its subsidiaries.

AUDIT AND AUDIT- RELATED FEES

For the audit of the Company's financial statements and services that are normally provided by the external auditors in connection with statutory and regulatory filings for the calendar year reports of 2021, 2020, and 2019, the fee was approximately Php1.68 million, Php1.57 million, and Php1.49 million, respectively.

The external auditors rendered no other assurance and related services to the Company other than the items discussed above.

Item 9. Market for Registrant's Common Equity and Related Stockholder Matters

(1) Stock Prices

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol of GERI.

	Philippine Stock Exchange	
	Closing Price per Share (₱) 1.01	
	as of December 31, 2021	
2022	High	Low
<u>First Quarter</u>	0.97	0.83
2021	High	Low
<u>First Quarter</u>	0.95	0.80
<u>Second Quarter</u>	0.90	0.81
<u>Third Quarter</u>	1.33	0.82
<u>Fourth Quarter</u>	1.00	0.81
2020	High	Low
<u>First Quarter</u>	1.19	0.65
<u>Second Quarter</u>	0.92	0.74
<u>Third Quarter</u>	0.88	0.76
<u>Fourth Quarter</u>	0.99	0.74
2019	High	Low
<u>First Quarter</u>	1.35	1.28
<u>Second Quarter</u>	1.48	1.42
<u>Third Quarter</u>	1.44	1.40
<u>Fourth Quarter</u>	1.29	1.25

The market capitalization of GERI as of 31 December 2021 based on the closing price at Php1.01 per share of GERI's shares at that date, was approximately Php11.096 billion. The price information as of the close of the latest practicable trading date June 28, 2022 is Php0.84 per share.

(2) Holders

GERI has a total of about 4,183 common shareholders as of June 22, 2022

TOP 20 STOCKHOLDERS AS OF JUNE 22, 2022

	STOCKHOLDER'S NAME	NO. OF SHARES	% OF OWNERSHIP
1	MEGAWORLD CORPORATION	9,035,638,139	82.247
2	PCD NOMINEE CORPORATION (FILIPINO)	1,498,232,680	13.638
3	PRYCE CORPORATION	198,732,000	1.809
4	PGI RETIREMENT FUND, INC	65,455,500	0.596
5	FIL-ESTATE MANAGEMENT INC.	38,000,159	0.346
6	F. YAP SECURITIES, INC.	32,947,000	0.300
7	PCD NOMINEE CORPORATION (FOREIGN)	20,715,609	0.189
8	GREENFIELD DEVELOPMENT CORPORATION	8,640,000	0.079
9	JOHN T. LAO	8,000,100	0.073
10	THE ANDRESONS GROUP INC.	8,000,000	0.073
11	LUCIO W. YAN	5,755,000	0.052
12	ROMEO G. ROXAS	3,716,000	0.034
13	AVESCO MARKETING	3,512,106	0.032
14	WILBUR CHAN	2,611,825	0.024
15	GILMORE PROPERTY MARKETING ASSOCIATES, INC.	1,983,000	0.018
16	FEDERAL HOMES, INC.	1,939,860	0.018
17	FRITZ L. DY	1,813,500	0.017
18	DYNALAND PROPERTIES & DEVELOPERS, INC.	1,700,001	0.015
19	MAXIMINO S. UY &/OR LIM HUE HUA	1,478,400	0.013
20	EQL PROPERTIES, INC.	1,317,420	0.012

Dividends

Payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

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

The retained earnings account as of December 31, 2021 amounting to Php14.2 billion, Php12.9 billion in December 31, 2020, and 11.8 billion in December 31, 2019, and are restricted from being declared

as dividends to the extent of the undistributed net earnings of subsidiaries and associates. No declaration of cash dividends was made in the last three (3) years.

(4) Recent Sale of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

- In 2011, the Board of Directors of the Company approved an Executive Stock Option Plan (ESOP). From 2012 to 2016, the Company granted the option to its key company directors and executives to subscribe to a total of 400 million shares of the Company. As of 31 December 2021, none of the Option Holders has exercised the options granted to them under the ESOP, and no underlying shares have been subscribed nor fully paid for by the Option Holders in connection therewith.
- As of 31 March 2022, a total of fifty million (50,000,000) common shares of unexercised options remain valid under the ESOP.

No underwriters were involved in the sales of the above unregistered or exempt securities.

Discussion on Compliance with Leading Practice on Corporate Governance

The Company affirms its deep commitment to a high standard of corporate governance practice firmly anchored on the principles of good corporate governance applied throughout the institution with the end view of fostering a corporate environment grounded on sound strategic business management. The Company's good market reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance. The Company has continued to comply with the SEC Code of Corporate Governance for Publicly-Listed Companies and in its Corporate Governance Manual, which form part of its continuing commitment to comply with the latest rules and regulations. It has also continued to follow the international best practices of corporate governance issued by globally recognized standards setting bodies.

Undertaking to Provide Annual Report

THE CORPORATION UNDERTAKES TO PROVIDE EACH STOCKHOLDER WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO EITHER OF:

Atty. Maria Carla T. Uykim
Corporate Secretary
9th Floor, Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Banco de Oro Unibank, Inc.
Stock Transfer Department
Makati Ave. Cor. H.V. dela Costa St.
Makati City



GLOBAL-ESTATE RESORTS, INC.

MANAGEMENT REPORT

For the
2022 Annual Shareholders' Meeting
Pursuant to SRC Rule 20 (4)

Item 1. Financial and Other Information

Audited Financial Statements

The consolidated financial statements as of 31 December 2021 are attached hereto including the interim financial statements as of March 31, 2022. The Statement of Management Responsibility, Schedules Required under Part IV (c) of Rule 48 are included in the Annual Report (Form 17-A).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 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), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Company are disclosed in detail below and in the succeeding pages. 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, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

In 2020, 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, 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, and MC 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 for another period of three years or until 2023, relating to several implementation issues of PFRS 15, Revenue from Contracts with Customers, affecting the real estate industry.

In 2021, MC No. 2021-08, Amendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 to clarify transitory provision, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed below and in the succeeding page are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Goods (PAS 23) for Real Estate Industry	<p>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.</p> <p>Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:</p> <ul style="list-style-type: none"> • finance costs and other charges would have been higher; • cost of real estate inventories sold 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. 	Until December 31, 2023

Relief	Description and Implication	Deferral period
<p>PIC Q&A No. 2018-12-D, Concept of the Significant Financing Component in the Contract to Sell and PIC Q&A No. 2020-04, Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch Between the Percentage of Completion and Schedule Payments</p>	<p>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.</p> <p>There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group do not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.</p> <p>Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the POC of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.</p>	<p>Until December 31, 2023</p>

Relief	Description and Implication	Deferral period
PIC Q&A No. 2018-12-E, Treatment of land in the determination of POC	Land on which the real estate development will be constructed shall also be excluded in the assessment of POC. Had the Group elected not to defer this provision of the standard, it would not have an impact on the consolidated financial statements as the cost of land is excluded in the assessment of the POC.	Exclusion of land in the assessment of progress is deferred until December 31, 2023

(c) 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 all items of income and expenses in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position 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. The related notes to third consolidated statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

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

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

1.2 Adoption of Amended PFRS

(a) Effective in 2021 that is Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 7, PFRS 9, and PFRS 16 (Amendments)	: Financial Instruments: Disclosures, Financial Instruments, and Leases – Interest Rate Benchmark Reform Phase 2
PFRS 16 (Amendments)	: Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these pronouncements.

(i) The Group adopted for the first time the application of the amendments to PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases - Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no significant impact on the Group's consolidated financial statements as the Group do not have any financial instruments subject to LIBOR.

(ii) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions Beyond June 30, 2021* (effective from April 1, 2021). The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Group's consolidated financial statements as the Group did not receive any rent concession from its lessors in 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

There are pronouncements 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)

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

(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:

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the “10 per cent” Test for Derecognition of Liabilities*

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective January 1, 2023)

(vii) PAS 1 (Amendments), *Presentation of Financial Statements – Definition of Accounting Estimates* (effective from January 1, 2023)

(viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(ix) 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)

(c) *PIC Q&As Relevant to the Real Estate Industry Applicable in 2021*

Discussed below and in the succeeding page are the PIC Q&As effective January 1, 2021 that are applicable to the Group, including the descriptions of their impact to the Group's consolidated financial statements.

(i) PIC Q&A No. 2018-12-E, *Treatment of uninstalled materials in the determination of POC15 and PIC Q&A No. 2020-02, Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

PIC Q&A No. 2018-12-E specifies, in recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials delivered on-site that are not customized, such as steel and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of progress. Control over the uninstalled materials is not transferred to the customer upon delivery to the site but only when these are installed or when they are used in the construction. In the case of uninstalled materials that are not customized, since the Group is not involved in their design and manufacture, revenue should only be recognized upon installation or use in construction. The application of the PIC Q&A had no significant financial impact to Group's consolidated financial statements since the Group does not include uninstalled materials that are not customized in determining measure of progress for revenue recognition.

