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:

   - (selected) 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 Easwood 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

   N/A

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?

    - (selected) 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	9:00AM
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 Preliminary Information Statement (with annexes) of Global-Estate Resorts, Inc. as filed with the Securities and Exchange Commission.

Filed on behalf by:

Name	Charisma Michelle de Jesus
Designation	Corporate Legal Head

GERi

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

Fwd: GLOBAL-ESTATE RESORTS, INC._SEC Form 20- IS _16June2022
1 message

Charisma Michelle L. De Jesus <cmldejesus@global-estate.ph> Thu, Jun 16, 2022 at 3:27 PM
To: "Kristelle Dane C. Reyes" <kdcreyes@global-estate.ph>

GLOBAL-ESTATE RESORTS, INC.
9/F Eastwood Global Plaza,
Palm Tree Avenue, Eastwood City,
Bagumbayan, Quezon City
www.geri.com.ph

Charisma Michelle L. De Jesus
Sr. Legal Counsel
Legal Division
Email: cmldejesus@global-estate.ph
Phone: 5318-4374 loc. 6113

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.

---------- Forwarded message ---------
From: **ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>
Date: Thu, Jun 16, 2022 at 3:27 PM
Subject: Re: GLOBAL-ESTATE RESORTS, INC._SEC Form 20- IS _16June2022
To: <cmldejesus@global-estate.ph>

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.
(Subject to Verification and Review of the Quality of the Attached Document)
Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over-the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:
AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

COVER SHEET

AS094-004462

S.E.C. Registration Number

GLOBAL-ESTATE RESORTS, INC.

(Company's Full Name)

9F EASTWOOD GLOBAL PLAZA PALM TREE AVENUE EASTWOOD CITY BAGUMBAYAN QUEZON CITY

(Business Address: No. Street City/ Town/ Province)

Atty. Maria Carla T. Uykim

Contact Person

5 318 4374

Company Telephone Number

1 2	3 1	Preliminary Information Statement	Last Thursday of June
Month	Day	FORM TYPE	Month Day
fiscal year			annual meeting

Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

****

To be accomplished by SEC Personnel concerned

File Number

LCU

Dociment I.D.

Cashier

STAMPS

CERTIFICATION

I, Charisma Michelle L. de Jesus, of legal age, Filipino, with office address at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City, hereby state that:

1. I am the Head of Corporate Legal Department of Global-Estate Resorts, Inc., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number AS094-004462 and with principal office address at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City, Philippines (the "**Company**").

2. I have caused this Preliminary Information Statement with Annexes to be prepared on behalf of the Company.

3. I have read and understood its contents which are true and correct based on my own personal knowledge and/or based on authentic records.

4. The Company will comply with the requirements set forth in SEC Notice dated 30 March 2022 to effect a complete and official submission of reports and/or documents through electronic mail.

5. I am fully aware that submitted documents which require preevaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee.

6. The email account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th of June 2022.

CHARISMA MICHELLE L. DE JESUS

SUBSCRIBED AND SWORN to before me this 16th June 2022 at Quezon City. affiant exhibiting to me his TIN. 426-875-015.

Doc. No.: 469;
Page No.: 95;
Book No.: I;
Series of 2022.

CELINE-MARIA B. JANOLO
NOTARY PUBLIC
City of Quezon
Adm. Matter No. NP-254 (2021-2022)
9th Floor Eastwood Global Plaza Building
Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City
Attorney's Roll No. 65785
IBP No. 171094, 12/21/2021 / Batangas Chapter
PTR No. [illegible], 01/04/2022 / Quezon City
MCLE C[illegible] No. VII-0005619
[illegible] November 2021

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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	**10,986,000,000**

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.

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.

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 [√] 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			

PRINTED NAME OF SHAREHOLDER	SIGNATURE OF SHAREHOLDER/ AUTHORIZED SIGNATORY	NUMBER OF SHARES TO BE REPRESENTED	DATE

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 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 30 April 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 BENEFICAL 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 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634	Megaworld Corporation[1]	Filipino	9,042,732,139[2]	82.31%
Common shares	PCD Nominee Corporation (Filipino) 6/F MKSE Bldg. Ayala Avenue, Makati City	Various shareholders[3]	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.

[1] 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.

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

3 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 Agricorp, 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 Concepcion.

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.

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.

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
A. Five Most Highly Compensated Officers		2022 (Estimated)	22.7 Million	3.5 Million
Monica T. Salomon	President			
Wilbur L. Chan	Director for Hotels and Clubs			
Emelyn C. Martinez	EVP-Legal			
Felipe L. Mangubat Jr.	Head of Operations			
Lailani V. Villanueva	Management 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
C. Five Most Highly Compensated Officers		2021	21.6 Million	3.4 Million
Monica T. Salomon	President			
Wilbur L. Chan	Director for Hotels and Clubs			
Emelyn C. Martinez	EVP-Legal			
Felipe L. Mangubat Jr.	Head of Operations			
Lailani V. Villanueva	Management Chief Finance Officer			
D. All other officers and directors as a group unnamed			16.3 Million	2.1 Million

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 2021[4] 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 asks 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. 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.

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[4] *The Minutes of the 2021 Annual Stockholders' Meeting is made available for download through the Company's website at https://geri.com.ph/*

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.

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS OF GLOBAL-ESTATE RESORTS, INC.
24 June 2021
Conducted virtually via https://geri.com.ph/asm2021/

I. CALL TO ORDER

The President, Atty. Monica T. Salomon, who was designated as the Presiding Officer of the meeting, welcomed the stockholders to the annual meeting of stockholders. Thereafter, the Presiding Officer called the meeting to order at 9:03 a.m. The Corporate Secretary, Atty. Maria Carla T. Uykim, recorded the proceedings of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that all stockholders of record as of 25 May 2021 have been duly notified of the Meeting pursuant to the Corporation's By-Laws and applicable Securities and Exchange Commission ("SEC") Circulars. She said that copies of the Notice of the Meeting, the Agenda, and the Definitive Information Statement were made available through the Corporation's website and the Philippine Stock Exchange Electronic Disclosure Generation Technology or PSE EDGE. She also said that Notice of the Annual Meeting was also published in The Manila Bulletin and The Philippine Star on June 1 and 2, 2021.

The Corporate Secretary certified that there exists a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy stockholders holding 82.31% of the entire subscribed and outstanding capital stock of the Corporation.

The Corporate Secretary proceeded to explain the rules for participation and voting in the Meeting. She said that the Procedures for Registration, Voting and Participation in the Meeting are contained in the Definitive Information Statement and have been implemented as follows: (1) stockholders signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary at corpsecretary@global-estate.ph; (2) stockholders who have registered were able to send their questions and/or comments prior to the Meeting through email at corpsecretary@global-estate.ph until 5:00 p.m. of June 21, 2021; (3) the resolutions proposed to be adopted at the Meeting will be shown on the screen; (4) stockholders who have duly registered to participate by remote communication have cast their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 5:00 p.m. of June 18, 2021; and (5) the Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, and the voting results will be announced during the Meeting and reflected in the minutes of the Meeting.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL STOCKHOLDERS' MEETING

The Presiding Officer informed the stockholders that a copy of the minutes of the 2021 Annual Stockholders' Meeting has been made available through the Corporation's website.

The Corporate Secretary announced that the required number of votes has been cast (e.g. 100% of the voting shares) approving the minutes of the previous Annual Stockholders' Meeting held on August 28, 2020. Therefore, the Presiding Officer declared that the following resolution has been approved:

> ***"RESOLVED, that the Corporation hereby approve the minutes of the Annual Stockholders' Meeting held on 28 August 2020."***

IV. ANNUAL REPORT OF MANAGEMENT

The Presiding Officer then proceeded to deliver the Management Report for 2020 as follows:

> *"In August of last year, we said that we were faced with the most severe humanitarian and economic crisis of our generation, the extent and effects of which we were then still trying to understand.*
>
> *Although the Company had emerged from 2019 on a positive note with an 11% rise in net income, it was clear to us by the first half of last year that 2020 would be a very difficult year and that earnings would drop across all business units.*
>
> *Drawing on our experience from the 1997 financial crisis, we braced ourselves for a tough year, reduced our capital spending, deferred project launches, and focused our resources on projects completion. But even as we managed our costs, we prioritized our employees, preserving their jobs and salaries, and ensuring their health and safety thru the adoption of work from home arrangements, safety protocols at the workplace, and enhanced health care benefits.*
>
> *At the height of the pandemic, the Company tested the market, and launched lakeside boutique hotel and villa lots in Hamptons Caliraya. The lots were fully sold in two months. Through innovative marketing initiatives, the Company sold almost 14 billion pesos of residential lots, commercial lots, residential condominiums, and hotel condominiums across its eight integrated estates and lifestyle communities. Our Boracay leisure properties were especially resilient, contributing 4.2 billion pesos in reservation sales in the midst of a freeze in leisure travel.*
>
> *Despite the many challenges last year, beginning with the Taal volcanic eruption followed by a series of lockdowns, quarantine restrictions, and intermittent hotel and mall operations, the Company remained profitable, earning a net profit of 1.3 billion pesos.*
>
> *Although we are not out of the woods yet, we are seeing encouraging signs of recovery. The banks have resumed lending and consumer confidence is beginning to return. Very recently, we launched a residential project in Eastland Heights. The project is almost sold out -- proof that even in a global crisis, there are bright spots in the economy.*
>
> *As projects completion remains our priority, we completed 1.8 billion pesos worth of residential lots in Twin Lakes Lucerne at Domaine Le Jardin, an 18-hole golf course, and 700 residential lots in Hamptons Caliraya. We are on track to turn over next year lakefront residential lots in Hamptons Caliraya and condominium units in Boracay and Twin Lakes with a total value of 3.7 billion pesos.*
>
> *In the course of the pandemic, we have learned to adapt to the new normal. Our marketing activities have shifted online and we have transitioned to virtual project turnover for the convenience and safety of our buyers. To ensure business continuity, we relocated our corporate headquarters to three separate locations in Eastwood City, Mckinley Hill, and Southwoods Mall, incorporating health and safety features in our design. We have invested in digital innovations and have started the migration of our business processes to digital platforms in order to achieve high levels of efficiency and productivity.*

To provide safe dining options for our retail customers and hotel guests, we created outdoor dining spaces in our lifestyle centers and hotels, capitalizing on the generous open spaces of our developments. We opened Twin Lakes Vineyard to our hotel guests, launching our agritourism enterprise.

But although the pandemic has radically changed our lifestyles, leisure consumer behavior has not changed at all. As soon as restrictions in NCR Plus were relaxed, foot traffic in Twin Lakes Shopping Village surged, and Twin Lakes Hotel in Tagaytay enjoyed high occupancy. As soon as Boracay re-opened to tourists from NCR Plus, tourists flocked to the island improving hotel occupancy of our Boracay hotels.

Reflecting on the lessons from the pandemic, we realize that humans are social beings and that no amount of quarantine can change our communal way of life. Our tourism and leisure business thrives on human interaction and is driven by the need of human beings to be connected to each other. This is the reason why we believe that our leisure products will always remain relevant in any economy.

Vaccination is the key to the full recovery of the tourism and leisure industry, and of the economy in general. Vaccination of its population is the goal of every state in the world. In the Philippines, we look forward to the full reopening of the economy as the vaccination program of the government and the vaccine initiatives of the private sector gain momentum.

Together with other companies within the Alliance Global Group, GERI has procured vaccine doses enough to fully vaccinate all our employees in order to assure them of a safe workplace. We also hope to make available vaccine doses to their dependents so that our work force can have peace of mind knowing that their loved ones are likewise protected.

We foresee continuing demand for residential and leisure properties in integrated leisure estates in the countryside with strong digital capabilities to support live-work-play-learn lifestyles. The Company has a massive landbank in the countryside, a healthy balance sheet, strong liquidity, a competent workforce, and substantial inventory in the pipeline to cater to the robust demand for resort properties. We believe that the Company is in a position to take advantage of the opportunities offered by a transformed real estate and leisure market and is positioned for growth in the post-pandemic economy.

We thank our stockholders, investors, customers, tenant partners and our employees who have stayed with us throughout our journey. We assure them of our commitment to create value for their investments in the Company as a strategy for long-term competitiveness and growth."

V. APPOINTMENT OF EXTERNAL AUDITOR

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has resolved to reappoint Punongbayan & Araullo as external auditor of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2021, and that this is being submitted for approval by the stockholders.

The Corporate Secretary certified that the required number of votes has been cast (e.g. 100% of the voting shares) approving the appointment of Punongbayan & Araullo as external auditor for the fiscal year ending December 31, 2021, as follows:

> ***"RESOLVED, that the Corporation hereby approve the appointment of Punongbayan & Araullo as the external auditor for the audit of the Corporation's financial statements for the year ending 31 December 2021."***

VI. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND CORPORATE OFFICERS ADOPTED DURING THE PRECEDING YEAR

The Presiding Officer requested the Corporate Secretary to present the proposed resolution on the the ratification of all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the date of last year's annual stockholders' meeting held on August 28, 2020 until June 24, 2021.

The Corporate Secretary informed the stockholders that the list of such acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation was provided in the Definitive Information Statement and made available through the Corporation's website . She certified that the required number of votes has been cast (e.g. 100% of the voting shares) in favor of the following resolution:

> ***"RESOLVED, that the Corporation hereby ratify all acts of the Board of Directors, Board Committees and corporate officers and all resolutions adopted by them from 28 August 2020 up to 24 June 2021."***

Therefore, the Presiding Officer declared that the above resolution has been approved.

VII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that the Corporation shall be electing nine (9) directors, at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's Manual of Corporate Governance. She requested the Corporate Secretary, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Atty. Uykim, on behalf of the Corporate Governance Committee, presented the Final List of Nominees to the Board of Directors, as follows: Andrew L. Tan, Monica T. Salomon, Lourdes T. Gutierrez-Alfonso, Kevin Andrew L. Tan, Wilbur L. Chan, Ferdinand T. Santos, and Giancarlo C. Ng for regular directors, and Jesus B. Varela and Cresencio P. Aquino for independent directors. The Corporate Secretary likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary certified that each of the nominees has obtained the required number of votes to be elected as members of the Board.

Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

"RESOLVED, that the Corporation hereby approve the election of the following nominees as members of the Board of Directors for the year 2021:

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

VIII. **ADJOURNMENT**

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied that there was none. There being no other matters to be discussed, the Meeting was adjourned at 9:27 A.M.

PREPARED BY:

MARIA CARLA T. UYKIM
Corporate Secretary

NOTED BY:

ANDREW L. TAN
Chairman

MONICA T. SALOMON
President

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 Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work- in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements: • 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
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	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. 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. 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.	Until December 31, 2023

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 of 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 we 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.

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

Others

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

a. 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.

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

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.

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.

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.

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.

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 BNHGI.
- 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.

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
First Quarter	0.97	0.83
2021	**High**	Low
First Quarter	0.95	0.80
Second Quarter	0.90	0.81
Third Quarter	1.33	0.82
Fourth Quarter	1.00	0.81
2020	**High**	Low
First Quarter	1.19	0.65
Second Quarter	0.92	0.74
Third Quarter	0.88	0.76
Fourth Quarter	0.99	0.74
2019	**High**	Low
First Quarter	1.35	1.28
Second Quarter	1.48	1.42
Third Quarter	1.44	1.40
Fourth Quarter	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 March
31, 2022 is Php0.94 per share.

(2) **Holders**

GERI has a total of about 4,183 common shareholders as of December 31, 2021

TOP 20 STOCKHOLDERS AS OF DECEMBER 31, 2021

	STOCKHOLDER'S NAME	NO. OF SHARES	% OF OWNERSHIP
1	MEGAWORLD CORPORATION	9,042,732,139[1]	82.311
2	PCD NOMINEE CORPORATION (FILIPINO)	1,490,872,540	13.571
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)	20,800,009	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

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

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

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.

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

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

Sec Registration Number

A	S	O	9	4	0	0	4	4	6	2

C O M P A N Y N A M E

GLOBAL-ESTATE RESORTS, INC.

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

9TH FLOOR EASTWOOD GLOBAL PLAZA
PALM TREE AVENUE BAGUMBAYAN
1110 QUEZON CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
lvvillanueva@global-estate.ph	5-328-4370	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
4,183	Last Thursday of June	December-31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
LAILANI V. VILLANUEVA	lvvillanueva@global-estate.ph	5-328-4370	N/A

CONTACT PERSON'S ADDRESS

9/F Eastwood Global Plaza, Palm Tree Ave., Eastwood City, Bagumbayan, Quezon City

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

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

GLOBAL-ESTATE RESORTS, INC.

9th Floor Eastwood Global Plaza Palm Tree Avenue, Bagumbayan 1110 Quezon City NCR, 2nd District Philippines
Telephone No. 328-4374

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Global-Estate Resorts, Inc** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud orerror.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Andrew L. Tan
Chairman of the Board

Monica T. Salomon
President

Laileni V. Villanueva
Chief Finance Officer

Signed this 24th day of February, 2022

GLOBAL-ESTATE RESORTS, INC.
9th Floor Eastwood Global Plaza Palm Tree Avenue, Bagumbayan 1110 Quezon City NCR, 2nd District Philippines
Telephone No. 328-4374

SUBSCRIBED AND SWORN to before me this ____ day of MAR 2 2 2022 at QUEZON CITY, Philippines, affiant(s) exhibited to me their respective Identification Cards, as follows:

NAMES	**Tax Identification Number**
Andrew L. Tan	TIN 125-960-003-000
Monica T. Solomon	Passport No. P0979017A
Lailani V. Villanueva	Unified Multi-Purpose ID CRN -0002-1985165-5

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial seal on the date and place above written.

CELINE-MARIA B. JANOLO
NOTARY PUBLIC
City of Quezon
Adm Matter No NP-254 (2021-2022)
9th Floor Eastwood Global Plaza Building
Palm Tree Avenue Eastwood City Bagumbayan Quezon City
Attorney's Roll No. 65785
IBP No. 171094, 12/21/2021 / Batangas Chapter
PTR No. 2366147, 01/04/2022 / Quezon City
MCLE Compliance No.VII-0005610
Issued on 26 November 2021

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P&A Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Global-Estate Resorts, Inc.

December 31, 2021, 2020 and 2019

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Global-Estate Resorts, Inc.
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global-Estate Resorts, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes management's assessment of the continuing impact on the Company's financial statements of the business disruptions brought about by the COVID-19 pandemic.

Also, we draw attention to Note 2 to the financial statements, which indicates that the financial statements have been prepared in accordance with PFRS, as modified by the financial reporting beliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the financial statements are disclosed in Note 2 to the financial statements.

Our opinion is not modified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner in the audit resulting in this independent auditor's report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 24, 2022

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**P 2,324,849,090**	P 1,458,464,450
Trade and other receivables - net	5	**4,412,619,990**	4,490,630,732
Contract assets	16	**1,729,064,651**	789,052,845
Advances to related parties	21	**10,057,263,137**	10,049,094,264
Inventories	6	**5,009,074,703**	4,484,861,414
Prepayments and other current assets	7	**1,253,413,891**	1,169,432,034
Total Current Assets		**24,786,285,462**	22,441,535,739
NON-CURRENT ASSETS			
Trade and other receivables - net	5	**1,819,138,584**	1,365,518,171
Contract assets	16	**383,776,484**	467,150,869
Advances to joint ventures	8	**203,457,118**	189,842,263
Investments in subsidiaries and associates	9	**12,104,134,126**	11,886,676,670
Property and equipment - net	10	**127,030,162**	123,687,479
Right-of-use assets - net	11	**150,159,058**	116,304,528
Investment property - net	12	**1,860,592,686**	1,858,604,007
Total Non-current Assets		**16,648,288,218**	16,007,783,987
TOTAL ASSETS		**P 41,434,573,680**	P 38,449,319,726

	Notes	2021	2020
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	13	**P 1,137,254,907**	P 1,220,588,240
Trade and other payables	14	**1,467,163,432**	1,308,920,192
Contract liabilities	16	**44,388,255**	33,214,306
Customers' deposits	2	**722,936,981**	596,505,560
Advances from related parties	21	**255,689,384**	288,503,095
Lease liabilities	11	**84,127,140**	44,722,351
Total Current Liabilities		**3,711,560,099**	3,492,453,744
NON-CURRENT LIABILITIES			
Interest-bearing loans	13	**4,539,215,673**	3,176,470,580
Contract liabilities	16	**56,945,778**	38,985,022
Customers' deposits	2	**36,113,882**	38,391,906
Retirement benefit obligation	19	**75,871,042**	72,964,659
Deferred tax liabilities - net	20	**1,260,267,244**	1,255,438,661
Lease liabilities	11	**442,785,025**	419,731,034
Other non-current liabilities	15	**359,380,328**	316,677,249
Total Non-current Liabilities		**6,770,578,972**	5,318,659,111
Total Liabilities		**10,482,139,071**	8,811,112,855
EQUITY			
Capital stock	22	**10,986,000,000**	10,986,000,000
Additional paid-in capital		**4,747,739,274**	4,747,739,274
Revaluation reserves		**21,758,606**	6,383,241
Retained earnings		**15,196,936,729**	13,898,084,356
Total Equity		**30,952,434,609**	29,638,206,871
TOTAL LIABILITIES AND EQUITY		**P 41,434,573,680**	P 38,449,319,726

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES				
Real estate sales	16	P 2,181,859,468	P 2,277,166,353	P 3,178,016,804
Rental income	12	152,636,361	151,912,044	171,962,627
Management and marketing income	8, 21	208,530,632	285,608,174	228,287,991
Equity share in net income of subsidiaries	9	233,102,672	275,678,966	583,950,210
Finance income	18	119,941,056	116,154,150	88,761,947
Commission income	21	222,394,161	72,352,952	-
Others	21	3,509,333	17,911,853	61,478,198
		3,121,973,683	3,196,784,492	4,312,457,777
COSTS AND EXPENSES				
Cost of real estate sales	17	932,286,081	939,364,349	1,459,939,404
Cost of rentals	17	47,108,997	46,708,989	40,267,051
Other operating expenses	17	627,965,682	639,951,515	849,090,124
Finance costs and other charges	18	108,338,707	154,029,888	239,620,118
		1,715,699,467	1,780,054,741	2,588,916,697
PROFIT BEFORE TAX		1,406,274,216	1,416,729,751	1,723,541,080
TAX EXPENSE	20	107,421,843	338,676,580	355,602,325
NET PROFIT		1,298,852,373	1,078,053,171	1,367,938,755
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit plan	19	12,879,133	3,089,713	(32,098,695)
Equity share in other comprehensive income (loss) of subsidiaries	9	5,495,321	(1,347,148)	(10,404,827)
Tax income (expense)	20	(2,999,089)	(926,914)	9,629,609
		15,375,365	815,651	(32,873,913)
TOTAL COMPREHENSIVE INCOME		P 1,314,227,738	P 1,078,868,822	P 1,335,064,842
EARNINGS PER SHARE				
Basic	23	P 0.118	P 0.098	P 0.125
Diluted	23	P 0.114	P 0.095	P 0.121

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Capital Stock (See Note 22)	Additional Paid-in Capital (See Note 2)	Revaluation Reserves (See Note 19)	Retained Earnings (See Notes 2 and 22)	Total
Balance at January 1, 2021	P 10,986,000,000	P 4,747,739,274	P 6,383,241	P 13,898,084,356	P 29,638,206,871
Total comprehensive income for the year	-	-	15,375,365	1,298,852,373	1,314,227,738
Balance at December 31, 2021	**P 10,986,000,000**	**P 4,747,739,274**	**P 21,758,606**	**P 15,196,936,729**	**P 30,952,434,609**
Balance at January 1, 2020	P 10,986,000,000	P 4,747,739,274	P 5,567,590	P 12,820,031,185	P 28,559,338,049
Total comprehensive income for the year	-	-	815,651	1,078,053,171	1,078,868,822
Balance at December 31, 2020	P 10,986,000,000	P 4,747,739,274	P 6,383,241	P 13,898,084,356	P 29,638,206,871
Balance at January 1, 2019	P 10,986,000,000	P 4,747,739,274	P 38,441,503	P 11,451,199,477	P 27,223,380,254
Share-based employee compensation	-	-	-	892,953	892,953
Total comprehensive income (loss) for the year	-	-	(32,873,913)	1,367,938,755	1,335,064,842
Balance at December 31, 2019	P 10,986,000,000	P 4,747,739,274	P 5,567,590	P 12,820,031,185	P 28,559,338,049

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,406,274,216	P 1,416,729,751	P 1,723,541,080
Adjustments for:				
Equity share in net income of subsidiaries	9	(233,102,672)	(275,678,966)	(583,950,210)
Depreciation and amortization	17	127,909,533	146,306,315	137,454,233
Interest income	18	(110,568,828)	(116,154,150)	(88,761,947)
Interest expense	18	86,722,172	124,276,029	193,800,953
Impairment losses	21	21,454,577	22,335,173	29,626,373
Unrealized foreign exchange losses (gains) - net	18	(9,372,228)	5,370,850	3,055,197
Loss on refund	18	161,958	1,895,180	13,137,595
Loss on pretermination of lease	11	-	2,710,438	-
Dividend income	9	-	-	(50,000,000)
Share-based employee compensation	19, 22	-	-	892,953
Operating profit before working capital changes		1,289,478,728	1,327,790,620	1,378,796,227
Decrease (increase) in trade and other receivables		(313,123,015)	378,958,454	(2,524,518,337)
Decrease (increase) in contract assets		(856,637,421)	(1,141,107,990)	2,424,046,993
Increase in inventories		(531,474,850)	(56,592,424)	(770,691,499)
Increase in prepayments and other current assets		(189,350,448)	(213,189,734)	(588,337,119)
Increase in advances to joint venture		(13,614,855)	(3,161,417)	(30,801,535)
Increase (decrease) in trade and other payables		152,800,009	(150,278,718)	(145,153,573)
Increase (decrease) in contract liabilities		29,134,705	(440,418,644)	221,222,472
Increase (decrease) in customers' deposits		124,153,397	(57,917,844)	247,877,580
Increase in retirement benefit obligation		12,932,598	12,272,890	4,129,409
Increase (decrease) in other non-current liabilities		42,703,080	19,434,709	(24,370,379)
Cash generated from (used in) operations		(252,998,073)	(324,210,098)	192,200,239
Cash paid for income taxes		(1,420,173)	(76,371,461)	(58,141,275)
Net Cash From (Used in) Operating Activities		(254,418,245)	(400,581,559)	134,058,964
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	10	(49,768,354)	(22,235,946)	(47,336,794)
Interest received		48,082,172	55,705,034	45,262,684
Advances granted to related parties	21	(44,848,734)	(76,879,436)	(123,561,187)
Acquisitions of investment property	12	(41,836,115)	(169,786)	(77,166,676)
Dividends received	9	21,140,537	-	50,000,000
Collections of advances to related parties	21	15,225,284	183,703,318	444,527,780
Net increase in investment in subsidiary and associates	9	-	-	(1,250,000)
Net Cash From (Used in) Investing Activities		(52,005,210)	140,123,184	290,475,807
Balance brought forward		(P 306,423,455)	(P 260,458,375)	P 424,534,771

	Notes	2021	2020	2019
Balance carried forward		**(P 306,423,455)**	(P 260,458,375)	P 424,534,771
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	13, 29	**2,500,000,000**	1,500,000,000	2,000,000,000
Repayments of interest-bearing loans	29	**(1,220,588,240)**	(1,583,710,411)	(1,461,538,462)
Repayments of lease liabilities	11	**(37,735,957)**	(72,842,277)	(151,902,934)
Repayments of advances from related parties	21	**(43,083,706)**	(74,100)	(102,387,990)
Interest paid		**(35,789,111)**	(77,529,174)	(127,191,489)
Advances obtained from related parties	21	**632,881**	44,410,175	5,731,148
Net Cash From (Used in) Financing Activities		**1,163,435,867**	(189,745,787)	162,710,273
Effects of Exchange Rates Changes on Cash and Cash Equivalents		**9,372,228**	(5,370,850)	(3,055,197)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**866,384,640**	(455,575,012)	584,189,847
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,458,464,450**	1,914,039,462	1,329,849,615
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 2,324,849,090**	P 1,458,464,450	P 1,914,039,462

Supplemental Information on Non-cash Investing and Financing Activities:

1) In the normal course of business, the Company enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property from Inventories or Investment Property as the property goes through its various stages of development (see Note 2). These non-cash activities are not reflected in the statements of cash flows.

2) In 2021, the Company recognized right-of-use assets and lease liabilities amounting to P68.2 million and P62.1 million, respectively. In 2020, the Company recognized right-of-use assets and lease liabilities amounting to P90.0 million and P84.1 million, respectively (see Notes 11 and 29) .

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Global-Estate Resorts, Inc. (the Company or GERI) was incorporated in the Philippines on May 18, 1994. It is primarily engaged in the development of integrated tourism and leisure estates, and integrated lifestyle communities with residential, retail, hotel and/or leisure components. The Company also engages in land acquisitions and maintains an inventory of raw land for future development.