(ii) PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer's Payment*

PIC Q&A No. 2020-03 concludes that the difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group assessed to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as part of the Contract Assets account, hence, the adoption did not have a significant impact on the 2021 consolidated financial statements.

(iii) PIC Q&A No. 2020-05, *Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

This PIC Q&A superseded PIC Q7A No. 2018-14, The interpretation provides three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

- Repossessed property is recognized at fair value less cost to repossess;
- Repossessed property is recognized at fair value plus repossession cost; or,
- Cancellation is accounted for as a modification of the contract

The Group assessed that it will account for cancellations of sales contracts and repossession of property as a modification of contract, hence, the adoption of this PIC Q&A did not have a significant impact on the Group's consolidated financial statements.

1.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Company, and its subsidiaries as enumerated in the Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

Financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

The Company accounts for its investments in subsidiaries, associates, interests in joint operations and transactions with NCI as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group 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 Company obtains control.

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

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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 NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any NCI 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 (negative goodwill) is recognized directly as gain in profit or loss.

(b) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the 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 Group'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 Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Losses of Associates account in the consolidated statement of comprehensive income.

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

Changes resulting from other comprehensive income of the associates or items that have been directly recognized in the associate's equity, are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized. If the investment in associate is subsequently sold, the Group recognize in profit or loss the difference between the consideration received and the carrying amount of the investment.

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

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint control arises from a contractually agreed sharing of control in an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. For interests in joint operations, the Group recognized in its consolidated financial statements its assets including its share of any assets held jointly; its liabilities including its share of any liabilities incurred jointly; its revenue from sale of its share of the output arising from the joint operation; its expenses including its share of any expenses incurred jointly; and its share in the income from the sale of goods or services by the joint operation. The amounts of these related accounts are presented as part of the

regular asset and liability accounts and income and expense accounts of the Group and are measured and recognized in accordance with the relevant financial reporting standards.

No adjustment and consolidation procedures are required for the assets, liabilities, income and expenses of the joint operation that are recognized in the separate financial statements of the joint operators.

(d) Transactions with NCI

The Group's transactions with NCI 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 NCI result in gains and losses for the Group that are also recognized in equity.

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

1.4 Foreign Currency Transactions and Translations

The accounting records of the Parent Company and its subsidiaries are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as Foreign currency gains (losses) under Finance and Other Income or Charges – net in the consolidated statement of income.

1.5 Financial Assets

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

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(a) Classification and Measurement 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. Financial assets are categorized into the following categories: financial assets at amortized cost,

financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. The financial asset category currently relevant to the Group is financial assets at amortized cost.

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

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables [except for Value-added tax (VAT) on contracts with customers, Advances to raw landowners and Advances to officers and employees], Advances to Real Estate Property Owners, Advances to Related Parties, and Refundable deposits (as part of Other Non-current Assets account).

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 on financial assets at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the consolidated statement of comprehensive income as part of Finance and Other Income account.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables, contract assets, and other financial assets carried at amortized cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

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

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 obligations 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 arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at Default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

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

(c) Derecognition of Financial Assets

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

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

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

1.7 Prepayments and Other Assets

Prepayments and other current 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 entity and the asset has a cost or value that can be measured reliably.

Advances to contractors pertain to advance payments made by the Group for the construction of real estate properties intended for sale (i.e. held as inventory) and investment properties. This is classified as current asset if it will be applied as payments for construction of assets to be classified as inventories. Otherwise, this will be classified as non-current asset.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current 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.

1.8 Property and Equipment

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

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; expenditures for repairs and maintenance are charged to expenses as incurred.

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

Building	50 years
Office furniture, fixtures and equipment	3-5 years
Transportation and other equipment	5 years
Building and office improvements	5-10 years

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.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

1.9 Investment Property

Investment property consists of parcels of land and buildings, including those under construction, held or intended for lease or for capital appreciation or both. Buildings are carried at cost less accumulated depreciation and any impairment losses. Land is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Land development and improvements	20 years
Building and improvements	25-50 years

Construction in progress pertains to the accumulated costs of putting up the assets, additions or improvements including the applicable borrowing costs (see Note 2.20). Cost is recognized when materials purchased and services performed in relation to construction of an asset have been delivered or rendered. When the asset has become available for use, the accumulated cost is transferred to the appropriate investment property account, and depreciation is recognized based on the estimated useful life of such asset.

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

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.

Transfers from other accounts (such as property and equipment or real estate inventory) are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party, while transfers from investment property are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment account up to the date of change in use (see Note 2.8).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

1.10 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Due to Joint Venture Partners, Redeemable Preferred Shares, Lease Liabilities and Other Non-current Liabilities account (except Advance rental), are recognized when the Group becomes a party to the contractual terms of the instrument. These are initially recognized at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges, if any, incurred on financial liability

are recognized as an expense in profit or loss under the caption Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

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.

Preferred shares, which carry a mandatory coupon or are redeemable on specific date or at the option of the shareholder, are classified as financial liabilities and presented as a separate line item in the consolidated statement of financial position as Redeemable Preferred Shares. Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD. The dividends on the redeemable preferred shares are recognized in the consolidated statement of comprehensive income as interest expense on an amortized cost basis using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

1.11 Business Combination

(a) Accounting for Business Combination Using the Acquisition Method

Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

Goodwill, if any, 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, if any, 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 profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

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

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

(b) Accounting of Business Combination Using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2, *Application of the Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (Amended by PIC Q&As Nos. 2015-01 and 2018-13); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as "equity reserves", which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

1.12 Segment Reporting

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

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments;

- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property.

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

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

1.13 Provisions and Contingencies

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

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

1.14 Offsetting of Financial Instruments

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

1.15 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, hotel operations and leasing activities. The Group's leasing activities are accounted for under PFRS 16.

To determine whether to recognize revenue from revenue covered by PFRS 15, the Group follows a five-step process:

- (a) identifying the contract with a customer;
- (b) identifying the performance obligation;
- (c) determining the transaction price;
- (d) allocating the transaction price to the performance obligations; and,
- (e) recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

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

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

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

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

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group 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.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1. Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

The specific recognition criteria of the various revenue streams of the Group are as follows:

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under Revenues and Income section in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under Revenues and Income section in the consolidated statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

(c) *Hotel operations* – Revenues from room accommodation and services 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. For food and beverage, revenue is recognized at a point in time upon delivery to and receipt of food and beverage by the customer.

(d) *Service income* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Service income comprises fees from maintenance of golf course and management fees.

(e) *Marketing fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Incremental costs of obtaining a contract to sell real property to customers 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.

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

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

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, considerations received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

1.16 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.

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 mainly pertain to fixed payments agreed in the contract. 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 consolidated 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, plant and equipment and other liabilities, respectively.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income are recognized based on the pattern reflecting constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

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.

Sublease which was previously classified as operating lease applying PAS 17, *Leases*, but finance lease applying PFRS 16 is accounted as a new finance lease entered into at the date of initial application of PFRS 16 on January 1, 2019. The effect of recognizing the net investment in the sublease is recognized as adjustment to the opening balance of retained earnings.

1.17 Impairment of Non-financial Assets

The Group's investments in associates, investment property, property and equipment, right-of-use assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amounts 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 amount 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.

1.18 Employee Benefits

The Group's employee benefits are recognized and measured 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. The Group's defined benefit post-employment plan covers all regular full-time employees. The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO 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), if any, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs and Other Charges or Finance and Other Income account in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) 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 end of the reporting period are discounted to their present value.

(c) 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 of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

1.19 Share-based Employee Remuneration

The Company grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC).

1.20 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses 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 Inventories account. 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. For income tax purposes, all interest and other borrowing costs are treated as deductible expenses in the period in which they are incurred.

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

1.21 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; and, (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.

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

Based on the requirement of SEC MC No. 2019-60, *Rules of Material Related Party Transactions for Publicly Listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on the

latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent director's vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% if the Group's consolidated total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

1.22 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred 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 reporting period. These 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 carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the 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 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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 and the same taxation authority.

1.23 Equity

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

APIC represents premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Revaluation reserves pertain to remeasurements of retirement benefit obligation.

Retained earnings includes all current and prior period results of operations as reported in the profit or loss section of the consolidated statements of comprehensive income and share-based employee remuneration, reduced by the amounts of dividends declared, if any.