On May 25, 2021, the Philippine Securities and Exchange Commission (SEC) approved the change in the Company's registered office and principal place of business from 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City to 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City. The related approval from the Bureau of Internal Revenue (BIR) was obtained on May 21, 2021.

The Company is a subsidiary of Megaworld Corporation (Megaworld or the parent company) with an ownership interest of 82.31%. Megaworld is 67.00% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company.

Megaworld was incorporated in the Philippines primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities such as product design, construction and property management. Megaworld's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail spaces. The registered office of Megaworld, which is also its principal place of business, is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick service restaurants, and tourism-oriented businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange.

1.1 Company's Subsidiaries and Associates

The Company holds interests in the following subsidiaries and associates as of December 31, 2021, 2020 and 2019:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Global-Estate Properties, Inc. (GEPI)		100%
Aklan Holdings Inc. (AHI)	(a)	100%
Blu Sky Airways, Inc. (BSAI)	(a)	100%
Fil-Estate Subic Development Corp. (FESDC)	(a)	100%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	100%
Golden Sun Airways, Inc. (GSAI)	(a)	100%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(a)	100%
MCX Corporation (MCX)	(a)	100%
Pioneer L-5 Realty Corp. (PLRC)	(a)	100%
Prime Airways, Inc. (PAI)	(a)	100%
Sto. Domingo Place Development Corp. (SDPDC)	(a)	100%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	100%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	79%
Sherwood Hills Development Inc. (SHDI)	(a)	55%
Global-Estate Golf and Development, Inc. (GEGDI)		100%
Golforce, Inc. (Golforce)	(b)	100%
Southwoods Ecocentrum Corp. (SWEC)	(b)	60%
Philippine Aquatic Leisure Corp. (PALC)	(c)	60%
Fil-Estate Urban Development Corp. (FEUDC)		100%
Novo Sierra Holdings Corp. (NSHC)		100%
Elite Communities Property Services, Inc. (ECPSI)	(d)	100%
Savoy Hotel Boracay, Inc. (SHB)	(e)	100%
Belmont Hotel Boracay, Inc. (BHB)	(e)	100%
Megaworld Global-Estate, Inc. (MGEI)	(f)	60%
Twin Lakes Corp. (TLC)		51%
Twin Lakes Hotel, Inc. (TLHI)	(g)	51%
Oceanfront Properties, Inc. (OPI)		50%
Global Homes and Communities, Inc. (GHCI)		100%
Southwoods Mall, Inc. (SMI)		51%
Associates:		
Fil-Estate Network, Inc. (FENI)		20%
Fil-Estate Sales, Inc. (FESI)		20%
Fil-Estate Realty and Sales Associates Inc. (FERSAI)		20%
Nasugbu Properties, Inc. (NPI)	(h)	14%

Non-controlling interests (NCI) in 2021, 2020 and 2019 represent the interests not held by the Company in FEIPI, SHDI, SWEC, PALC, MGEI, TLC, TLHI, OPI and SMI.

All subsidiaries and associates were incorporated in the Philippines, operate within the country, and are engaged in businesses related to the main business of GERI.

Explanatory notes:

(a) Subsidiaries of GEPI; percentage ownership represents effective ownership of GERI.

(b) Subsidiaries of GEGDI; percentage ownership represents effective ownership of GERI.

(c) Subsidiary of SWEC.

(d) Subsidiary acquired in 2018. ECPSI is engaged primarily to manage and administer real estate properties.

(e) Subsidiaries incorporated in 2019. SHB and BHB are engaged primarily to operate and manage resort hotel.

(f) Subsidiary acquired in prior years primarily to market the Group's projects.

(g) A subsidiary of TLC. The Company is incorporated in 2018 to operate Twin Lakes Hotel, one of the real estate projects of TLC.

(h) Associate due to GERI's representation in the respective entities' board of directors.

1.2 Continuing Impact of COVID-19 Pandemic on the Company'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 Company's business operations.

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

- maximized digital platforms to sell real estate projects in order to limit face to face engagements;
- gradual progress of construction activities during the community quarantine period which slowly resumed as quarantine protocols are relaxed;
- assisted tenants in implementing social distancing measures;
- continued to work closely with tenants to determine and address their needs;
- reduced its overall capital expenditures spending for the year 2021; and,
- obtained lower cost funding through the 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 Company's operations showed the following results:

- net profit of the Company in 2021 is 20.5% higher than that of 2020;
- real estate sales closed at 4.2% lower as compared to that of 2020 due to lower reservations, limited selling activities and restricted construction activities; and,
- rental income posted an increase of 0.5% in 2021. This is the net effect of increase in occupancy rate of office space and continuing rental arrangements.

Management will continue to take actions to continually improve the operations. Based on the foregoing improvements, management projects that the Company 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 Company's ability to continue as a going concern due to the effects of the pandemic.

1.3 Approval of the Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2021 (including the comparative financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Company's Board of Directors (BOD) on February 24, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company 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.

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

(b) SEC Financial Reporting Reliefs Availed by the Company

In 2020, the Company 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, R*evenue from Contracts with Customers,* affecting the real estate industry.

In 2021, MC No. 2021-08, A*mendment 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 pages are the financial reporting reliefs availed of by the Company, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Company opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

<table>
<tr><th>Relief</th><th>Description and Implication</th><th>Deferral period</th></tr>
<tr><td>IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry</td><td>The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Company elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:
• 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.</td><td>Until December 31, 2023</td></tr>
</table>

Relief	Description and Implication	Deferral period
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*	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. 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 Company 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. Had the Company elected not to defer this provision of the standard, it would have an impact in the 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 Company 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. This will impact the retained earnings, real estate sales, and profit or loss in 2021 and prior years.	Until December 31, 2023

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 Company elected not to defer this provision of the standard, it would not have an impact on the 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 Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income or loss, if any, in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in 2021 that are Relevant to the Company

The Company 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 Company 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 Company's financial statements as the Company do not have any financial instruments subject to LIBOR.

(ii) PFRS 16, *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 Company's financial statements as the Company 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 2020, 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 Company's 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 Company:

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 are the PIC Q&As effective January 1, 2021 that are applicable to the Company, including the descriptions of their impact to the Company's 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 Company 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 Company 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 Company's financial statements since the Company 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 Company 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 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 Company 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 Company's financial statements.

2.3 Separate Financial Statements, Investments in Subsidiaries and Associates and Interests in Joint Operations

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements which comprise the financial statements of the Company and its subsidiaries.

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

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.

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint arrangement.

The Company accounts for its investments in subsidiaries and associates using the equity method. Under the equity method, investments are initially recognized at cost. All subsequent changes to the ownership interest in the subsidiaries and associates are recognized in the Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the subsidiaries and associates are credited or charged against the Equity Share in Net Income of Subsidiaries account in the statement of comprehensive income.

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

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

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

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 Company recognized in its 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 Company and are measured and recognized in accordance with the relevant financial reporting standards.

2.4 Financial Assets

Financial assets are recognized when the company 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.

(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. The classification and measurement of financial assets currently applicable to the Company 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 Company'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 Company's financial assets at amortized cost are presented in the 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 landowners and Advances to officers and employees], Advances to Joint Ventures, Advances to Related Parties and Refundable deposits (included as part of Prepayments under Prepayments and Other Current Assets).

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

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

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

(b) Impairment of Financial Assets

At the end of the reporting period, the Company 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 Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables, contract assets with significant financing component, 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 Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company 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 [see Note 25.2(b)].

The Company 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 Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company 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 Company 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 Company recognizes an impairment loss in profit of 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 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 Company; related property development costs; and, borrowing costs on certain loans incurred during the development of the real estate properties are also capitalized by the Company (see Note 2.18). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

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

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate 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 statement of comprehensive income.

2.6 Prepayments and Other Assets

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

Advances to contractors pertain to advance payments made by the Company 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 we be classified as non-current asset.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company 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, if any.

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

2.7 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and impairment losses, if any.

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

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

Office improvements	10 years
Transportation equipment	5 years
Office furniture and equipment	3-5 years

The residual values, estimated useful lives and method of depreciation 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 (see Note 2.15).

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 the profit or loss in the period the item is derecognized.

2.8 Investment Property

Investment property consists of parcels of land and buildings held for lease. 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 for the building and improvements is computed on a straight-line basis over the estimated useful life of 50 years.

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 (see Note 2.15).

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 Company 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 2.7).

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 statement of comprehensive income in the year of retirement or disposal.

2.9 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Lease Liabilities and Retention payable (presented under Other Non-current Liabilities account), are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges incurred on financial liabilities are recognized as an expense under the Finance Costs and Other Charges in the 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.

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

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

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

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

2.11 Provisions and Contingencies

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

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

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

2.12 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities, management and marketing income, interest income and dividends. The Company's leasing activities are accounted for under PFRS 16 (see Note 2.13).

To determine whether to recognize revenue, the Company follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

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

a. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
b. each party's rights regarding the goods or services to be transferred or performed can be identified;
c. the payment terms for the goods or services to be transferred or performed can be identified;
d. 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,
e. collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company 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 Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

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

The Company develops real properties such as developed land, house and lot, and condominium units. The Company 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 Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

(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 Company 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 in the 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 in the 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 Company.

(b) *Management and marketing income* – 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 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. Costs and expenses (other than costs of real estate sold) are recognized in profit or loss upon utilization of the services or goods or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.18).

Contract assets pertain to rights to consideration in exchange for goods or services that the Company has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any right to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4(b)].

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

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

2.13 Operating Leases

The Company accounts for its leases as follows:

(a) Company as a Lessee

For any new contracts entered into, the Company 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 Company assesses whether the contract meets three key evaluations enumerated below 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 Company;

- the Company 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 Company has the right to direct the use of the identified asset throughout the period of use. The Company 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 Company recognizes a right-of-use asset and a lease liability in the 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 Company, 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 Company 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 Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

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

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

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

(b) Company as a Lessor

Leases wherein the Company substantially transfers to the lessee all 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 Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company'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.

2.14 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the period 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.15 Impairment of Non-financial Assets

The Company's investments in subsidiaries and associates, property and equipment, investment property, right-of-use assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized 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 Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

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

2.16 Employee Benefits

The Company'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 Company, even if plan assets for funding the defined benefit plan have been acquired. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary 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 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 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 Income account in the 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company 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, *Provisions, Contingent Liabilities and Contingent Assets*, 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 the reporting period. They are included in the Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.17 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 of options that ultimately vest on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of the 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).

2.18 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 the Inventories account (see Note 2.5). 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 all such activities are substantially 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.

2.19 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 current tax 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. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax assets and deferred tax 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 assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company 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 deferred tax 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 Company 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.

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company 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 Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company 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 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 ten percent (10%) if the Company's 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.

2.21 Equity

Capital stock represents using 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 statement of comprehensive income and share-based employee remuneration, reduced by the amounts of dividends declared, if any.

2.22 Basic and Diluted Earnings per Share

Basic earnings per share (EPS) is computed by dividing 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 Company's potentially dilutive shares consist only of share options (see Notes 22.2 and 23).

2.23 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

The Company determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Company considers whether the lessor can refuse to agree to a request from the Company to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(b) Evaluation of the Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

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

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

(ii) Management and Marketing Income

The Company determined that revenues from marketing and management services shall be recognized over time as the customers simultaneously receive and consume the benefits of the Company's rendering of services as it performs. The Company provides the services without the need of reperformance of other companies and it has an enforceable right for payment for performance completed to date.

(c) Determination of ECL on Trade and Other Receivables, Advances to Related Parties and Contract Assets

The Company uses a provision matrix to calculate ECL for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables are disclosed in Note 25.2(b).

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 Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company 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 receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Company can fully recover the outstanding balance of its receivables.

(d) Distinction Between Investment Property and Owner-managed Properties

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(e) *Distinction Between Real Estate Inventories and Investment Properties*

Residential and condominium units comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's intention over these assets in making its judgment.

(f) *Determination of Significant Influence over Entities in which the Company Holds Less than 20% Ownership*

The Company determines whether significant influence exists over an investee company over which the Company holds less than 20% of the investee's capital stock. The Company considers the ability to influence the operating and financial policies of the investee, representation on the board of directors of the investee and routine participation in management decisions in making its judgment. Based on management's judgment, the Company has significant influence over these investee companies (see Note 1).

(g) *Investment in Subsidiaries in which the Company Holds 50% or Less*

Management considers that the Company has de facto control over OPI even though it does not hold more than 50% of the ordinary shares and voting rights of the said subsidiaries, due to the factors discussed below.

The Company holds 50% direct ownership interest over OPI and has: (1) the ability to direct the relevant activities of the subsidiaries; (2) the rights to variable returns from its involvement with subsidiaries; and, (3) the ability to use its power to affect its returns from its involvement with subsidiaries. Based on management's judgment, the Company has control over OPI.

(h) *Cash and Cash Equivalents Managed by Another Party*

Portion of the Company's cash and cash equivalents is being managed by a related party [see Notes 4 and 21.7(d)]. The funds may only be disbursed pursuant to the Company's instructions and the related party is not entitled to the fund's interest or other income. As the Company has control over the funds and is directly entitled to the fund's benefits, management determined that the said funds appropriately form part of the Company's cash and cash equivalents.

(i) *Distinction Between Operating and Finance Leases*

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

In 2019, upon adoption of PFRS 16, the distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(j) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosures of provisions and contingencies are discussed in Note 2.11 and relevant disclosures are presented in Note 24.

3.2 Key Sources of Estimation Uncertainty

Discussed below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using the effective interest rate on the most recent loan. Since the date of the availment is near the initial date of application, management is satisfied that the selected rate reflects the risks specific to the Company.

(b) *Revenue Recognition for Performance Obligations Satisfied Over Time*

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

(c) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 25.2.

(d) *Determination of the Amount of Costs Incurred to Obtain or Fulfill a Contract with a Customer*

In determining the amount of costs to obtain a contract that should be capitalized, the Company identifies those costs which would not have been incurred if the contract had not been obtained.

For the costs incurred in fulfilling a contract, the Company recognizes an asset only if those costs related directly to a contract or to an anticipated contract can be specifically identified; those costs generate or enhance the Company's resources that will be used in satisfying performance obligation in the future; and the Company expects those costs to be recovered.

(e) *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period.

Considering the Company's pricing policy, the net realizable values inventories are higher than their related carrying values as of the end of the reporting periods.

(f) *Fair Value of Stock Option*

The Company estimates the fair value of the executive stock option by applying an option valuation model, taking into account the terms and conditions on which the executive stock options were granted. The estimates and assumptions used are presented in Note 22.2, which include, among other factors, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of stock options at grant date.

(g) *Estimation of Useful Lives of Property and Equipment, Right-of-use Assets and Investment Property*

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

The carrying amounts of property and equipment, right-of-use assets and investment property are analyzed in Notes 10, 11 and 12, respectively. Based on management's assessment as at December 31, 2021 and 2020, there are no changes in the estimated useful lives of those assets as of the end of the reporting periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(h) *Fair Value Measurement of Investment Property*

Investment property is measured using the cost model. For disclosure purposes, the Company determines the fair values of building and building improvements using the discounted cash flows valuation technique since the information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not available. The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Company determines the fair value through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 27.3.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2021 and 2020 will be fully utilized within the prescribed period of availment. The carrying value of deferred tax assets as of those dates is disclosed in Note 20.

(j) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.15. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In prior years, certain investments in associates were found to be impaired, hence, the related carrying amounts were written-off (see Note 9). No impairment losses were recognized on property and equipment, right-of-use assets, investment property and other non-financial assets for the years ended December 31, 2021, 2020 and 2019 (see Notes 10, 11 and 12).

(k) Valuation of Post-employment Defined Benefit Obligation

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

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 19.2.

(l) Basis for Revenue Recognition Benchmark

The Company recognizes its revenue from sale of real estate in full when 10% or more of the total contract price is received. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Company's collection history from customers and number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the payment of at least 10% of the contract price has been received from the buyer and the Company has ascertained the buyer's commitment to complete the payment of the total contract price.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

	Note	2021	2020
Cash on hand and in banks	21.7(d)	**P 2,181,555,228**	P 515,162,851
Short-term placements		**143,293,862**	943,301,599
		P2,324,849,090	P1,458,464,450

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made between seven to sixty days at prevailing market interest rates and earn effective interest ranging from 0.20% to 1.13% in 2021 and 0.50% to 0.60% in 2020.

Interest income earned from cash in banks and short-term placements is included as part of Finance Income account in the statements of comprehensive income (see Note 18.1).

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following as at December 31:

	Notes	2021	2020
Current:			
Installment contracts receivable		**P2,745,344,485**	P3,315,618,614
VAT on contracts with customers		**523,690,211**	423,214,177
Unearned interest		**(18,926,044)**	(40,403,211)
Marketing and management fee receivable	21.3	**437,564,669**	267,374,505
Rental receivables	21.2	**281,266,715**	205,793,001
Loan receivables	21.7(c)	**134,217,245**	-
Advances to officers and employees	21.4	**123,597,647**	174,533,552
Finance lease receivable	24.1	**81,915,204**	52,633,520
Interest receivable	21.4	**43,641,550**	38,982,441
Advances to landowners		**19,636,327**	19,636,327
Others		**40,671,981**	33,247,806
		P4,412,619,990	P4,490,630,732

	Note	2021	2020
Non-current:			
Installment contracts receivable		**P1,200,556,313**	P 687,705,001
VAT on contracts with customers		**229,013,091**	198,262,264
Unearned interest		**(101,420,605)**	(61,089,736)
Finance lease receivable	24.1	**490,989,785**	540,640,642
		P1,819,138,584	P1,365,518,171

Installment contracts receivables represent receivables from sale of real estate and resort shares for sale and normally collectible monthly within one to five years. The titles to the assets sold remain with the Company until such receivables are fully collected.

Installment contracts receivables are noninterest-bearing and are measured at amortized cost using the effective interest method based on the interest rate of comparable financial instruments in the market. Interest income from amortization amounted to P56.6 million, P53.3 million, and P26.4 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is presented as part of Finance Income in the statements of comprehensive income (see Note 18.1).

Meanwhile, the related day-one loss on the discounting of the non-current portion of installment contracts receivables amounting to P75.4 million, P25.7 million, and P110.5 million, for the years ended December 31, 2021, 2020 and 2019, respectively, is presented as a deduction against the Real Estate Sales account in the statements of comprehensive income.

VAT on contracts with customers represents the VAT component of the contract price of real estate sales to the extent recognized either as installment contract receivables or contract assets.

Finance lease receivables pertains to the sublease of development rights to a third party. Interest income on the finance lease amounted to P42.1 million, P45.5 million, and P44.3 million in 2021, 2020 and 2019, respectively, and are presented as part of Finance Income in the statements of comprehensive income (see Note 18.1).

Advances to officers and employees are noninterest-bearing, unsecured and collectible through salary deduction or liquidation.

Advances to landowners represent advances to several real estate property owners and charges in connection with various project agreements entered into by the Company.

All of the Company's trade and other receivables (except for VAT on contracts with customers, Advances to landowners and Advances to officers and employees) have been reviewed for impairment. Management considers that all of its trade and other receivables are fully recoverable; hence, no impairment losses were recognized in 2021, 2020 and 2019. This assessment is undertaken each financial year using simplified approach in measuring ECL as fully disclosed in Note 25.2.

6. INVENTORIES

Inventories at the end of 2021 and 2020 were stated at cost. The composition of this account as at December 31 is shown below.

	2021	2020
Real estate for sale	**P2,710,229,568**	P2,735,613,690
Property development cost	**924,611,804**	966,974,641
Resort shares for sale	**41,626,745**	41,626,745
Raw land inventory	**1,332,606,586**	740,646,338
	P5,009,074,703	P4,484,861,414

Real estate for sale pertains to accumulated costs incurred, including capitalized borrowing costs amounting to P182.8 million and P140.0 million in 2021 and 2020, respectively, in developing the Company's horizontal and condominium projects and certain integrated-tourism projects in Boracay, and residential subdivision lots in Iloilo, Philippines. The aforementioned interest was incurred in relation to the interest-bearing loans obtained in 2016 and 2015 which were obtained specifically to finance the construction of certain projects. The capitalization rate averaged 4.61% and 3.15% in 2021 and 2020, respectively (see Note 13).

Raw land inventory pertains to acquisition costs of raw land intended for future development of real estate for sales, including other costs and expenses incurred to effect the transfer of title of the property to the Company.

Property development costs include on-going costs incurred by the Company for its own projects. In addition, this account also includes the costs incurred by the Company for the joint development of various projects that are treated as jointly controlled operations; there were no separate entities created by these joint venture agreements. The jointly controlled operations are undertaken under project agreements with different venture partners. The costs relating to these joint projects represent the amount of investments placed by the Company as original investor/developer or the amount assigned/transferred to the Company by associates or by related parties who were the original investors/ developers in the project agreement.

In 2021 and 2020, the Company reclassified raw land inventory with a total carrying amount of P41.8 million and P.17 million, respectively, to investment property as such properties are held to earn rentals and/or for capital appreciation (see Note 12).

Resort shares for sale comprise of proprietary or membership shares (landowner shares and founders shares) in Fairways & Bluewaters in Boracay, Philippines that are of various types and costs. The cost of the landowner shares is based on the acquisition and development costs of the land and the project. The cost of the founder's shares is based on the par value of the resort shares which is P100.

Management assessed that the net realizable values of inventories are higher than their related costs. Hence, no impairment losses are required to be recognized in 2021 and 2020.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	2021	2020
Advances to contractors and suppliers		**P 713,658,214**	P 796,255,766
Deferred commission	16.3	**250,644,786**	92,754,129
Prepayments		**40,624,063**	38,757,330
Creditable withholding tax		**84,832,706**	116,044,963
Deferred creditable withholding tax		**53,225,804**	44,002,867
Input tax		**46,419,701**	17,907,426
Refundable deposits	25.2	**64,008,617**	63,709,553
		P1,253,413,891	P1,169,432,034

Advances to contractors and suppliers are non-interest-bearing and pertain to down payments for services to be rendered and goods to be delivered to the Company for the development of real estate projects.

Deferred commission represents incremental costs of obtaining a contract to sell real estate properties to customers. This is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized.

8. ADVANCES TO JOINT VENTURES

This account pertains to payments made by the Company for different costs and expenses related to its Alabang West, Pahara @ Southwoods and Holland Park projects which should have been shouldered by its joint venturers. The terms of the agreement provide that the Company shall undertake the development and subdivision of the properties. The agreements further stipulate that the Company and the joint venturers shall share in the project's income and expenses using certain pre-agreed sharing ratios. Collections of the receivable from the joint venturers are generally received upon sale of their share in the projects.

The joint venturers related to the Alabang West, Pahara @ Southwoods, Holland Park, Tulip Graden, Eastland Heights, Sta. Barbara, The Hampton Village, The Fifth, Lindren, and Lakefront Esplanade projects were charged marketing fees in 2021 and 2020 amounting to P163.0 million and P250.1 million, respectively, which is included as part of the Management and Marketing Income account in the statements of comprehensive income.

The net commitment for construction expenditures of the Company amounted to:

	2021	2020
Total commitment for construction expenditures	**P2,548,235,122**	P2,288,420,002
Total expenditures incurred	**(1,980,886,471)**	(1,746,766,974)
Net commitment	**P 567,348,651**	P 541,653,028

The Company's interests on these jointly-controlled projects range from 28.8% to 85.0% both in 2021 and 2020.

As at December 31, 2021 and 2020, the Company has no other contingent liabilities with regard to this JV and has assessed that the probability of loss that may arise from contingent liabilities is remote.

The advances have been analysed for ECL. Based on management's evaluation, no impairment loss needs to be recognized in 2021 and 2020.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the investments in subsidiaries associates accounted for under the equity method as at December 31 is as follows:

	2021	2020	2019
TLC	**P 3,973,206,330**	P 3,864,679,949	P 3,817,252,762
GEPI	**3,772,968,993**	3,511,521,282	3,416,420,857
GEGDI	**2,009,253,717**	2,165,397,528	2,133,240,316
SMI	**1,258,896,496**	1,231,091,360	1,133,702,481
SWEC	**458,064,556**	445,061,818	443,367,274
OPI	**330,962,039**	319,636,304	264,020,270
FEUDC	**229,018,237**	287,452,093	338,911,215
MGEI	**48,518,810**	40,145,929	40,099,356
GHCI	**18,332,458**	21,690,407	25,330,321
ECPSI	**4,912,490**	-	187,500
	P12,104,134,126	P11,886,676,670	P11,612,344,852

The Company recognized its share in net income of subsidiaries amounting to P233.1 million, P275.7 million, P584.0 million in 2021, 2020 and 2019, respectively, which are presented as Equity Share in Net Income of Subsidiaries under the Revenues section of the statements of comprehensive income. The Company also recognized its share in other comprehensive income or losses of subsidiaries amounting to P5.5 million income in 2021, P1.3 million loss and P10.4 million loss in 2020 and 2019, respectively.

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2021, 2020 and 2019 is presented below.

	2021	2020	2019
Balance at beginning of year	**P11,886,676,670**	P11,612,344,852	P11,037,549,469
Additions	**-**	-	1,250,000
Dividends received	**(21,140,537)**	-	-
Equity in net income	**233,102,672**	275,678,966	583,950,210
Equity in other comprehensive income (losses) – net	**5,495,321**	(1,347,148)	(10,404,827)
Balance at end of year	**P12,104,134,126**	P11,886,676,670	P11,612,344,852

A reconciliation of the costs of investments and cumulative share in net income (losses) of the associates as of December 31, 2021, 2020 and 2019 are shown below.

	2021	2020	2019
Cost			
Balance at beginning of year	**P 4,445,713,299**	P 4,445,713,299	P 4,444,463,299
Dividends received	**(21,140,537)**	-	-
Additions	**-**	-	1,250,000
Balance at end of year	**4,424,572,762**	4,445,713,299	4,445,713,299
Cumulative share in net income (losses)			
Balance at beginning of year	**7,440,963,371**	7,166,631,553	6,593,086,170
Equity in net income for the year – net	**233,102,672**	275,678,966	583,950,210
Equity in other comprehensive income (loss)for the year – net	**5,495,321**	(1,347,148)	(10,404,827)
Balance at end of year	**7,679,561,364**	7,440,963,371	7,166,631,553
Carrying amount at end of year	**P12,104,134,126**	P11,886,676,670	P11,612,344,852

The total amount of the assets, liabilities, expenses and net loss (income) of these subsidiaries are reported as follows:

	Current Assets	**Non-current Assets**	**Current Liabilities**	**Non-current Liabilities**	**Revenues**	**Net Loss (Income)**
2021						
GEPI	P 11,418,157,046	P 3,863,888,094	P11,025,362,496	P 485,819,981	P 503,174,985	(P 238,895,500)
AHC	183,682,102	-	1,148,347	-	-	81,674
BSAI	-	-	17,721,106	-	-	78,763
FESDC	14,016,648	-	23,912,574	-	-	77,050
FPCELC	8,194,860	2,094,000	114,414,079	-	-	81,000
GSAI	-	-	11,779,264	-	-	78,691
LCSBI	156,705,203	-	80,780,037	18,490	5,965,744	(5,434,246)
MCX	200,604,291	4,400,000	81,002	-	-	83,071
PL5	-	425,100	5,699,578	-	-	86,203
PAI	1,137,109,707	-	1,141,933,521	-	-	105,847
SDPDC	377,071,681	-	453,906,082	10,340,653	3,410	2,374,924
FPCBC	-	-	22,477,278	-	-	96,690
FEIP	4,4,879,248	-	22,001,919	-	-	81,000
SHDI	457,870,686	-	375,141,489	-	2,834,468	271,809
GEGDI	2,305,740,051	399,420,158	580,880,931	138,844,307	94,130,714	(38,248,873)
GFI	170,454,421	37,877,951	77,190,615	-	128,742,030	8,338,830
SWEC	607,883,234	371,449,181	161,904,006	53,987,482	115,645,400	(57,569,193)
FEUDC	511,225,084	160,803,946	428,681,489	14,329,304	2,501,447	63,590,544
NSHC	5,382,761	-	32,827,150	-	-	93,369
ECPSI	92,324,148	3,167,633	11,049,265	79,530,026	31,488,066	(9,118,351)
SHBI	186,825,842	10,056,117	288,813,786	1,845,629	11,751	(7,676,339)
BHBI	99,151,393	7,184,595	185,794,468	424,025	24,525,315	21,566,047
MGEI	150,041,665	2,191,727	69,002,513	2,366,196	109,390,425	(13,954,802)
TLC	5,154,120,425	6,118,317,246	1,305,601,998	2,181,504,466	986,521,655	(186,318,314)
TLHI	77,032,060	6,134,957	126,279,975	895,276	128,929,731	10,332,215
OPI	964,080,914	381,500,457	577,845,293	105,812,000	171,350,218	(62,651,471)
GHCI	1,187,316	129,079,554	111,934,412	-	317	3,357,948
SMI	740,511,987	2,907,102,072	876,814,635	302,374,922	288,865,380	(54,519,874)