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the Company's shareholders which are presented separately in the Group's consolidated statement of comprehensive income and within the equity in the Group's consolidated statement of financial position and consolidated statement of changes in equity.

1.24 Basic and Diluted Earnings per Share

Basic earnings per share (EPS) is computed by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period, 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 common shares outstanding to assume conversion of potentially dilutive shares. Currently, the Group's potentially dilutive shares consist only of share options.

1.25 Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

External Auditor

The Group has engaged the services of Punongbayan & Araullo during the most recent calendar year. There were no disagreements with Punongbayan & Araullo on any matter of accounting and financial disclosure.

Attendance of Accountants at the Meeting

Representatives of the Corporation's external accountants, Punongbayan & Araullo, for the Calendar Year 2021, are expected to be present at the Annual Stockholders' Meeting scheduled on 24 June 2021.

Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Corporation's financial statements.

BUSINESS AND GENERAL INFORMATION

Form and Date of Organization

Global-Estate Resorts, Inc. ("GERI" or the "Company") was incorporated on 18 May 1994 as Fil-Estate Land, Inc. to engage in real estate development. The Company went public in November 1995 when its common shares were listed in the Philippine Stock Exchange (PSE).

In 2011, Alliance Global Group, Inc. ("AGI") acquired a majority stake in the Company and re-branded it as Global-Estate Resorts, Inc. to engage in the development of integrated tourism and leisure estates.

In 2014, GERI was consolidated under Megaworld Corporation when the latter acquired AGI's stake in the Company.

Description of Business

The Company is primarily engaged in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, retail, hotel and/or leisure components in natural resort settings. Its key developments are Boracay Newcoast in Malay, Aklan, Twin Lakes in Laurel, Batangas, Sta. Barbara Heights in Iloilo, Southwoods City in Laguna and Cavite, Alabang West in Las Piñas, Metro Manila, Eastland Heights in Antipolo City, Rizal, The Hamptons Caliraya in Lumban- Cavinti, Laguna, Arden Botanical Estate in Trece and Tanza, Cavite, and The Fifth in Pasig City, Metro Manila. The Company undertakes its development business by itself or in joint venture with landowners. Among the Company's subsidiaries are joint venture corporations: i) Twin Lakes Corporation ("TLC"), which was incorporated on 02 March 2011 to develop Twin Lakes in Laurel, Batangas; ii) Oceanfront Properties, Inc. ("OPI"), which was incorporated on 12 October 2010 to develop parts of Boracay Newcoast; and iii) Southwoods Mall, Inc. ("SMP"), which was incorporated on 18 July 2013 to develop the Southwoods Mall and Office Towers in Southwoods City.

The Company's developments are marketed by Megaworld Global-Estate, Inc. ("MGEI"), a subsidiary incorporated on 14 March 2011, and by the Company's in-house marketing group.

The Company's hotel developments in Boracay and Twin Lakes are operated by its subsidiaries Twin Lakes Hotel, Inc. (incorporated on 28 September 2018), Savoy Hotel Boracay, Inc. (incorporated on 24 January 2017), Belmont Hotel Boracay, Inc. (incorporated on 18 March 2019), and Fil-Estate Urban Development Corporation (incorporated on 6 March 2000).

Prior to 2011, the Company's subsidiaries Global-Estate Properties, Inc. (*formerly known as Fil-Estate Properties, Inc. or "GEPI"*) and Global-Estate Golf and Development, Inc. (*formerly known as Fil-Estate Golf and Development, Inc. or "GEGDI"*), incorporated on 13 February 1990 and 06 March 1990, respectively, had engaged in the development of residential subdivisions, condominium buildings, commercial lots, and golf clubs.

Management's Discussion and Analysis of Financial Condition and Results of Operations

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Current Ratio	4.53	4.29	4.37	4.20
Quick Ratio	1.53	1.33	1.48	1.28

Current Ratio (Current Assets/Current Liabilities)

Liquidity ratio measures a company's ability to pay short-term obligations.

Quick Ratio (Cash and cash equivalents + Current Trade receivables/Current Liabilities)

It measures a company's ability to meet its short-term obligations with its most liquid assets.

LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Debt to Total Assets	33%	32%	33%	32%
Equity to Total Assets	67%	68%	67%	68%
Debt to Equity	49%	47%	50%	46%
Asset to Equity	1.49	1.46	1.50	1.46

Debt to Total Assets

It shows the creditors' contribution to the total resources of the organization.

Equity to Total Assets

It shows the extent of owners' contribution to the total resources of the organization.

Debt to Equity

It relates the exposure of the creditors to that of the owners.

Asset to Equity (Total Assets/Total Owner's Equity)

It measures the company's leverage.

PROFITABILITY RATIOS

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Return on Equity	1.13%	1.04%	4.37%	3.79%
Return on Assets	0.76%	0.63%	2.86%	2.59%
Earnings per Share	₱ 0.0312	₱ 0.0273	₱ 0.119	₱ 0.099

Return on Equity (Net Income Attributable to Parent Company's shareholders/ Average Equity Attributable to Parent Company's shareholders)

It tests the productivity of the owners' investments.

Return on Assets (Net Income/ Average Total Assets)

This ratio indicates how profitable a company is relative to its total assets.

Earnings per Share (EPS)

It indicates the earnings for each of the common shares held.

ACTIVITY RATIO

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Asset Turnover	1.90%	1.78%	6.87%	7.15%

Asset Turnover (Sales/ Total Assets)

It measures the level of capital investment relative to sales volume.

INTEREST COVERAGE RATIO

	March 31, 2022	March 31, 2021	December 31, 2021	December 31, 2020
Interest Coverage	5.81	5.35	7.52	8.00

Interest Coverage Ratio (Earnings before Interest and Income Tax/ Interest Expense)

It measures how easily a company can pay interest on an outstanding debt.

Management Discussion and Analysis

Review for the period ended March 31, 2022

Continuing Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial

statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In response to this matter, the Group has taken the following actions:

- maximized digital platforms to sell real estate projects in order to limit face to face engagements;
- focused on sale of residential and commercial lots outside Metro Manila to meet a robust demand of these products;
- assisted tenants in implementing social distancing measures which in effect lowered the foot traffic in malls and commercial spaces;
- continued to work closely with tenants to determine and address their needs;
- expanded outdoor dining areas in lifestyle malls to meet customer demand for alfresco dining though still implementing social distancing measures;
- launched E-Concierge, a mobile application that allows contactless interaction between guests and hotel staff from check-in to check-out, including virtual ordering of food from various food and beverage outlets inside the hotels; and,
- obtained lower cost funding through bank financing to support its business operations, such as financing capital expenditures, land banking and refinancing of loans, and maintain its cash preservation objective.

As a result of the actions taken by management, the Group's operations showed the following results:

- net profit of the Group in 1Q2022 is 27.8% higher than that of 1Q2021;
- real estate sales in 1Q2022 is 13.8% higher as compared to that of 1Q2021 as a result of resumption of construction activities;
- rental income posted a decline of 6.6% in 1Q2022 as compared to 1Q2021. This is the effect of rental concessions, and end of lease contract of a tenant in Southwoods office towers; and,
- revenue from hotel operations increased by 175% in 1Q2022 as compared to 1Q2021 due to increase in occupancy rate as a result of lifting of travel bans and increased hotel operations in accordance with quarantine guidelines.

Management will continue to take actions to continually improve the operations. Based on the foregoing improvements, management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

REVIEW OF RESULTS OF OPERATIONS

(Comparing balances for the 3-month period ended March 31, 2022 and 3-month period ended March 31, 2021)

Consolidated revenues for the three-month period ended March 31, 2022 amounted to Php1.3 billion. The Company's real estate sale of Php1.0 billion came mainly from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal, The Hamptons Village in Caliraya, Batangas and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Manila Southwoods, The Fifth in Ortigas Center, Pasig City and Vineyard Residences, Belvedere and The Manor in Twin Lakes,

Tagaytay. Hotel revenues as of March 31, 2022 amounted to Php61 million, an increase of 175% from Php22 million as of March 31, 2021 mainly due to increase in occupancy rate as a result of lifting of travel bans and increase in hotel operations in accordance with quarantine guidelines. Rental income as of March 31, 2022 amounted to Php112 million, a decrease of 7% from Php120 million as of March 31, 2021 due to rent concessions and decrease of occupancy in Southwoods office towers. Balance of revenues was contributed by marketing fees of Php13.4 million, finance and other income of Php63.0 million, and Php40.0 million service income.

Cost and expenses posted an increase of Php32.3 million or 3.7% from Php0.88 billion in March 31, 2021 to Php0.91 billion as of March 31, 2022 mainly due to increase in cost of real estate sales, cost of hotel operations and income tax expense.