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Loss (Income)
2020						
GEPI	P 11,203,832,056	P 3,717,089,160	P10,899,193,213	P 460,834,095	P 421,421,341	(P 94,753,524)
AHC	183,682,102	-	1,066,673	-	-	74,100
BSAI	-	-	17,642,343	-	-	75,110
FESDC	14,016,648	-	23,835,524	-	-	73,600
FPCELC	8,194,860	2,094,000	114,118,829	-	-	-
GSAI	-	-	11,700,573	-	-	75,120
LCSBI	159,894,235	-	88,999,504	403,811	1,070,966	(495,601)
MCX	200,681,462	4,400,000	75,102	-	-	74,600
PL5	-	425,100	5,613,375	-	-	151,260
PAI	1,137,109,707	-	1,141,827,674	-	-	99,705
SDPDC	375,623,724	-	450,140,131	10,283,723	3,494	2,288,382
FPCBC	19,140	-	22,399,728	-	-	74,100
FEIP	4,964,019	-	21,923,989	-	-	-
SHDI	288,286,791	166,591,480	366,758,126	5,113,443	2,700,723	-
GEGDI	2,288,361,233	399,518,959	318,676,354	422,017,738	38,064,486	(13,720,113)
GFI	178,517,476	43,732,109	81,203,498	-	155,098,702	4,254,412
SWEC	657,898,814	328,963,166	178,499,967	66,592,316	92,726,329	(42,470,542)
FEUDC	535,866,619	154,653,590	385,195,771	17,872,345	67,412,676	51,278,955
NSHC	5,382,761	-	32,733,781	-	-	170,551
ECPSI	74,036,624	2,870,577	81,113,061	-	20,190,201	4,541,615
SHBI	211,122,178	65,185,108	362,146,639	-	56,663,274	39,382,171
BHBI	60,511,193	23,896,078	132,700,441	5,954,696	26,963,695	28,126,314
MGEI	110,492,597	298,396	43,881,112	-	63,861,826	(77,620)
TLC	4,835,265,248	5,715,874,568	1,223,538,168	1,728,309,174	735,200,090	(137,015,804)
TLHI	74,300,894	16,614,738	139,846,106	-	59,731,861	43,756,864
OPI	969,441,770	469,711,660	668,027,491	131,853,332	356,579,253	(111,232,065)
GHCI	1,613,324	128,892,913	108,815,831	-	-	3,639,914
SMI	718,479,620	3,020,195,568	993,726,285	331,044,275	470,109,278	(192,190,578)
2019						
GEPI	P11,091,352,460	P3,653,568,124	P10,846,929,059	P 435,349,223	P 420,974,859	P 16,018,480
AHC	183,682,102	-	992,573	-	-	74,167
BSAI	-	-	17, 567,233	-		75,242
FESDC	14,016,648	-	23, 761,924	-	-	73,600
FPCELC	8,194,860	2,094,000	114,118,829	-	-	-
GSAI	-	-	11, 625,453	-	-	75,459
LCSBI	159, 801,082	-	88,632,229	514,206	188,722	(26,922,646)
MCX	200,755,562	4,400,000	74,602	-	-	74,667
PL5	-	425,100	5,462,115	-	-	151,270
PAI	1,137,109,707	-	1,141,727,969	-	-	83,484
SDPDC	376,748,354	-	448,976,379	10,283,723	5,657	2,147,814
FPCBC	19,140	-	22,325,628	-	-	74,412
FEIP	4,964,019	-	21,923,989	-	-	-
SHDI	282,904,465	166,591,480	361,494,766	5,113,443	2,701,800	3,786,859
GEGDI	2,281,206,295	382,868,870	314,370,625	416,238,555	158,547,642	(86,110,291)
GFI	240,860,007	40,073,841	132,084,143	-	337,770,433	(7,974,499)
SWEC	657,380,345	388,207,624	230,820,775	65,546,089	174,502,406	(73,171,50)
FEUDC	597,776,494	139,490,378	374,011,236	24,344,419	470,582,995	(83,583,193)
NSHC	5,445,839	-	32,626,308	-	-	141,145
ECPSI	59,735,884	8,045,759	63,282,690	6,841,049	20,956,136	3,116,508
SHBI	326,436,285	32,538,762	381,209,793	-	275,398,112	22,859,746
BHBI	49,729,345	11,527,419	68,953,941	-	4,986,248	10,197,177
MGEI	103,695,790	899,925	37,763,455	-	100,940,332	(14,944,151)
TLC	4,737,958,113	5,592,999,189	1,281,369,418	1,592,202,434	1,922,013,836	(432,088,831)
TLHI	69,806,059	28,149,994	94,848,984	-	144,179,077	(1,886,709)
OPI	693,515,471	527,674,746	526,826,119	166,323,556	376,843,876	(109,295,242)
GHCI	4,131,937	128,413,492	106,779,894	-	-	2,689,520
SMI	629,031,060	3,121,302,148	1,104,470,871	424,148,287	580,060,871	(249,956,166)

A reconciliation of the summarized financial information to the carrying amount of the investments in associates as of December 31, 2021 and 2020 are shown below.

	Explanatory Note	Net Asset Value	Ownership in Net Asset	Carrying Value
2021				
TLC		P 7,785,331,217	P3,973,206,330	P 3,973,206,330
GEPI		3,770,862,663	3,772,968,993	3,772,968,993
SMI		2,468,424,502	1,258,896,496	1,258,896,496
GEGDI		1,985,434,971	2,009,253,717	2,009,253,717
SWEC		763,440,927	458,064,556	458,064,556
OPI		661,924,078	330,962,039	330,962,039
FEUDC		229,018,237	229,018,237	229,018,237
SHBI	*(a)*	(91,932,827)	(91,932,827)	-
MGEI		80,864,683	48,518,810	48,518,810
BHBI	*(a)*	(79,882,505)	(79,882,505)	-
NSHC	*(a)*	(27,444,389)	(27,444,389)	-
GHCI		18,332,458	18,332,458	18,332,458
ECPSI	*(b)*	4,912,490	4,912,490	4,912,490
		P 17,569,286,505	**P 11,904,874,405**	**P12,104,134,126**

	Explanatory Note	Net Asset Value	Ownership in Net Asset	Carrying Value
2020				
TLC		P 7,577,803,822	P3,864,679,949	P 3,864,679,949
GEPI		3,511,521,282	3,511,521,282	3,511,521,282
SMI		2,413,904,628	1,231,091,360	1,231,091,360
GEGDI		2,165,397,528	2,165,397,528	2,165,397,528
SWEC		741,769,697	445,061,818	445,061,818
OPI		639,272,607	319,636,304	319,636,304
FEUDC		287,452,093	287,452,093	287,452,093
SHBI	*(a)*	(85,839,353)	(85,839,353)	-
MGEI		66,909,881	40,145,929	40,145,929
BHBI	*(a)*	(54,247,866)	(54,247,866)	-
NSHC	*(a)*	(27,351,020)	(27,351,020)	-
GHCI		21,690,407	21,690,407	21,690,407
ECPSI	*(a)*	(4,205,860)	(4,205,860)	-
		P 17,254,077,846	P11,715,032,571	P11,886,676,670

(a) Cumulative share in net losses in these subsidiaries exceeded the investments in the said entities as of December 31, 2021 and 2020. As such, recognized losses is only up to the extent of the investment.
(b) As of December, 31, 2021, ECPSI was able to recover from the losses recognized in prior years. As such, the amount of share in net income in 2021 is only the excess of the accumulated share of losses that has previously not been recognized.

The place of incorporation of the Company's subsidiaries and associates are summarized below.

(a) TLC, SMI, GEGDI, SWEC, FEUDC, GHCI, GEPI, MGEI, NSHC, FESI – Renaissance Towers, Meralco Avenue, Pasig City;
(b) OPI – F&M Lopez II Building, 109 C. Palanca St., Legaspi Village, Makati City;
(c) FERC, FENI, FERSAI – Paragon Plaza, Reliance St., Mandaluyong City;
(d) ECPSI – 7th Floor, Paseo Center Building, 8757 Paseo de Roxas St., Makati City
(e) SHB, BHB – Brgy. Yapak, Boracay Island, Malay, Aklan 5608

In 2019, SHB and BHB were incorporated to operate and manage resort hotels.

Management considers that the Company has de facto control over OPI even though its direct ownership interest is not more than 50% of the ordinary shares and voting rights of the said subsidiary due to the factors mentioned in Note 3.1(g).

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of the reporting periods are shown below and in the succeeding page.

	Transportation Equipment	**Office Furniture and Equipment**	**Office Improvements**	**Total**
December 31, 2021				
Cost	P 77,201,451	P 154,203,672	P 133,785,455	P 365,190,578
Accumulated depreciation and amortization	(62,822,898)	(118,450,457)	(56,887,061)	(235,160,416)
Net carrying amount	**P 14,378,553**	**P 35,753,215**	**P 76,898,394**	**P 127,030,162**

	Transportation Equipment	Office Furniture and Equipment	Office Improvements	Total
December 31, 2020				
Cost	P 70,817,217	P 142,173,995	P 102,431,012	P 315,422,224
Accumulated depreciation and amortization	(53,466,462)	(97,536,013)	(40,732,270)	(191,734,745)
Net carrying amount	P 17,350,755	P 44,637,982	P 61,698,742	P 123,687,479
January 1, 2020				
Cost	P 66,853,378	P 127,444,195	P 98,888,705	P 293,186,278
Accumulated depreciation and amortization	(45,184,142)	(77,869,095)	(30,568,470)	(153,621,707)
Net carrying amount	P 21,669,236	P 49,575,100	P 68,320,235	P 139,564,571

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the reporting periods is shown below.

	Transportation Equipment	**Office Furniture and Equipment**	**Office Improvements**	**Total**
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 17,350,755	P 44,637,982	P 61,698,742	P 123,687,479
Additions	6,384,234	12,029,677	31,354,443	49,768,354
Depreciation and amortization charges for the year	(9,356,436)	(20,914,444)	(16,154,791)	(46,425,671)
Balance at December 31,2021 net of accumulated depreciation and amortization	**P 14,378,553**	**P 35,753,215**	**P 76,898,394**	**P 127,030,162**
Balance at January 1, 2020 net of accumulated depreciation and amortization	P 21,669,236	P 49,575,100	P 68,320,235	P 139,564,571
Additions	3,963,839	14,729,800	3,542,307	22,235,946
Depreciation and amortization charges for the year	(8,282,320)	(19,666,918)	(10,163,800)	(38,113,038)
Balance at December 31,2020 net of accumulated depreciation and amortization	P 17,350,755	P 44,637,982	P 61,698,742	P 123,687,479
Balance at January 1, 2019 net of accumulated depreciation and amortization	P 19,700,999	P 36,981,025	P 73,538,588	P 130,220,612
Additions	10,316,490	32,574,815	4,445,489	47,336,794
Disposals				
Depreciation and amortization charges for the year	(8,348,253)	(19,980,740)	(9,663,842)	(37,992,835)
Balance at December 31,2019 net of accumulated depreciation and amortization	P 21,669,236	P 49,575,100	P 68,320,235	P 139,564,571

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Other Operating Expenses account in the statement of comprehensive income (see Note 17).

11. LEASES

The Company has leases for certain offices and commercial lot. With the exception of short-term leases, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over offices, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company incur maintenance fees and paid refundable deposits, presented as part of Prepayments and Other Current Assets in the 2021 statement of financial position, (see Note 7) on such items in accordance with the lease contracts.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized in the statements of financial position.

	Number right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
December 31, 2021					
Offices	3	3 – 4 years	4 years	3	3
Commercial lot	1	16 years	16 years	1	1
December 31, 2020					
Offices	2	4 – 5 years	5 years	2	2
Commercial lot	1	17 years	17 years	1	1

11.1 Right-of-use Assets

The carrying amounts of the Company's right-of-use assets as at December 31, 2021 and 2020 and the movements during the period are shown below.

	Offices	Commercial Lot	Total
December 31, 2021			
Cost			
Balance at beginning of year	P 96,803,611	P 25,654,963	P 122,458,574
Additions	68,229,397	-	68,229,397
Balance at end of year	165,033,008	25,654,963	190,687,971
Accumulated amortization			
Balance at beginning of year	3,417,518	2,736,530	6,154,048
Amortization for the year	33,006,601	1,368,264	34,374,865
Balance at end of year	36,424,119	4,104,794	40,528,913
Carrying amount at December 31, 2021	**P 128,608,889**	**P 21,550,169**	**P 150,159,058**

	Offices	Commercial Lot	Total
December 31, 2020			
Cost			
Balance at beginning of year	P 202,411,637	P 25,654,963	P 228,066,600
Additions	90,038,145	-	90,038,145
Derecognition	(195,646,171)	-	(195,646,171)
Balance at end of year	96,803,611	25,654,963	122,458,574
Accumulated amortization			
Balance at beginning of year	57,826,083	1,368,265	59,194,348
Derecognition	(114,524,588)	-	(114,524,588)
Amortization for the year	60,116,023	1,368,265	61,484,288
Balance at end of year	3,417,518	2,736,530	6,154,048
Carrying amount at December 31, 2020	P 93,386,095	P 22,918,433	P 116,304,528

In January 2021, the Company entered into a new lease agreement as lessee with Megaworld in 9th Floor – Unit A, Commerce and Industry Plaza Building, McKinley Hill, Fort Bonifacio, Taguig City. The Company recognized right-of-use asset and lease liability amounting to P68.2 million and P62.1 million, respectively.

In December 2020, the Company entered into a new lease agreement as lessee with Megaworld for the transfer of office space. The Company recognized right-of-use asset and lease liability for the old office space amounting to P81.1 million and P78.4 million, respectively. Consequently, the Company derecognized the remaining carrying amount of right-of-use asset and lease liability for the old office space amounting to P195.6 million and P114.5 million, respectively. The derecognition of the right-of-use asset and lease liability resulted to a loss amounting to P 2.7 million and is presented as part of Other Operating Expenses in the 2020 statement of comprehensive income (see Note 17). There were no similar transactions in 2019 and 2021.

11.2 Lease Liabilities

Lease liabilities are presented in the statements of financial position are as follows:

	2021	2020
Current	**P 84,127,140**	P 44,722,351
Non-current	**442,785,025**	419,731,034
	P 526,912,165	P 464,453,385

The use of extension and termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Company's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The undiscounted maturity analysis of lease liabilities at December 31, 2021 and 2020 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
2021							
Lease payment	P 120,162,369	P 67,803,122	P 69,740,970	P 59,057,832	P 28,993,255	P718,399,295	P1,064,156,843
Finance charges	(36,035,225)	(33,636,993)	(30,846,284)	(27,763,670)	(26,439,824)	(382,522,682)	(537,244,678)
Net present value	**P 84,127,144**	**P 34,166,129**	**P 38,894,686**	**P 31,294,162**	**P 2,553,431**	**P335,876,613**	**P 526,912,165**
2020							
Lease payment	P 78,287,333	P 50,054,090	P 51,907,180	P 53,050,311	P 45,913,954	P747,392,551	P 1,026,605,419
Finance charges	(33,564,982)	(32,338,546)	(30,869,666)	(29,143,120)	(27,273,214)	(408,962,506)	(562,152,034)
Net present value	P 44,722,351	P 17,715,544	P 21,037,514	P 23,907,191	P 18,640,740	P338,430,045	P 464,453,385

11.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses related to short-term leases amounted to P18.3 million, P14.7 million and P32.1 million in 2021, 2020 and 2019, respectively, and are presented as part of Other Operating Expenses account in the statements of comprehensive income (see Note 17).

At December 31, 2021 and 2020, the Company is committed to short-term leases, and the total commitment at that date is P40.5 million and P38.3 million, respectively.

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P37.7 million and P72.8 million in 2021 and 2020, respectively. Interest expense in relation to lease liabilities amounted to P38.1 million and P37.3 million in 2021 and 2020, respectively and are presented as part of Finance Costs and Other Charges in the 2021 and 2020 statements of comprehensive income (see Note 18.2).

12. INVESTMENT PROPERTY

The Company's investment property is comprised of various buildings held for lease and several parcels of land which are owned to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation and amortization of investment property at the beginning and end of the reporting periods are shown below.

	Land	Buildings and Improvements	Total
December 31, 2021			
Cost	P 1,057,691,958	P 1,060,812,691	P 2,118,504,649
Accumulated depreciation And amortization	-	(257,911,963)	(257,911,963)
	P 1,057,691,958	**P 802,900,728**	**P 1,860,592,686**
December 31, 2020			
Cost	P 1,015,855,843	P 1,053,551,130	P 2,069,406,973
Accumulated depreciation And amortization	-	(210,802,966)	(210,802,966)
	P 1,015,855,843	P 842,748,164	P 1,858,604,007

	Land	Buildings and Improvements	Total
January 1, 2020			
Cost	P 1,015,686,057	P 1,039,148,553	P 2,054,834,610
Accumulated depreciation And amortization	-	(164,093,977)	(164,093,977)
	P 1,015,686,057	P 875,054,576	P 1,890,740,633

A reconciliation of the carrying amounts of investment property at the beginning and end of the reporting period is shown below and in the succeeding page.

	Land	**Building and Improvements**	**Total**
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,015,855,843	P 842,748,164	P 1,858,604,007
Additions	41,836,115	-	41,836,115
Reclassifications (see Note 6)	-	7,261,561	7,261,561
Depreciation and amortization charges for the year	-	(47,108,997)	(47,108,997)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 1,057,691,958**	**P 802,900,728**	**P 1,860,592,686**
Balance at January 1, 2020 net of accumulated depreciation and amortization	P 1,015,686,057	P 875,054,576	P 1,890,740,633
Additions	169,786	-	169,786
Reclassifications (see Note 6)	-	14,402,577	14,402,577
Depreciation and amortization charges for the year	-	(46,708,989)	(46,708,989)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 1,015,855,843	P 842,748,164	P 1,858,604,007
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 938,519,381	P 212,408,908	P 1,150,928,289
Additions	77,166,676	-	77,166,676
Depreciation and amortization charges for the year	-	702,912,720	702,912,720
	-	(40,267,052)	(40,267,052)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 1,015,686,057	P 875,054,576	P 1,890,740,633

Rental income recognized in 2021, 2020 and 2019 amounted to P152.6 million, P151.9 million and P172.0 million , respectively, and is presented as Rental Income account in the statements of comprehensive income. Depreciation charges represent the major direct costs in leasing these properties (see Note 17 and 18). Other operating costs in leasing these properties include Real property taxes amounting to P4.2 million, P1.5 million and P1.9 million, and Repairs and maintenance amounting to P0.2 million, P0.7 million and P0.2 million in 2021, 2020 and 2019, respectively. Real property taxes is included as part of Taxes and licenses while Repairs and maintenance is included as part of the Other Operating Expenses account in the statements of comprehensive income (see Note 17).

Except for land, all of the Company's investment properties generated rental income for the years ended December 31, 2021, 2020 and 2019.

On the other hand, the fair value of land amounted to P7.4 billion as determined through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property as at December 31, 2021 and 2020, respectively.

The breakdown of Investment Property at its fair market value are as follows:

	2021	2020
Building and Improvements	**P 4,678,667,114**	P 5,290,591,655
Land and Land Improvement	**7,419,189,764**	7,376,863,959
	P12,097,856,878	P 12,667,455,615

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 27.3.

13. INTEREST-BEARING LOANS

The Company's interest-bearing loans are broken down as follows:

	2021	2020
Current	**P1,137,254,907**	P1,220,588,240
Non-current	**4,539,215,673**	3,176,470,580
	P5,676,470,580	P4,397,058,820

In 2021, the Company obtained an unsecured interest-bearing-loan from Unionbank of the Philippines (UBP) amounting to P1.0 billion payable in quarterly for a term of four years, bearing a fixed interest rate of 5.37% and is payable in quarterly arrears. The outstanding balance as at December 31, 2021 is P1.0 billion.

The Company availed unsecured, interest-bearing loans from Rizal Commercial Banking Corporation (RCBC) in 2021 and 2020. The 2020 loan amounting to P0.5 billion is payable quarterly with a term of seven years, with a floating interest rate ranging from 3.50% to 3.70% and is payable quarterly in arrears. The outstanding balance to this loan amounted to P0.5 billion as at December 31, 2021 and 2020. The 2021 loan from RCBC amounting to P0.5 billion has the same terms from its 2020 loans from the same bank, payable quarterly with a term of six years, bearing a floating interest rate ranging from 3.50% to 3.70% and is payable quarterly in arrears. The related outstanding balance to this is P0.5 billion as of December 31, 2021.

The Company obtained an unsecured interest-bearing loan from Megaworld during the last quarter of 2021 totalling to P1.0 billion with an interest rate of 6.33% and shall be payable for a maximum period of eight years. The Company shall repay the loan in 12 equal quarterly amortizations. As of December 31, 2021, the related outstanding balance of this loan is P1.0 billion [see Note 21.7(c)].

In 2020, the Company obtained an unsecured long-term loan from a local bank amounting to P1.0 billion, payable quarterly for a term of five years to seven years bearing a fixed rate 5.26% and is payable quarterly in arrears. The outstanding balance pertaining to this loan amounted to P1.0 billion as of December 31, 2021 and 2020.

In 2019, the Company obtained an unsecured long-term loan from a local bank amounting to P2.0 billion, payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears. The outstanding balance pertaining to this loan amounted to P1.2 billion and P1.6 billion as of December 31, 2021 and 2020, respectively.

In 2017, the Company obtained an unsecured long-term loan from a local bank amounting to P2.0 billion. The loan is payable quarterly for a term of five years commencing on the beginning of the fifth quarter from the initial drawdown date. In 2020, another unsecured loan was obtained on the same bank amounting to P0.5 billion which is payable quarterly for a term of seven years. The loans bear a floating interest rate and are payable quarterly in arrears. The outstanding balance pertaining to this loan amounted to P0.5 billion and P1.0 billion as of December 31, 2021 and 2020, respectively.

In 2016, the Company obtained a P2.0 billion unsecured loan from a local bank with principal to be paid in quarterly instalments, commencing on the fifth quarter from date of initial drawdown. This loan carries a floating interest rate, which is repriced every 30 to 180 days as agreed by the parties. On October 25, 2018, the interest rate was fixed at 7.70%. The interest is payable quarterly in arrears. The outstanding balance pertaining to this loan amounted to P0.3 billion as at December 31, 2020 and is fully paid in 2021.

In 2015, the Company obtained a P1.5 billion unsecured loan with a term of five years fromthe initial drawdown, inclusive of a grace period on principal repayment of two years. The loan bears a fixed interest rate payable quarterly in arrears. The outstanding balance as at December 31, 2019 pertaining to this loan amounted to P0.2 billion and was paid in full in 2020.

The Company has properly complied with the loan agreements' covenants as of the end of the reporting periods.

The accrued interest payable amounted to P6.5 million and P7.2 million as of December 31, 2021 and 2020, respectively, is presented as part of Others under the Trade and Other Payables account in the statements of financial position (see Note 14).

Total interest costs incurred attributable to these loans amounted to P218.0 million, P214.8 million and P265.4 million in 2021 and 2020, respectively. Of these amounts, P182.8 million and P140.0 million in 2021 and 2020, respectively, were capitalized by the Company as part of Inventories account (see Note 6). Interest charged to expense amounting to P35.2 million, P74.8 million and P142.3 million in 2021, 2020 and 2019, respectively, is presented as Interest expense on loans under Finance Costs and Other Charges account in the statements of comprehensive income (see Note 18.2).

14. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2021**	2020
Trade payables		**P 476,167,437**	P 504,480,671
Deferred output VAT		**591,082,296**	528,600,763
Commissions payable	21.7(a)	**184,804,947**	6,385,174
Due to joint venturers		**47,795,337**	71,403,720
Withholding tax and other government contributions payable		**40,628,619**	35,867,658
Retention payable		**37,181,105**	81,125,999
Others	13, 21.6	**89,503,691**	81,056,207
		P1,467,163,432	P1,308,920,192

Trade payables include the unpaid portion of land for future development acquired by the Company and other payables in the normal course of business.

Due to joint venturers represent the share of JV partners in the proceeds from the sale of certain projects in accordance with various JV agreements entered into by the Company.

Commissions payable represents amounts due to the Company's various sales agents for units sold in the ordinary course of business.

Other payables consist primarily of refund liability, output VAT payable, security deposits and accrued interest payable.

15. OTHER NON-CURRENT LIABILITIES

This account consists of:

	2021	2020
Retention payable	**P 354,624,188**	P 311,784,111
Advance rental	**4,756,140**	4,893,138
	P 359,380,328	P 316,677,249

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted back to the contractors.

16. REVENUES

16.1 Disaggregation of Revenues

The Company derives revenues from sale of real estate. An analysis of the Company's major source of revenues is presented below.

	2021	2020	2019
Geographical areas			
Luzon	**P 974,471,389**	P 513,231,153	P 1,336,920,002
Visayas	**1,207,388,079**	1,763,935,200	1,841,096,802
	P2,181,859,468	P2,277,166,353	P 3,178,016,084
Types of product			
Residential condominium	**P1,547,891,647**	P1,665,332,118	P 1,980,760,712
Residential lots	**586,018,196**	433,148,267	961,867,944
Commercial lots	**47,949,625**	178,685,968	235,388,148
	P2,181,859,468	P2,277,166,353	P 3,178,016,804

16.2 Contract Accounts

a. Contract Assets

The Company's contract assets is classified as follows:

	2021	2020
Current	**P 1,729,064,651**	P 789,052,845
Non-current	**383,776,484**	467,150,869
	P 2,112,841,135	P 1,256,203,714

The significant changes in the contract assets balances during the year are as follows:

	2021	2020
Balance at beginning of year	**P1,256,203,714**	P 115,095,724
Increase as a result of changes in measurement of progress, net of collections	**856,637,421**	1,141,107,990
Balance at end of year	**P 2,112,841,135**	P1,256,203,714

b. *Contract Liabilities*

The Company's contract liabilities is classified as follows:

	2021	2020
Current	**P 44,388,255**	P 33,214,306
Non-current	**56,945,778**	38,985,022
	P 101,334,033	P 72,199,328

The significant changes in the contract liabilities balances during the year are as follows:

	2021	2020
Balance at beginning of year	**P 72,199,328**	P 512,617,972
Increase (decrease) as due to cash received excluding amount recognized as revenue during the year	**29,134,704**	(440,418,644)
Balance at end of year	**P 101,334,033**	P 72,199,328

16.3 Direct Contract Cost

The Company incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets in the statements of financial position (see Note 7). These are amortized over the expected construction period on the same basis as how the Company measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization for 2021, 2020 and 2019 is presented as part of Commission under Other Operating Expenses account in statements of comprehensive income (see Note 17).

The movement in balances of deferred commission in 2021 and 2020 is presented below:

	2021	2020
Balance at beginning of year	**P 92,754,129**	P 87,713,656
Additional capitalized cost	**244,031,687**	95,486,890
Amortization for the year	**(86,141,030)**	(90,446,417)
Balance at end of year	**P 250,644,786**	P 92,754,129

16.4 Transaction Price Allocated to Unsatisfied Performance Obligation

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2021 and 2020 is P2.0 billion and P1.7 billion, respectively. As of December 31, 2021 and 2020, the Company expects to recognize revenue from unsatisfied contracts as follows:

	2021	2020
Within a year	**P 826,467,948**	P 517,250,944
More than one year to three years	**1,058,611,289**	1,129,435,157
More than three years to five years	**134,505,529**	25,091,270
	P2,019,584,766	P1,671,777,371

17. OPERATING EXPENSES BY NATURE

Presented below are the details of this account.