The company posted a Php412 million Net Income or 27.8% increase for the period ended March 31, 2022, as compared to a Php322 million net income realized as of March 31, 2021.

Major Movements of Income Statement Accounts are as follows:
(Increase/decrease of 5% or more versus March 31, 2021)

- 14% Increase on Real estate sales – mainly due to increase on real estate sales that reached 10% collection and higher percentage of completion of uncompleted projects because of more relaxed quarantine guidelines
- 175% Increase in Hotel revenues – mainly due to increase in occupancy rate as a result of lifting of travel bans and increase in hotel operations in accordance with quarantine guidelines.
- 7% Decrease in Rental income – due to rent concessions and decrease of occupancy in Southwoods office towers
- 7% Decrease in Service income – due to lower service income for the period.
- 39% Decrease in Marketing fees – due decrease in marketing income from sale of lots of joint venture partner.
- 27% Decrease in Finance and other income – mainly due to decrease in other income
- 7% Increase in Cost of real estate sales – directly related to increase on real estate sales for the period
- 18% Increase in Cost of hotel operations – due to increase in hotel revenue.
- 6% Decrease in Operating expenses – mainly due to implementation of cost reduction measures by the Group
- 23% Decrease in Finance cost and other charges – mainly due to decrease in interest rate and payment of principal.
- 22% Increase in Income tax expense – due to increase of taxable income.

Account	Unaudited March 31, 2022	Audited March 31, 2021	Movement	Percentage
REVENUES AND INCOME				
Real estate sales	P 1,034,270,025	P 908,601,433	125,668,592	13.8%
Rental income	112,092,077	119,971,172	(7,879,095)	-6.6%
Marketing fees	13,363,196	21,830,412	(8,467,215)	-38.8%
Hotel operations	60,615,813	22,039,066	38,576,746	175.0%
Service income	39,961,803	42,996,552	(3,034,749)	-7.1%
Finance and other income	62,986,654	85,970,531	(22,983,877)	-26.7%
	1,323,289,567	1,201,409,165	121,880,402	10.1%
COSTS AND EXPENSES				
Cost of real estate sales	416,788,426	390,291,866	26,496,560	6.8%
Cost of rentals and services	73,186,817	71,253,066	1,933,751	2.7%
Cost of hotel operations	37,663,609	31,911,338	5,752,271	18.0%
Other operating expenses	245,010,470	261,871,192	(16,860,722)	-6.4%
Finance costs and other charges	20,707,463	26,768,452	(6,060,990)	-22.6%
	793,356,786	782,095,915	11,260,872	1.4%
PROFIT BEFORE TAX	529,932,781	419,313,251	110,619,531	26.4%
TAX EXPENSE	117,701,695	96,689,333	21,012,361	21.7%
NET PROFIT	412,231,086	322,623,917	89,607,169	27.8%

REVIEW OF FINANCIAL CONDITION

The Group's financial position remained stable. Total assets as of March 31, 2022, Php54.3 billion compared to Php54.1 billion as of December 31, 2021, posted an increase of Php0.20 billion. Cash and cash equivalents decreased by 7% mainly due to partial payments of Interest-bearing loans and borrowings, from P3.95 billion as of December 2021 to Php3.68 billion as of March 2022. Contract assets increased by 12%, from Php3.1 billion as of December 2021 to Php3.5 billion as of March 2022 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Advances to related parties decreased by 7% due to collections from related parties.

Customer deposits decreased from Php1.3 billion as of December 2021 to Php1.2 billion as of March 2022 or 8% decrease due to sales recognized for the period. Advances from related parties decreased from Php850.5 million as of December 31, 2021 to Php784.5 million as of March 2022 or 8% decrease due to payments made to related parties.

Shareholders' Equity increased from Php36.1 billion as of December 2021 to Php36.5 billion as of March 2022 mainly due to the income generated for the period.

Major movements of Balance Sheet Accounts are as follows:

- 7% Decrease in Cash and Cash equivalent – mainly due to partial payments of interest-bearing loans
- 12% Increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 7% Decrease in Advances to Related Parties – due to collections from related parties
- 8% Decrease in Customer's deposit - due to sales recognized for the period.
- 8% Decrease in Advances from Related Parties – due to payments made to related parties

	Unaudited	Audited		
	March 31, 2022	December 31, 2021	Movement	Percentage
Cash and cash equivalents	P 3,681,533,874	P 3,949,449,148	(267,915,274)	-6.8%
Trade and other receivables - net	10,137,708,907	10,134,424,726	3,284,181	0.0%
Contract assets	3,535,298,790	3,147,300,186	387,998,604	12.3%
Advances to real estate property owners	1,313,106,502	1,303,730,350	9,376,152	0.7%
Advances to related parties	662,922,302	714,141,424	(51,219,122)	-7.2%
Inventories - net	18,892,356,689	18,872,379,522	19,977,167	0.1%
Investments in associates - net	731,432,952	731,432,952	-	0.0%
Investment property - net	10,763,968,112	10,797,030,614	(33,062,502)	-0.3%
Property and equipment - net	894,856,306	912,535,908	(17,679,602)	-1.9%
Right-of-use assets - net	150,961,523	150,159,058	802,465	0.5%
Other current and non-current assets - net	3,552,144,527	3,405,485,697	146,658,830	4.3%
TOTAL ASSETS	54,316,290,484	54,118,069,585	198,220,899	0.4%
Interest-bearing loans	P 7,407,777,344	P 7,492,924,404	(85,147,060)	-1.1%
Trade and other payables	3,587,526,619	3,605,270,531	(17,743,912)	-0.5%
Contract liabilities	738,920,636	758,668,433	(19,747,797)	-2.6%
Due to joint venture partners	404,214,863	400,238,268	3,976,595	1.0%
Advances from related parties	784,571,859	850,531,858	(65,959,999)	-7.8%
Redeemable preferred shares	251,597,580	251,597,580	-	0.0%
Customers' deposits	1,199,991,307	1,300,393,845	(100,402,538)	-7.7%
Lease liabilities	545,300,668	526,912,163	18,388,505	3.5%
Retirement benefit obligation	127,255,646	127,234,441	21,205	0.0%
Deferred tax liabilities - net	2,176,739,761	2,135,571,400	41,168,361	1.9%
Other non-current liabilities	609,272,895	597,836,442	11,436,453	1.9%
TOTAL LIABILITIES	17,833,169,178	18,047,179,365	(214,010,187)	-1.2%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	0	0.0%
Revaluation reserves	32,585,760	32,585,760	-	0.0%
Retained earnings	14,561,057,874	14,218,026,127	343,031,747	2.4%
Equity attributable to shareholders of the Parent Company	30,327,382,908	29,984,351,161	343,031,747	1.1%
Non-controlling interest	6,155,738,398	6,086,539,059	69,199,339	1.1%
Total Equity	36,483,121,306	36,070,890,220	412,231,086	1.1%
TOTAL LIABILITIES AND EQUITY	P 54,316,290,484	P 54,118,069,585	P 198,220,899	0.4%

Others

As of the 1st quarter ended March 31, 2022, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company's continuing operations.

- e. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2021

Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In response to this matter, the Group has taken the following actions:

- maximized digital platforms to sell real estate projects in order to limit face to face engagements;
- focused on sale of residential and commercial lots outside Metro Manila to meet robust demand of these products;
- assisted tenants in implementing social distancing measures;
- continues to work closely with tenants to determine and address their needs;
- expanded outdoor dining areas in lifestyle malls to meet customer demand for alfresco dining;
- launched E-Concierge, a mobile application that allows contactless interaction between guests and hotel staff from check-in to check-out, including virtual ordering of food from various food and beverage outlets inside the hotels; and,
- obtained lower cost funding through bank financing to support its business operations, such as financing capital expenditures, land banking and refinancing of loans, and maintain its cash preservation objective.

As a result of the actions taken by management, the Group's operations showed the following results:

- Real estate sales improved closed at 2.9% higher as compared to that of 2020 as a result of resumption of construction activities.
- Rental income posted a decline of 34.0% in 2021. This is the effect of decrease of occupancy rate of office space, rental concessions, and lower foot traffic in mall and commercial spaces.
- Revenue from hotel operations decreased by 27.5% as a result of temporary closure of hotels, travel bans and limited hotel operations in accordance with quarantine guidelines.

Management will continue to take actions to continually improve the operations. Based on the foregoing improvements, management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

Results of Operations

For the year ended December 31, 2021 the Group's consolidated net income amounted to Php 1.49 billion, a 15% increase from the December 31, 2020 net income of Php1.30 billion.