	Notes	**2021**	2020	2019
Cost of real estate sales		**P 932,286,081**	P 939,364,349	P 1,459,939,404
Salaries and employee benefits	19.1, 22.2	**271,901,209**	250,522,455	268,714,264
Depreciation and amortization	10,11,12 21.2	**127,909,533**	146,306,315	137,454,233
Commissions	16.3, 21.7(a)	**120,613,948**	123,429,286	221,254,453
Professional fees and outside services		**32,185,799**	24,451,212	56,057,334
Taxes and licenses	12	**27,312,160**	49,610,920	58,757,894
Rentals	11, 21.2	**18,252,203**	14,657,762	32,129,030
Utilities		**15,828,242**	17,202,438	28,030,776
Subscriptions and membership dues		**12,616,276**	18,047,387	16,635,097
Transportation and travel		**12,052,382**	7,283,483	15,576,874
Management fees	21.6	**10,939,232**	9,386,708	14,202,024
Repairs and maintenance	12	**7,144,221**	5,178,704	6,079,644
Advertising and promotions		**3,765,256**	2,512,914	6,911,706
Representation and entertainment		**1,811,846**	3,865,850	4,831,302
Agency fees		**1,662,688**	1,183,215	1,527,019
Insurance		**1,594,476**	1,075,814	1,228,320
Registration and other fees		**1,186,226**	702,527	1,948,145
Directors' fees		**350,000**	450,000	400,000
Miscellaneous	11.1, 21.2	**7,948,982**	10,793,514	17,619,060
		P 1,607,360,760	P 1,626,024,853	P 2,349,296,579

These expenses are classified in the statements of comprehensive income as follows:

	Note	2021	2020	2019
Cost of real estate sales		**P 932,286,081**	P 939,364,349	P 1,459,939,404
Cost of rentals	12	**47,108,997**	46,708,989	40,267,051
Other operating expenses		**627,965,682**	639,951,515	849,090,124
		P 1,607,360,760	P 1,626,024,853	P 2,349,296,579

The cost of real estate sales is further broken down as follows:

	2021	2020	2019
Contracted services	**P 869,425,151**	P 896,385,982	P 1,317,082,417
Borrowing cost	**39,628,241**	26,972,775	83,583,948
Land cost	**23,232,689**	16,005,592	59,273,039
	P 932,286,081	P 939,364,349	P 1,459,939,404

18. FINANCE INCOME AND FINANCE COSTS AND OTHER CHARGES

18.1 Finance Income

Presented below are the details of this account.

	Notes	2021	2020	2019
Interest income from:				
Real estate sales	5	**P 56,567,959**	P 53,314,132	P 26,374,336
Finance lease	5	**42,130,827**	45,517,732	44,255,601
Cash and short-term placements	4	**7,114,254**	13,226,393	14,047,308
Advances to related parties	21.4	**4,755,788**	4,095,893	4,084,702
		110,568,828	116,154,150	88,761,947
Foreign exchange gains		**9,372,228**	-	-
		P 119,941,056	P 116,154,150	P 88,761,947

18.2 Finance Costs and Other Charges

Presented below are the details of this account.

	Notes	2021	2020	2019
Interest expense on:				
Loans	13	**P 35,166,701**	P 74,751,042	P 142,261,701
Lease liabilities	11, 21.2	**38,068,805**	37,308,456	35,937,092
Advances from related parties	21.5	**9,637,114**	8,587,202	11,028,113
Retirement benefit obligation (RBO)	19.2	**2,852,918**	3,060,345	2,032,663
Others		**996,633**	568,984	2,541,384
		86,722,172	124,276,029	193,800,953
Impairment loss	21.4	**21,454,577**	22,335,173	29,626,373
Foreign exchange loss		**-**	5,523,506	3,055,197
Loss on refund		**161,958**	1,895,180	13,137,595
		P 108,338,707	P 154,029,888	P 239,620,118

19. EMPLOYEE BENEFITS

19.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2021	2020	2019
Short-term benefits		**P 258,601,260**	P 238,249,565	P 263,691,902
Post-employment benefit	19.2	**13,299,949**	12,272,890	4,129,409
Share-based employee compensation	22.2	**-**	-	892,953
		P 271,901,209	P 250,522,455	P 268,714,264

19.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains an unfunded, non-contributory post-employment defined benefit plan covering all regular employees. The plan provides for lump-sum benefits equivalent to 85% to 150% of the employee's monthly salary for every year of service depending on the number of years of service. The normal retirement age is 60 years and applicable upon completion of five years of faithful and continuous service to the Company. However, an employee who attains the age of 50 with the completion of no less than 10 years of service; or upon completion of 15 years of service and opts for an early retirement is likewise entitled to the same benefits. Actuarial valuations are made annually to update the retirement benefit costs.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are to be made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2021 and 2020.

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2021	2020
Balance at beginning of year	P 72,964,659	P 60,721,137
Current service cost	13,299,949	12,272,890
Interest expense	2,852,918	3,060,345
Benefits paid	(367,351)	-
Actuarial losses (gains) arising from:		
Changes in financial assumptions	(12,879,133)	2,259,734
Experience adjustments	-	(5,349,447)
Balance at end of year	P 75,871,042	P 72,964,659

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are shown below.

	2021	2020	2019
Reported in profit or loss:			
Current service cost	P 13,299,949	P 12,272,890	P 4,129,409
Interest cost	2,852,918	3,060,345	2,032,663
	P 16,152,867	P 15,333,235	P 6,162,072
Reported in other comprehensive income –			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	(P 12,879,133)	P 2,259,734	P 31,071,901
Experience adjustments	-	(5,349,447)	1,026,794
	(P 12,879,133)	(P 3,089,713)	P 32,098,695

The amounts of current service cost incurred are presented as part of Salaries and employee benefits under Other Operating Expenses account in the statements of comprehensive income (see Note 17). The amounts of interest expense related to the retirement benefit obligation are presented as Interest on RBO under Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2).

The amount recognized in other comprehensive income is included as an item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment defined benefit obligation, the following significant actuarial assumptions were used:

	2021	2020	2019
Discount rates	5.12%	3.91%	5.04%
Expected rate of salary increase	4.00%	4.00%	5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average expected remaining working life of employees retiring at the age of 60 is 31 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

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

(i) *Interest Risk*

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) *Longevity and Salary Risks*

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

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) *Sensitivity Analysis*

	Impact on Retirement Benefit Obligation		
	Change in Assumptions	Increase in Assumptions	Decrease in Assumptions
December 31, 2021			
Discount rate	+/- 0.5%	**(P 5,803,559)**	**P 6,756,954**
Salary increase rate	+/- 1.0%	**14,376,244**	**(10,729,189)**
December 31, 2020			
Discount rate	+/- 0.5%	(P 7,120,843)	P 8,107,569
Salary increase rate	+/- 1.0%	16,722,158	(13,170,797)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

The plan is currently unfunded as at December 31, 2021. While there is no minimum funding requirement in the country, the non-funding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

The maturity profile for the next 20 years of undiscounted expected benefit payments from the plan as of December 31 follows.

	2021	2020
Within one year	**P 4,525,523**	P 3,742,487
More than one year to five years	**5,387,917**	5,425,122
More than five years to 10 years	**26,622,434**	21,442,287
More than 10 years to 15 years	**42,852,924**	27,546,746
More than 15 years to 20 years	**197,530,683**	134,538,449
	P 276,919,481	P 192,695,091

The weighted average duration of the defined benefit obligation at the end of the reporting period is 23 years.

20. CURRENT AND DEFERRED TAXES

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company.

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable was lower by P2.2 million than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P209.5 million and such was recognized in the 2021 profit or loss (P209.2 million) and in other comprehensive income or loss (P0.2 million)

The components of tax expense (income) as reported in the statements of comprehensive income are as follows:

	2021	2020	2019
Reported in profit or loss:			
Current tax expense:			
RCIT at 25% in 2021 and 30% in 2020 and 2019	**P 106,353,705**	P 23,341,286	P 349,660,303
Effect of change in income tax rates	**(2,181,529)**	-	-
Final tax	**1,420,173**	2,639,769	2,801,901
	P 105,592,349	25,981,055	352,462,204
Deferred tax expense relating to origination and reversal of temporary differences	**211,069,271**	312,695,525	3,140,121
Effect of change in income tax rates	**(209,239,777)**	-	-
	1,829,494	312,695,525	3,140,121
	P 107,421,843	P 338,676,580	P 355,602,325
Reported in other comprehensive income –			
Deferred tax income (expense) relating to remeasurements of retirement benefit plan	**P 3,219,783**	(P 926,914)	P 9,629,609
Effect of change in income tax rates	**(220,694)**	-	-
	P 2,999,089	(P 926,914)	P 9,629,609

A reconciliation of tax on pretax profit computed at the applicable statutory rates to income tax expense reported in the statements of comprehensive income is presented below.

	2021	2020	2019
Tax on pretax profit at 25% in 2021 and 30% in 2020 and 2019	**P 351,568,554**	P 425,018,925	P 517,062,324
Adjustment for income subjected to lower income tax rates	**(358,391)**	(1,328,149)	(1,412,292)
Effect of change in income tax rates	**(211,421,306)**	-	-
Tax effects of:			
Non-deductible expenses	**19,794,390**	12,374,322	36,658,973
Non-deductible interest expense	**355,713**	1,309,413	1,390,684
Non-taxable income	**(52,517,117)**	(98,697,931)	(198,097,364)
	P 107,421,843	P 338,676,580	P 355,602,325

The net deferred tax liabilities as at December 31 relate to the following:

	2021	2020
Unrealized profit on real estate sale	**(P 937,389,668)**	(P 975,196,486)
Finance lease	**(120,530,636)**	(131,997,515)
Marketing fee receivable	**(114,878,200)**	(86,796,791)
Capitalized borrowing cost	**(94,914,659)**	(83,911,864)
Deferred commission	**(59,423,539)**	(77,346,619)
Rental income	**(23,810,369)**	(23,860,401)
Unrealized foreign exchange losses(gain) – net	**(2,343,057)**	1,611,255
Refund liability	**(1,205,191)**	4,799,516
Share-based employee compensation	**59,106,391**	70,927,670
Retirement benefit obligation	**19,188,453**	21,889,397
Leases	**15,933,230**	24,443,177
	(P 1,260,267,244)	(P 1,255,438,661)

The components of net deferred tax expense (income) are as follows:

	Profit or Loss			Other Comprehensive Income		
	2021	2020	2019	**2021**	2020	2019
Unrealized profit on real estate sales	**(P 37,806,818)**	P 187,707,109	(P 20,766,082)	**P -**	P -	P -
Marketing fee receivable	**28,081,409**	60,977,487	13,510,639	**-**	-	-
Capitalized borrowing cost	**11,002,795**	24,782,765	5,158,163	**-**	-	-
Finance lease	**(11,466,879)**	13,655,320	13,276,680	**-**	-	-
Refund liability	**6,004,706**	1,736,043	(1,444,022)	**-**	-	-
Deferred commission	**(17,923,080)**	41,045,036	3,490,596	**-**	-	-
Leases	**8,509,947**	(16,625,609)	(11,148,121)	**-**	-	-
Rental income	**(50,032)**	4,712,042	4,712,042	**-**	-	-
Unrealized foreign exchange gains (losses) - net	**3,954,313**	(694,696)	(1,533,266)	**-**	-	-
Retirement benefit obligation	**(298,145)**	(4,599,972)	(1,848,622)	**(2,999,089)**	926,914	(9,629,609)
Share-based employee compensation	**11,821,278**	-	(267,886)	**-**	-	-
Deferred tax expense (income)	**P 1,829,494**	P 312,695,525	P 3,140,121	**(P 2,999,089)**	P 926,914	(P 9,629,609)

The Company is subject to MCIT, which is computed at 1% of gross income in 2021 and 2% in 2020 and 2019, as defined under the tax regulations, or RCIT, whichever is higher.

The Company incurred RCIT in 2021, 2020 and 2019 as RCIT is higher than MCIT for the years presented.

In 2021, 2020 and 2019, the Company opted to claim itemized deductions in computing for its income tax due.

21. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, subsidiaries, associates, a stockholder, the Company's key management personnel and others as described below and in the succeeding page.

21.1 Summary of Related Party Transactions

The summary of the Company's transactions with its related parties for the years ended December 31, 2021, 2020 and 2019, and the related outstanding balances as of December 31, 2021 and 2020 is as follows:

Related Party Category	Notes	Amount of Transactions 2021	2020	2019	Outstanding Balances 2021	2020
Parent company:						
Lease liability	21.2	**(P 25,130,147)**	(P 53,831,702)	P 138,478,275	**(P 122,896,541)**	P 84,646,573
Right-of-use assets	21.2	**(31,653,608)**	(49,486,367)	57,262,294	**126,614,033**	88,537,510
Availment of advances – including interest	21.5	**(10,129,879)**	(9,810,974)	(13,819,480)	**(181,909,305)**	(171,779,426)
Services	21.6	**8,571,429**	8,571,429	8,571,429	**-**	-
Commission expense	21.7	**3,609,256**	6,119,167	21,500,974	**-**	-
Interest-bearings loans	21.7	**(1,000,000,000)**	-	-	**(1,000,000,000)**	-
Subsidiaries:						
Net grants of cash advances	21.4	**(15,225,284)**	(202,385,823)	(444,527,780)	**8,322,606,141**	8,355,215,185
Commission income	21.7	**222,394,161**	72,352,952	-	**-**	-
Commission expense	21.7	**109,383,745**	63,848,380	100,931,655	**(93,101,747)**	(6,385,174)
Management and marketing income	21.3	**59,999,202**	47,899,157	86,492,547	**86,035,738**	89,685,162
Availment of advances	21.5	**(43,306,656)**	(43,006,656)	-	**-**	(43,006,656)
Rental income	21.2	**30,026,439**	26,717,709	57,354,468	**97,759,377**	65,941,194
Loans receivable	21.7	**134,217,245**	-	-	**134,217,245**	-
Interest income	21.7	**671,086**	-	-	**671,086**	-
Other investees of shareholders:						
Granting of cash advances – net of collections	21.4	**40,777,917**	73,226,768	123,561,187	**1,734,656,996**	1,693,879,079
Interest income	21.4	**4,084,702**	4,095,893	4,084,702	**42,927,609**	38,482,907
Rental income	21.2	**-**	1,224,847	6,742,495	**194,513**	186,380
Net repayments (availments) of cash advances	21.5	**(63,066)**	(105,647)	102,387,990	**(73,780,079)**	(73,717,013)
Officers and employees						
Granting of cash advances – net of collections	21.4	**(50,935,905)**	10,497,592	17,906,944	**123,597,647**	174,533,552
Key Management Personnel –						
Compensation	21.8	**21,940,337**	22,549,919	25,736,185	**-**	-

Unless otherwise stated, the related receivables and payables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand.

Based on management's assessment, certain advances to related parties were impaired as of December 31, 2021 and 2020. As such, adequate amount of allowance of ECL is recognized (see Note 25.2).

21.2 Rental Income and Rental Expense

(a) Company as a Lessor

The Company leases its investment property to certain related parties with rental payments mutually agreed on a yearly basis. The rental earned from these related parties, which are based either on fixed monthly payments or with annual escalation rate of 5% per agreement, are included as part of Rental Income account in the statements of comprehensive income (see Note 12). The outstanding receivables from these transactions are presented as part of Rental receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).

The outstanding receivables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand.