Consolidated total revenues amounted to Php4.99 billion. The bulk of revenues came from real estate sales, rental income, service income, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Southwoods City, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Southwoods City and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses as of December 2021 amounted to Php3.49 billion, a decrease of 10% from Php3.89 billion as of December 2020, mainly due to decrease in cost of hotel operations, operating expenses and tax expense.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php54.1 billion as of December 31, 2021 compared to Php50.6 billion as of December 31, 2020 posted an increase of Php3.6 billion or 7%.

Cash and cash equivalents increased by 76% mainly due to additional Interest-bearing loans and borrowings, from Php2.2 billion as of December 2020 to Php3.9 billion as of December 2021. Trade and other receivables increased by 10% due to installment sales

booked for the year, from Php9.2 billion as of December 2020 to Php10.1 billion as of December 2021. Contract assets increased by 13%, from Php2.8 billion as of December 2020 to Php3.1 billion as of December 2021 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Right-of- use asset increased by 17% due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City.

Interest bearing loans and borrowings increased by 41% or Php2.16 billion as of December 2021 as compared to December 2020 due to availment of new interest- bearing loans. Trade and other payables increased by 8% mainly due to increase in payables to contractors and suppliers. Contract liabilities decreased by 5% due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection. Advances from related parties decreased by 7% from Php916 million as of December 2020 to Php850.5 million as of December 2021 due to payments made to related parties. Redeemable preferred shares decreased by 50% due to redemption of shares. Lease liabilities increased by 11% from Php473.6 million in December 2020 to Php527 million in December 2021 due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City. Other non-current liabilities decreased from Php731 million to Php598 million mainly due to presentation of portion of retention payable to current liability.

Shareholders' Equity increased from Php34.5 billion to Php36 billion mainly due to net income for the year.

Material Changes in the Statements of Final Position for the year ended December 31, 20201

(Increase/ decrease of 5% or more versus December 31, 2020)

- 76% increase in Cash and cash equivalents – due to additional Interest-bearing loans and borrowings.
- 10% increase in Trade and other receivables – due to installment sales booked for the year.
- 13% increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 17% increase in Right of use-asset – due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City
- 41% increase in Interest-bearing loans and borrowings – due to availment of new interest-bearing loans.
- 8% increase in Trade and other payables – mainly due increase in payables to contractors and suppliers.
- 5% decrease in Contract liabilities – due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 7% decrease in Advances from related parties – due to payments made to related parties.
- 50% decrease in Redeemable preferred shares – due to redemption of shares.
- 11% increase in Lease liabilities – due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City
- 18% decrease in other non-current liability – mainly due to presentation of portion of retention payable to current liability

	Audited		Movement	Percentage
	2021	2020		
Cash and cash equivalents	P 3,949,449,148	P 2,239,105,042	1,710,344,106	76.4%
Trade and other receivables - net	10,134,424,726	9,221,982,318	912,442,408	9.9%
Contract assets	3,147,300,186	2,793,995,947	353,304,239	12.6%
Advances to real estate property owners	1,303,730,350	1,283,568,006	20,162,344	1.6%
Advances to related parties	714,141,424	717,625,029	(3,483,605)	-0.5%
Inventories - net	18,872,379,522	18,221,005,862	651,373,660	3.6%
Investments in associates - net	731,432,952	732,027,425	(594,473)	-0.1%
Investment property - net	10,797,030,614	10,824,754,225	(27,723,611)	-0.3%
Property and equipment - net	912,535,908	940,361,431	(27,825,523)	-3.0%
Right-of-use assets - net	150,159,058	128,232,911	21,926,147	17.1%
Other current and non-current assets - net	3,405,485,697	3,458,569,066	(53,083,369)	-1.5%
TOTAL ASSETS	54,118,069,585	50,561,227,262	3,556,842,323	7.0%
Interest-bearing loans	P 7,492,924,404	P 5,334,558,820	2,158,365,584	40.5%
Trade and other payables	3,605,270,531	3,338,759,931	266,510,600	8.0%
Contract liabilities	758,668,433	799,560,052	(40,891,619)	-5.1%
Due to joint venture partners	400,238,268	410,467,353	(10,229,085)	-2.5%
Advances from related parties	850,531,858	916,543,597	(66,011,739)	-7.2%
Redeemable preferred shares	251,597,580	503,195,160	(251,597,580)	-50.0%
Customers' deposits	1,300,393,845	1,297,465,671	2,928,174	0.2%
Lease liabilities	526,912,163	473,635,321	53,276,842	11.2%
Retirement benefit obligation	127,234,441	125,775,212	1,459,229	1.2%
Deferred tax liabilities - net	2,135,571,400	2,078,888,861	56,682,539	2.7%
Other non-current liabilities	597,836,442	731,137,402	(133,300,960)	-18.2%
TOTAL LIABILITIES	18,047,179,365	16,009,987,380	2,037,191,985	12.7%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0.0%
Revaluation reserves	32,585,760	7,628,466	24,957,294	327.2%
Retained earnings	14,218,026,127	12,906,744,489	1,311,281,638	10.2%
Equity attributable to shareholders of the Parent Company	29,984,351,161	28,648,112,229	1,336,238,932	4.7%
Non-controlling interest	6,086,539,059	5,903,127,653	183,411,406	3.1%
Total Equity	36,070,890,220	34,551,239,882	1,519,650,338	4.4%
TOTAL LIABILITIES AND EQUITY	P 54,118,069,585	P 50,561,227,262	P 3,556,842,323	7.0%

*Material Changes in the Statements of Comprehensive Income the year ended December 31, 20201
(Increase/ decrease of 5% or more versus December 31, 2020)*

- 34% decrease in Rental income – due to decrease in occupancy rate, rent concessions and lower foot traffic upon reopening.
- 27% decrease in Hotel Operations – mainly due to travel bans and limited hotel operations in accordance with quarantine guidelines.
- 6% increase in Service Income – due to higher service income for the year
- 53% decrease in Marketing fees – due to decrease in marketing income from sale of lots of joint venture partner.
- 35% increase in Finance and other income – due to increase in other income.
- 6% increase in Cost of real estate sales – mainly due to increase in real estate sales for the year.
- 9% increase in Cost of rentals and services – mainly due to increase in service income
- 33% decrease in Cost of hotel operations – directly related to decrease in hotel revenue.

- 7% decrease in Operating expenses – mainly due to decrease in expenses directly related to decrease in revenue and the Group’s implementation of cost reduction measures.
- 394% increase in Equity share in net losses of associates – due to increase in net loss of associate recognized for the year.
- 41% increase in Finance cost and other charges – due to increase in other charges
- 73% decrease on Income tax expense – due to lower tax rate because of CREATE law.

Account	Audited		Movement	Percentage
	2021	2020		
REVENUES AND INCOME				
Real estate sales	P 3,717,314,154	P 3,614,255,530	103,058,624	2.9%
Rental income	408,929,904	619,359,588	(210,429,684)	-34.0%
Marketing fees	148,531,430	314,157,595	(165,626,165)	-52.7%
Hotel operations	145,950,403	201,209,745	(55,259,342)	-27.5%
Service income	131,419,980	124,218,552	7,201,428	5.8%
Finance and other income	433,968,542	322,396,825	111,571,717	34.6%
Gain on sale of investment in associate	-	-	-	-
	4,986,114,413	5,195,597,835	(209,483,422)	-4.0%
COSTS AND EXPENSES				
Cost of real estate sales	1,628,491,489	1,538,459,693	90,031,796	5.9%
Cost of rentals and services	344,233,070	317,293,791	26,939,279	8.5%
Cost of hotel operations	75,864,785	113,669,079	(37,804,294)	-33.3%
Other operating expenses	1,044,689,038	1,122,279,497	(77,590,459)	-6.9%
Finance costs and other charges	220,512,155	156,338,409	64,173,746	41.0%
Equity share in net losses of associates	594,473	120,265	474,208	394.3%
	3,314,385,010	3,248,160,734	66,224,276	2.0%
PROFIT BEFORE TAX	1,671,729,403	1,947,437,101	(275,707,698)	-14.2%
TAX EXPENSE	177,036,359	647,156,777	(470,120,418)	-72.6%
NET PROFIT	1,494,693,044	1,300,280,324	194,412,720	15.0%
OTHER COMPREHENSIVE INCOME (LOSS)	24,957,294	2,360,983	22,596,311	957.1%
TOTAL COMPREHENSIVE INCOME	P 1,519,650,338	P 1,302,641,307	P 217,009,031	16.7%

Others

As of the year ended December 31, 2021, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- Significant elements of income or loss that did not arise from the Company’s continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company’s financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

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

Review for the year ended December 31, 2020

Results of Operations

For the year ended December 31, 2020 the Group's consolidated net income amounted to Php 1.30 billion, a 25% decrease from the December 31, 2019 net income of Php1.73 billion (exclusive of P188.5 million non-recurring gain in 2019). This is the net effect of the Covid-19 pandemic to the Group's business decline in revenue from real estate sales, rental income and hotel operations.

Consolidated total revenues amounted to Php5.19 billion. The bulk of revenues came from real estate sales, rental income, hotel operations, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Manila Southwoods and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses as of December 2020 amounted to Php3.89 billion, a decrease of 39% from Php6.38 billion as of December 2019, mainly due to decrease in cost of real estate sales, cost of rentals and services, cost of hotel operations and other operating expenses directly related to decrease in revenue.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php50.6 billion as of December 31, 2020 compared to Php49.8 billion as of December 31, 2019 posted an increase of Php793million or 1.6%.

Cash and cash equivalents decreased by 15% mainly due to partial payment of Interest-bearing loans and borrowings and payments made to contractors and suppliers, from Php2.6 billion as of December 2019 to Php2.2 billion as of December 2020. Contract assets increased by 81%, from Php1.5 billion as of December 2019 to Php2.8 billion as of December 2020 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Advances to related parties decreased by 18% due to collection from related parties. Property and Equipment decreased by 7% due to depreciation. Right-of-use asset decreased by 24% due to amortization for the period.

Interest bearing loans and borrowings increased by 6% or Php310 million as of December 2020 as compared to December 2019 due to availment of new interest-bearing loan. Trade and other payables decreased by 16% mainly due to payments made to contractors and suppliers. Contract liabilities decreased by 35% due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection. Due to joint venture partners increased by 15% due to increase in collection of sales proceeds that are for remittance to joint venture partners. Advances from related parties decreased by 9% from Php1 billion as of December 2019 to Php92 million as of December 2020 due to payment of advances. Redeemable preferred shares decreased by 33% due to redemption of shares. Deferred Tax Liability also increased from Php1.57 billion in December 2019 to Php2.08 billion in December 2020. The 33% increase is due to increase in taxable temporary

difference. Retirement benefit obligation increased by 17% from Php107 million in December 2019 to Php126 million in December 2020 due to additional accrual of retirement benefit. Other non-current liabilities increased from Php683 million to Php731 million mainly due to increase in security deposit of tenants.

Shareholders' Equity increased from Php33.2 billion to Php34.5 billion mainly due to net income for the year.

Material Changes in the year ended December 31, 2020 Financial Statements
(Increase/ decrease of 5% or more versus December 31, 2019)

Financial Position

- 15% decrease in Cash and cash equivalents – due to partial payment of Interest-bearing loans and borrowings and payment to contractor and supplier.
- 81% increase in Contract assets – due additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 18% decrease in Advances to related parties – due to collection from related parties.
- 7% decrease in Property Plant and Equipment – due to depreciation for the period.
- 24% decrease in Right of use-asset – due to amortization for the period.
- 6% increase in Interest-bearing loans and borrowings – due to availment of new interest-bearing loan.
- 16% decrease in Trade and other payables – mainly due to payments made to contractors and suppliers.
- 35% decrease in Contract liabilities – due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 15% increase in Due to joint venture partners – increase in collection of sales proceeds that are for remittance to joint venture partners.
- 9% decrease in Advances from related parties – mainly due to payments made.
- 33% decrease in Redeemable preferred shares – due to redemption of shares.
- 33% increase in Deferred tax liabilities – due to increase in taxable temporary difference.
- 17% increase in Retirement benefit obligation – due to additional accrual of retirement benefit.
- 7% decrease in other non-current liability – mainly due to increase in collection of security deposit.

	Audited		Movement	Percentage
	2020	2019		
Cash and cash equivalents	P 2,239,105,042	P 2,621,473,415	(382,368,373)	-14.6%
Trade and other receivables - net	9,221,982,318	9,122,747,401	99,234,917	1.1%
Contract assets	2,793,995,947	1,542,549,924	1,251,446,023	81.1%
Advances to real estate property owners	1,283,568,006	1,280,685,030	2,882,976	0.2%
Advances to related parties	717,625,029	877,657,824	(160,032,795)	-18.2%
Inventories - net	18,221,005,862	18,113,657,372	107,348,490	0.6%
Investments in associates - net	732,027,425	732,147,690	(120,265)	0.0%
Investment property - net	10,824,754,225	10,784,728,402	40,025,823	0.4%
Property and equipment - net	940,361,431	1,014,528,721	(74,167,290)	-7.3%
Right-of-use assets - net	128,232,911	168,872,252	(40,639,341)	-24.1%
Other current and non-current assets - net	3,458,569,066	3,508,691,004	(50,121,938)	-1.4%
TOTAL ASSETS	50,561,227,262	49,767,739,035	793,488,227	1.6%
Interest-bearing loans	P 5,334,558,820	P 5,024,305,898	310,252,922	6.2%
Trade and other payables	3,338,759,931	3,950,962,607	(612,202,676)	-15.5%
Contract liabilities	799,560,052	1,232,642,698	(433,082,646)	-35.1%
Due to joint venture partners	410,467,353	356,227,254	54,240,099	15.2%
Advances from related parties	916,543,597	1,001,596,228	(85,052,631)	-8.5%
Redeemable preferred shares	503,195,160	754,792,740	(251,597,580)	-33.3%
Customers' deposits	1,297,465,671	1,347,728,715	(50,263,044)	-3.7%
Lease liabilities	473,635,321	494,291,683	(20,656,362)	-4.2%
Retirement benefit obligation	125,775,212	107,158,224	18,616,988	17.4%
Deferred tax liabilities - net	2,078,888,861	1,566,791,165	512,097,696	32.7%
Other non-current liabilities	731,137,402	682,643,250	48,494,152	7.1%
TOTAL LIABILITIES	16,009,987,380	16,519,140,462	(509,153,082)	-3.1%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0.0%
Revaluation reserves	7,628,466	5,267,482	2,360,984	44.8%
Retained earnings	12,906,744,489	11,819,907,992	1,086,836,497	9.2%
Equity attributable to shareholders of the Parent Company	28,648,112,229	27,558,914,748	1,089,197,481	4.0%
Non-controlling interest	5,903,127,653	5,689,683,825	213,443,828	3.8%
Total Equity	34,551,239,882	33,248,598,573	1,302,641,309	3.9%
TOTAL LIABILITIES AND EQUITY	P 50,561,227,262	P 49,767,739,035	P 793,488,227	1.6%

Results of Operations

- 39% decrease in Real estate sales – mainly due to decrease in real estate sales that reached 10% collection and effect of suspension of construction activities during the ECQ period which slowly resumed as the quarantine protocols were relaxed.
- 17% decrease in Rental income – primarily due to closure of mall and commercial spaces during ECQ, rent concessions and lower foot traffic upon reopening.
- 75% decrease in Hotel Operations – as a result of temporary closure of hotels, travel bans and limited hotel operations in accordance with quarantine guidelines.
- 28% decrease in Service Income – lower income due to effect of restriction guidelines of community quarantine.
- 74% increase in Marketing fees – due to increase in marketing income from sale of lots of joint venture partner.
- 12% increase in Finance and other income – due to increase in finance income.

- 100% decrease in Gain on sale of investment on associate – no sale of investment for the period.
- 45% decrease in Cost of real estate sales – mainly due to decrease on real estate sales for the period.
- 74% decrease in Cost of hotel operations – directly related to decrease in hotel revenue.
- 35% decrease in Operating expenses – mainly due to decrease in expenses directly related to decrease in revenue and the Group's implementation of cost reduction measures.
- 18% increase in Equity share in net losses of associates – due to increase in net loss of associates recognized for the year.
- 44% decrease in Finance cost and other charges – effect of decrease of floating interest rate and partial payment of principal loan.
- 18% decrease on Income tax expense – due to decrease in taxable income.

Account	Audited		Movement	Percentage
	2020	2019		
REVENUES AND INCOME				
Real estate sales	P 3,614,255,530	P 5,906,525,172	(2,292,269,642)	-38.8%
Rental income	619,359,588	746,691,845	(127,332,257)	-17.1%
Marketing fees	314,157,595	180,867,447	133,290,148	73.7%
Hotel operations	201,209,745	813,928,144	(612,718,399)	-75.3%
Service income	124,218,552	172,020,165	(47,801,613)	-27.8%
Finance and other income	322,396,825	287,307,555	35,089,270	12.2%
Gain on sale of investment in associate	-	188,514,452	(188,514,452)	-100.0%
	5,195,597,835	8,295,854,780	(3,100,256,945)	-37.4%
COSTS AND EXPENSES				
Cost of real estate sales	1,538,459,693	2,794,278,385	(1,255,818,692)	-44.9%
Cost of rentals and services	317,293,791	331,144,642	(13,850,851)	-4.2%
Cost of hotel operations	113,669,079	442,819,864	(329,150,785)	-74.3%
Other operating expenses	1,122,279,497	1,737,131,547	(614,852,050)	-35.4%
Finance costs and other charges	156,338,409	280,829,826	(124,491,417)	-44.3%
Equity share in net losses of associates	120,265	101,665	18,600	18.3%
	3,248,160,734	5,586,305,929	(2,338,145,195)	-41.9%
PROFIT BEFORE TAX	1,947,437,101	2,709,548,851	(762,111,750)	-28.1%
TAX EXPENSE	647,156,777	792,811,961	(145,655,184)	-18.4%
NET PROFIT	1,300,280,324	1,916,736,890	(616,456,566)	-32.2%
Revaluation reserve	2,360,983	(31,863,308)	34,224,291	-107.4%
Total Comprehensive Income (Loss)	1,302,641,307	1,884,873,582	(582,232,275)	-30.9%

Others

As of the year ended December 31, 2020, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

- c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- d. Significant elements of income or loss that did not arise from the Company's continuing operations.
- e. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2019

For the year ended December 31, 2019 the Group's consolidated net income amounted to Php 1.92 billion, 11.2% increase from December 31, 2018 net income of Php1.72 billion.

Consolidated total revenues amounted to Php8.3 billion. The bulk of revenues came from real estate sales, rental income, hotel operations, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin, Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Manila Southwoods and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses amounted to Php6.4 billion, mainly from cost of real estate sales, cost of rentals and services, cost of hotel operations, and operating expenses resulting from aggressive marketing activities as well as other administrative and corporate overhead.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php49.8 billion as of December 31, 2019 compared to Php46 billion as of December 31, 2018 posted an increase of Php3.7 billion or 8%.

Cash and cash equivalents increased by 48% mainly due to collection and availment of new Interest bearing loans and borrowings, from Php1.8 billion as of December 2018

to Php2.6 billion as of December 2019. Trade and other receivables increased by 71% mainly due to installment sales recognized for the period and reclassification from Contract Asset due to completion of projects. Contract assets decreased by 56%, from Php3.5 billion as of December 2018 to Php1.5 billion as of December 2019 due completion of projects. Advances to related parties increased by 15% due to additional advances given to related parties. Investment in associates decreased by 13% due to sale of ownership in BNHGI. Other current and non-current assets increased by 8%, from Php3.2 billion as of December 2018 to Php3.5 billion as of December 2019, mainly due to increase in Advances to contractors and suppliers. Right of use-asset increased by 100% due to adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional

provisions of the standard. Property Plant and Equipment increased by 21% mainly due to space used for the administration of hotel operations.

Interest bearing loans and borrowings increased by 24% or Php964 million as of December 2019 as compared to December 2018 due to availment of new interest bearing loan. Trade and other payables increased by 10% mainly due to increase in payables to contractors and suppliers. Customer's Deposits increased from Php1.2 billion as of December 31, 2018 to Php1.3 billion as of December 31, 2019 or 14% mainly due to collection from existing buyers and new reservation sales. Contract liabilities increased by 15% due to additional sales from uncompleted projects with lower percentage of completion than percentage of collection. Redeemable preferred shares decreased by 25% due to redemption of shares. Deferred Tax Liability also increased from Php1.27 billion in December 2018 to Php1.57 billion in December 2019. The 23% increase is due to increase in taxable temporary difference. Retirement benefit obligation increased by 114% from Php50 million in December 2018 to Php107 million in December 2018 due to higher accrual of retirement benefit. Other non-current liabilities decreased from Php1.2 billion to Php683 million mainly due to decrease in retention payable. Lease liabilities increased by 100% due to adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional provisions of the standard. Due to joint venture partners decreased by 10% due remittance of their share from the projects.

Shareholders' Equity increased from Php31.2 billion to Php33.2 billion mainly due to net income for the year.

*Material Changes in the Statements of Final Position for the year ended December 31, 2019
(Increase/decrease of 5% or more versus December 31, 2018)*

- 48% increase in Cash and cash equivalents due to collection and availment of new Interest bearing loans and borrowings.
- 71% increase in Trade and other receivable – mainly due to installment real estate sales recognized for the period and reclassification of contract assets for completed projects.
- 56% decrease in Contract assets – due to completion of projects.
- 15% increase in Advances to related parties – additional advances given to related parties.
- 13% decrease on Investment in Associate – due to sale of ownership in BNHGI.
- 8% increase in other current and non-current assets – due to increase in advances to contractors and suppliers.
- 100% increase in Right of use-asset - due to adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional provisions of the standard.
- 21% increase in Property Plant and Equipment – due to space used for the administration of hotel operations
- 24% increase in Interest-bearing loans and borrowings – due to availment of new interest bearing loan.
- 10% increase in Trade and other payables – mainly due to increase in payables to contractors and suppliers.
- 14% increase in Customer's deposit – due to collection from existing buyers and new reservation sales.
- 15% increase in Contract liabilities – due to additional sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 25% decrease in Redeemable preferred shares – due to redemption of shares
- 23% increase in Deferred tax liabilities – due to increase in taxable temporary difference
- 114% increase in Retirement benefit obligation – due to increase in accrual of retirement benefit
- 45% decrease in other non-current liability – mainly due to decrease in retention payable.

- 100% increase in Lease liability adoption of PFRS16 new standard on leases using the modified retrospective approach as allowed under the transitional provisions of the standard.
- 10% decrease in Due to Joint Venture Partners – due to remittance of their share in the project.

	Audited		Movement	Percentage
	2019	2018		
Cash and cash equivalents	P 2,621,473,415	P 1,771,302,129	850,171,286	48.0%
Trade and other receivables - net	9,122,747,401	5,329,626,431	3,793,120,970	71.2%
Contract assets	1,542,549,924	3,530,180,685	(1,987,630,761)	-56.3%
Advances to real estate property owners	1,280,685,030	1,239,926,842	40,758,188	3.3%
Advances to related parties	877,657,824	765,235,996	112,421,828	14.7%
Inventories - net	18,113,657,372	17,933,958,120	179,699,252	1.0%
Investments in associates - net	732,147,690	841,219,811	(109,072,121)	-13.0%
Investment property - net	10,784,728,402	10,537,727,720	247,000,682	2.3%
Property and equipment - net	1,014,528,721	835,946,902	178,581,819	21.4%
Right-of-use assets - net	168,872,252	-	168,872,252	100.00%
Other current and non-current assets - net	3,508,691,004	3,244,906,530	263,784,474	8.1%
TOTAL ASSETS	49,767,739,035	46,030,031,166	3,737,707,869	8.1%
Interest-bearing loans	P 5,024,305,898	P 4,060,772,360	963,533,538	23.7%
Trade and other payables	3,950,962,607	3,599,888,181	351,074,426	9.8%
Contract liabilities	1,232,642,698	1,068,832,116	163,810,582	15.3%
Due to joint venture partners	356,227,254	395,424,643	(39,197,389)	-9.9%
Advances from related parties	1,001,596,228	1,001,894,838	(298,610)	0.0%
Redeemable preferred shares	754,792,740	1,006,390,320	(251,597,580)	-25.0%
Customers' deposits	1,347,728,715	1,182,605,054	165,123,661	14.0%
Lease liabilities	494,291,683	-	494,291,683	100.00%
Retirement benefit obligation	107,158,224	49,995,320	57,162,904	114.3%
Deferred tax liabilities - net	1,566,791,165	1,272,103,459	294,687,706	23.2%
Other non-current liabilities	682,643,250	1,232,214,997	(549,571,747)	-44.6%
TOTAL LIABILITIES	16,519,140,462	14,870,123,288	1,649,017,174	11.1%
EQUITY				
Capital stock	10,986,000,000	10,986,000,000	-	0.0%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0.0%
Revaluation reserves	5,267,483	37,130,791	(31,863,308)	-85.8%
Retained earnings	11,819,907,991	10,077,036,216	1,742,871,775	17.3%
Equity attributable to shareholders of the Parent Company	27,558,914,748	25,847,906,281	1,711,008,467	6.6%
Non-controlling interest	5,689,683,825	5,312,001,597	377,682,228	7.1%
Total Equity	33,248,598,573	31,159,907,878	2,088,690,695	6.7%
TOTAL LIABILITIES AND EQUITY	P 49,767,739,035	P 46,030,031,166	P 3,737,707,869	8.1%

*Material Changes in the Statements of Comprehensive Income the year ended December 31, 2019
(Increase/ decrease of 5% or more versus December 31, 2018)*

- 6% decrease in Real estate sales – mainly due to decrease on real estate sales recognized for the period.
- 75% increase in Rental income – mainly due to increase in occupancy and additional leasable space due to completion of Southwoods Office Towers in Southwoods City, Laguna.
- 263% increase in Hotel Operations – due to increase in occupancy rate for the period and opening of Twin Lakes Hotel in Laurel, Batangas.

- 28% increase in Service Income – due to increase in income from golf course maintenance.
- 15% increase in Marketing fees – due to increase in marketing income from sale of lots of joint venture partner
- 38% increase in Finance and other income – due to increase on interest income on real estate sales.
- 100% increase in Gain on sale of investment on associate – due to sale of investment in BNHGL.
- 7% decrease in Cost of real estate sales – mainly due to decrease on real estate sales for the period
- 64% increase in Cost of rental and services – mainly due to increase in depreciation from additional property held for lease and increase in cost of services.
- 180% increase in Cost of hotel operations – mainly due to increase in hotel revenue and opening of Twin Lakes Hotel.
- 34% increase in Operating expenses – mainly due to additional operating expenses from the expansion of hotel operation.
- 45% decrease in Equity share in net losses of associates – due to decrease in net loss of associates recognized for the year.
- 13% increase in Finance cost and other charges – due to interest from new loans.

Account	Audited		Movement	Percentage
	2019	2018		
REVENUES AND INCOME				
Real estate sales	P 5,906,525,172	P 6,306,004,632	(399,479,460)	-6.3%
Rental income	746,691,845	426,536,057	320,155,788	75.1%
Marketing fees	180,867,447	156,893,125	23,974,322	15.3%
Hotel operations	813,928,144	223,958,354	589,969,790	263.4%
Service income	172,020,165	134,709,245	37,310,920	27.7%
Finance and other income	287,307,555	208,856,924	78,450,631	37.6%
Gain on sale of investment in associate	188,514,452	-	188,514,452	100.00%
	8,295,854,780	7,456,958,337	838,896,443	11.2%
COSTS AND EXPENSES				
Cost of real estate sales	2,794,278,385	3,018,683,870	(224,405,485)	-7.4%
Cost of rentals and services	331,144,642	202,125,585	129,019,057	63.8%
Cost of hotel operations	442,819,864	158,162,392	284,657,472	180.0%
Other operating expenses	1,737,131,547	1,292,381,362	444,750,185	34.4%
Finance costs and other charges	280,829,826	249,468,159	31,361,667	12.6%
Equity share in net losses of associates	101,665	183,393	(81,728)	-44.6%
	5,586,305,929	4,921,004,761	665,301,168	13.5%
PROFIT BEFORE TAX	2,709,548,851	2,535,953,576	173,595,275	6.8%
TAX EXPENSE	792,811,961	811,666,522	(18,854,561)	-2.3%
NET PROFIT	1,916,736,890	1,724,287,054	192,449,836	11.2%
Revaluation reserve	(31,863,308)	20,955,984	(52,819,292)	-252.0%
Total Comprehensive Income (Loss)	1,884,873,582	1,745,243,038	139,630,544	8.0%

Others

As of the year ended December 31, 2019, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.

- b. Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations.
- d. Significant elements of income or loss that did not arise from the Company's continuing operations.
- e. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Independent Public Accountants

The Company's Board of Directors approved, on 24 June 2021, the designation of Punongbayan and Araullo as the external auditor for the audit of the financial statements of the Company for the year ending 31 December 2021. For the years 2016 to 2021, the handling partner has been Mr. Renan Piamonte, an Audit and Assurance partner of Punongbayan and Araullo.

Changes in Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company at its subsidiaries.

AUDIT AND AUDIT- RELATED FEES

For the audit of the Company's financial statements and services that are normally provided by the external auditors in connection with statutory and regulatory filings for the calendar year reports of 2021, 2020, and 2019, the fee was approximately Php1.68 million, Php1.57 million, and Php1.49 million, respectively.

The external auditors rendered no other assurance and related services to the Company other than the items discussed above.

Item 9. Market for Registrant's Common Equity and Related Stockholder Matters

(1) Stock Prices

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol of GERI.

	Philippine Stock Exchange	
	Closing Price per Share (₱) 1.01	
	as of December 31, 2021	
2022	High	Low
<u>First Quarter</u>	0.97	0.83
2021	High	Low
<u>First Quarter</u>	0.95	0.80
<u>Second Quarter</u>	0.90	0.81
<u>Third Quarter</u>	1.33	0.82
<u>Fourth Quarter</u>	1.00	0.81
2020	High	Low
<u>First Quarter</u>	1.19	0.65
<u>Second Quarter</u>	0.92	0.74
<u>Third Quarter</u>	0.88	0.76
<u>Fourth Quarter</u>	0.99	0.74
2019	High	Low
<u>First Quarter</u>	1.35	1.28
<u>Second Quarter</u>	1.48	1.42
<u>Third Quarter</u>	1.44	1.40
<u>Fourth Quarter</u>	1.29	1.25

The market capitalization of GERI as of 31 December 2021 based on the closing price at Php1.01 per share of GERI's shares at that date, was approximately Php11.096 billion. The price information as of the close of the latest practicable trading date June 28, 2022 is Php0.84 per share.

(2) Holders

GERI has a total of about 4,183 common shareholders as of June 22, 2022

TOP 20 STOCKHOLDERS AS OF JUNE 22, 2022

	STOCKHOLDER'S NAME	NO. OF SHARES	% OF OWNERSHIP
1	MEGAWORLD CORPORATION	9,035,638,139	82.247
2	PCD NOMINEE CORPORATION (FILIPINO)	1,498,232,680	13.638
3	PRYCE CORPORATION	198,732,000	1.809
4	PGI RETIREMENT FUND, INC	65,455,500	0.596
5	FIL-ESTATE MANAGEMENT INC.	38,000,159	0.346
6	F. YAP SECURITIES, INC.	32,947,000	0.300
7	PCD NOMINEE CORPORATION (FOREIGN)	20,715,609	0.189
8	GREENFIELD DEVELOPMENT CORPORATION	8,640,000	0.079
9	JOHN T. LAO	8,000,100	0.073
10	THE ANDRESONS GROUP INC.	8,000,000	0.073
11	LUCIO W. YAN	5,755,000	0.052
12	ROMEO G. ROXAS	3,716,000	0.034
13	AVESCO MARKETING	3,512,106	0.032
14	WILBUR CHAN	2,611,825	0.024
15	GILMORE PROPERTY MARKETING ASSOCIATES, INC.	1,983,000	0.018
16	FEDERAL HOMES, INC.	1,939,860	0.018
17	FRITZ L. DY	1,813,500	0.017
18	DYNALAND PROPERTIES & DEVELOPERS, INC.	1,700,001	0.015
19	MAXIMINO S. UY &/OR LIM HUE HUA	1,478,400	0.013
20	EQL PROPERTIES, INC.	1,317,420	0.012

Dividends

Payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

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

The retained earnings account as of December 31, 2021 amounting to Php14.2 billion, Php12.9 billion in December 31, 2020, and 11.8 billion in December 31, 2019, and are restricted from being declared

as dividends to the extent of the undistributed net earnings of subsidiaries and associates. No declaration of cash dividends was made in the last three (3) years.

(4) Recent Sale of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

- In 2011, the Board of Directors of the Company approved an Executive Stock Option Plan (ESOP). From 2012 to 2016, the Company granted the option to its key company directors and executives to subscribe to a total of 400 million shares of the Company. As of 31 December 2021, none of the Option Holders has exercised the options granted to them under the ESOP, and no underlying shares have been subscribed nor fully paid for by the Option Holders in connection therewith.
- As of 31 March 2022, a total of fifty million (50,000,000) common shares of unexercised options remain valid under the ESOP.

No underwriters were involved in the sales of the above unregistered or exempt securities.

Discussion on Compliance with Leading Practice on Corporate Governance

The Company affirms its deep commitment to a high standard of corporate governance practice firmly anchored on the principles of good corporate governance applied throughout the institution with the end view of fostering a corporate environment grounded on sound strategic business management. The Company's good market reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance. The Company has continued to comply with the SEC Code of Corporate Governance for Publicly-Listed Companies and in its Corporate Governance Manual, which form part of its continuing commitment to comply with the latest rules and regulations. It has also continued to follow the international best practices of corporate governance issued by globally recognized standards setting bodies.

Undertaking to Provide Annual Report

THE CORPORATION UNDERTAKES TO PROVIDE EACH STOCKHOLDER WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO EITHER OF:

Atty. Maria Carla T. Uykim
Corporate Secretary
9th Floor, Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Banco de Oro Unibank, Inc.
Stock Transfer Department
Makati Ave. Cor. H.V. dela Costa St.
Makati City