(b) Company as a Lessee

In 2016, the Company entered into a lease agreement as lessee with Megaworld for the new space where the Company transferred its office in 2017. On January 1, 2019, in connection with the adoption of PFRS 16, the Company recognized right-of-use asset and lease liability amounting to P127.5 million and P103.8 million, respectively. The corresponding amortization of the right-of-use asset amounted to P57.3 million in 2020, and is presented as part of Depreciation and amortization under Other Operating Expenses in the 2021 and 2020 statements of comprehensive income (see Note 17). Interest incurred on lease liability amounted to P9.2 million in 2020 and is presented as part of Interest expense under Finance Costs and Other Charges in the 2021 and 2020 statements of comprehensive income (see Note 18.2).

In December 2020, the Company entered into a new lease agreement as lessee with Megaworld covering the Company's new office space. The Company recognized right-of-use asset and lease liability amounting to P90.0 million and P84.1 million, respectively. Consequently, the Company derecognized the remaining carrying amount of right-of-use asset and lease liability for the old office space amounting to P81.1 million and P78.4 million, respectively (see Note 11). The derecognition of the right-of-use asset and lease liability resulted to a loss amounting to P2.7 million and is presented as part of Miscellaneous under Other Operating Expenses in the 2020 statement of comprehensive income. The corresponding amortization of the right-of-use asset amounted to P18.0 million in 2021 and P1.5 million in 2020 and are presented as part of Depreciation and amortization under Other Operating Expenses in the 2021 and 2020 statement of comprehensive income (see Note 17). Interest incurred on lease liability amounted to P6.0 million and P0.5 million and is presented as part of Interest expense under Finance Costs and Other Charges in the 2021 and 2020 statement of comprehensive income, respectively (see Note 18.2). As of December 31, 2021, the related carrying amounts of the right-of-use asset and lease liability amounted to P72.0 million and P70.7 million, respectively, while as of December 31, 2020, the related carrying amounts of the right-of-use asset and lease liability amounted to P88.5 million and P84.6 million, respectively.

In January 2021, the Company entered into another lease agreement with Megaworld as lessee for a new office space. The Company recognized right-of-use asset amounting to P68.2 million and lease liability amounting to P62.1 million. The corresponding amortization of the right-of-use asset amounted to P13.6 million and is presented as part of the Operating Expenses in the 2021 statement of comprehensive income (see Note 17). Interest expense incurred in relation to the lease liability amounted to P4.5 million as part of the Interest Expense under the Finance Costs and Other Charges in the 2021 statement of comprehensive income. As of December 31, 2021, the carrying value of right-of-use assets and lease liability amounted to P54.6 million and P52.2 million, respectively.

21.3 Management and Marketing Income

In 2017, the Company and FEUDC entered into an agreement wherein the Company shall provide technical guidance in terms of management and supervision of the latter's operations and in return, the Company shall receive management fees.

In 2012, the Company and OPI entered into an exclusive marketing agreement wherein the Company is appointed as the exclusive marketing agent of certain projects of OPI. The Company shall be responsible for all expenses incurred for advertising, promotion, printing of brochures, marketing research, sales management, and documentation of sales. In consideration for the services rendered to OPI, the Company will receive a management fee equivalent to 5% and marketing fee equivalent to 12% of the cash collections from the sale of lots.

Management and marketing fee earned in relation to the above agreements is presented as part of Management and Marketing Income account in the statements of comprehensive income. The related outstanding receivable from this transaction amounted to P86.0 million and P89.7 million as at December 31, 2021 and 2020 is presented as Marketing and management fee receivable under Trade and Other Receivables account in the statements of financial position (see Note 5).

The outstanding receivables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand.

21.4 Advances to Related Parties and Officers and Employees

The Company grants advances to its subsidiaries, associates and other related parties for working capital purposes. The balances of these advances, shown as Advances to Related Parties account in the statements of financial position, are as follows:

	2021	2020
Subsidiaries	**P 8,322,606,141**	P 8,355,215,185
Other investees of shareholders	**1,734,656,996**	1,693,879,079
	P 10,057,263,137	P10,049,094,264

A summary of transactions with these related parties are as follows:

	Amount of Transactions		
	2021	2020	2019
Subsidiaries:			
Balance at beginning of year	**P 8,355,215,185**	P 8,557,601,008	P 9,002,128,788
Impairment loss	**(17,383,760)**	(18,682,505)	-
Collections	**(15,225,284)**	(183,703,318)	(444,527,780)
Balance at end of year	**P 8,322,606,140**	P 8,355,215,185	P 8,557,601,008
Associates:			
Balance at beginning of year	**P -**	P -	P 7,518,689
Impairment loss	**-**	-	(7,518,689)
Balance at end of year	**P -**	P -	P -
Other investees of shareholders:			
Balance at beginning of year	**P 1,693,879,079**	P 1,620,652,311	P 1,519,198,808
Cash advances granted	**44,848,734**	76,879,436	123,561,187
Impairment loss	**(4,070,817)**	(3,652,668)	(22,107,684)
Balance at end of year	**P 1,734,656,996**	P 1,693,879,079	P 1,620,652,311

The advances to related parties are unsecured, due and demandable any time and are generally payable in cash. Except for the advances to Camp John Hay Development Corporation (CJDEVCO) and Golforce, Inc., these advances are noninterest-bearing. The advances to CJDEVCO and Golforce, Inc. totalling P46.6 million and P46.5 million as at December 31, 2021 and 2020 respectively, bear annual interest of 16% in both years. Interest earned from these advances amounted to P4.1 million in 2021, 2020 and 2019, and is shown as part of Finance Income account in the statements of comprehensive income (see Note 18.1). The interest receivable from these advances amounting to P43.6 million and P39.0 million as at December 31, 2021 and 2020, respectively, is shown as Interest receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5).

In 2021 and 2020, the Company's management assessed that certain advances to related parties were impaired. The impairment loss is presented as part of Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2).

The Company also has unsecured and noninterest-bearing outstanding Advances to officers and employees which are presented under the Trade and Other Receivables account in the statements of financial position (see Note 5). These are settled through salary deduction or liquidation.

21.5 Advances from Related Parties

The Company obtains advances from a subsidiary and other related parties for working capital purposes. These advances are unsecured and are repayable in cash upon demand. Also, except for the advances from Megaworld, these advances are noninterest-bearing.

The outstanding advances from these related parties shown as Advances from Related Parties account in the statements of financial position are as follows:

	2021	2020
Parent company	**P 181,909,305**	P 171,779,426
Subsidiary	**-**	43,006,656
Other investees of shareholders	**73,780,079**	73,717,013
	P 255,689,384	P 288,503,095

A summary of transactions with these related parties are as follows:

	Amount of Transactions		
	2021	2020	2019
Parent company:			
Balance at beginning of year	**P 171,779,426**	P 161,968,452	P 148,148,972
Interest expense	**9,637,114**	8,587,202	8,088,332
Cash advances obtained	**492,765**	1,223,772	5,731,148
Balance at end of year	**P 181,909,305**	P 171,779,426	P 161,968,452
Subsidiary:			
Balance at beginning of year	**P 43,006,656**	P -	P -
Cash advances obtained	**-**	43,006,656	-
Repayments	**(43,006,656)**	-	-
Balance at end of year	**P -**	P 43,006,656	P -
Other investees of shareholders:			
Balance at beginning of year	**P 73,717,013**	P 73,611,366	P 175,999,356
Cash advances obtained	**140,116**	179,747	-
Repayments	**(77,050)**	(74,100)	(102,387,990)
Balance at end of year	**P 73,780,079**	P 73,717,013	P 73,611,366

The advances from Megaworld bear annual interest of 6.0%. The interest expense incurred in 2021, 2020 and 2019 are presented as part of Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2).

The related unpaid interest amounting to P65.8 million and P56.2 million as at December 31, 2021 and 2020, respectively, is included as part of the Advances from Related Parties account in the statements of financial position.

21.6 Services

In 2021 and 2020, the Company obtained services from a related party for a fixed consideration. The amount of expenses incurred from such transaction is recorded as part of Management fees under the Other Operating Expenses account in the 2021 and 2020 statements of comprehensive income (see Note 17) while the related outstanding payable is presented as part of Others under Trade and Other Payables account in the statements of financial position (see Note 14).

21.7 Others

(a) Commission Expense

In the normal course of business, the Company pays commissions to Megaworld and MGEI for marketing services rendered with the purpose of increasing sales from the Company's projects.

The commissions are based on pre-agreed rates and are payable once a certain percentage of the contract price has been collected. Commissions incurred are presented as part of Commissions under Other Operating Expenses account in the statements of comprehensive income (see Note 17). The related outstanding payable is presented as Commission payable under Trade and Other Payables account in the statements of financial position (see Note 14).

The outstanding payables from these transactions are short-term, unsecured, noninterest-bearing and generally settled in cash upon demand.

(b) Commission Income

The Company provided marketing services to TLC to increase the latter's real estate sales. Total amount of commission income earned is included as part of Others under Revenues account in the statements of comprehensive income. There are no outstanding receivables related to this transaction as at December 31, 2021 and 2020.

(c) Loans Obtained and Granted

The Company granted an unsecured interest-bearing loan to TLC amounting to P134.2 million, payable for five years with an interest rate of 6% and payable quarterly. The related outstanding loan receivables as of December 31, 2021 amounted to P134.2 million and is presented as part of Trade and Other Receivables account in the 2021 statement of financial position.

Also on December 29, 2021, the Company obtained an unsecured, interest-bearing loans from Megaworld for its working capital requirements. The outstanding balance of the loans as at December 31, 2021 amounted to P1.0 billion and is presented as part of Interest-Bearing Loans account in the 2021 statement of financial position (see Note 13). The amount of accrued interest from the loans as of December 31, 2021 is immaterial, hence, no accrual has been made.

(d) Others

The Company has control of funds amounting to P24.2 million and P34.5 million as at December 31, 2021 and 2020, respectively, that are held in trust by MGEI. These are included as part of the Cash and Cash Equivalents account in the statements of financial position (see Note 4).

21.8 Key Management Personnel Compensation

The Company's key management personnel compensation, which is presented as part of Salaries and employee benefits (see Note 19.1), includes the following:

	Note	**2021**	2020	2019
Short-term benefits		**P 18,452,469**	P 18,470,597	P 20,162,959
Post-employment defined benefit		**3,487,868**	3,989,322	4,680,274
Share-based employee compensation	22.2	**-**	-	892,952
		P 21,940,337	P 22,459,919	P 25,736,185

22. EQUITY

22.1 Capital Stock

Capital stock as of December 31, 2021 and 2020 consists for both years:

	Shares	**Amount**
Common shares – P1 par value		
Authorized	20,000,000,000	P 20,000,000,000
Issued and outstanding		
Balance at end of year	10,986,000,000	P 10,986,000,000

On November 23, 1995, the SEC approved the listing of the Company's common shares totaling 150.0 million. The shares were initially issued at an offer price of P19.50 per common share. As at December 31, 2021 and 2020, there are 4,183 and 4,200 holders of the listed shares, which closed at P1.01 per share and P1.20 per share, respectively.

The Company also made additional listings of 2.2 billion, 5.0 billion and 2.5 billion shares on January 11, 2007, January 20, 2011 and August 14, 2013, respectively.

22.2 Employee Stock Option Plan

On September 23, 2011, the BOD of the Company approved an Executive Stock Option Plan (the ESOP) for its key executive officers. This was approved on November 8, 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the ESOP is to enable the key executives and senior officers of the Company, 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 ESOP is being administered by the Executive Compensation Committee of the BOD.

Under the ESOP, the Company shall initially reserve for exercise of stock options up to 500.0 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Stock options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for twelve months immediately preceding the date of grant. The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The Company shall receive cash for the stock options.

As of December 31, 2021 and 2020, pursuant to this ESOP, the Company has granted the option to its key company executives to subscribe to 400.0 million shares of the Company. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. A total of 400.0 million options have vested as at December 31, 2021 and 2020, respectively, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation were shown below.

Grant dates	:	February 16, 2012, February 18, 2013 March 7, 2014, March 9, 2015, July 14, 2016
Vesting period ends	:	February 15, 2015, February 17, 2016, March 6, 2017, March 8, 2018, July 13, 2019
Option life	:	Seven years
Share price at grant dates	:	P2.10, P2.09, P1.60, P1.63, P1.02
Exercise price at grant dates	:	P1.93, P1.69, P1.50, P1.65, P1.00
Average fair value at grant dates	:	P2.27, P0.74, P0.42, P0.34, P0.24
Average standard deviation of share price returns	:	57.10%, 20.85%, 16.16%, 12.16%, 15.29%
Average risk-free investment rates	:	2.46%, 2.14%, 2.46%, 2.51%, 2.59%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of P 0.9 million share-based employee compensation is recognized for the year ended December 31, 2019 (nil for 2021 and 2020) and is included as part of Salaries and employee benefits under Other Operating Expenses account in the 2019 statement of comprehensive income (see Note 17), and is credited to Retained Earnings in the equity section of the statements of financial position.

23. EARNINGS PER SHARE

Earnings per share amounts were computed below.

	2021	2020	2019
Basic:			
Net profit for the year	**P 1,298,852,373**	P 1,078,053,171	P 1,367,938,755
Divided by weighted number of outstanding common shares	**10,986,000,000**	10,986,000,000	10,986,000,000
	P 0.118	P 0.098	P 0.125
Diluted:			
Net profit for the year	**P 1,298,852,373**	P 1,078,053,171	P 1,367,938,755
Divided by weighted number of outstanding common shares	**11,376,972,222**	11,376,972,222	11,357,527,778
	P 0.114	P 0.095	P 0.121

In relation to the approved ESOP for key executive officers, the vested options exercisable by any of the option holders are considered as potentially dilutive shares.

24. COMMITMENTS AND CONTINGENCIES

24.1 Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases covering real estate properties for commercial use and development rights (see Notes 11 and 12). The leases have lease terms ranging from one to five years, with renewal options, and include annual escalation rate of 5.0%. The average annual rental covering these agreements amounted to P141.7 million. Future minimum lease receivables under these agreements are presented below.

	2021	2020
Within one year	**P 173,350,961**	P 144,158,135
After one year but not more than two years	**162,922,616**	136,162,683
After two years but not more than three years	**160,947,769**	136,645,869
After three years but not more than four years	**162,046,168**	142,426,354
After four years but not more than five years	**159,427,382**	148,753,498
More than five years	**1,873,076,809**	1,205,657,374
	P 2,691,771,705	P 1,913,803,913

The undiscounted maturity analysis of finance lease receivable at December 31, 2021 and 2020 is as follows:

	Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**	**Total**
2021							
Lease collection	P 120,334,584	P 88,699,119	P 89,346,871	P 90,014,054	P 26,281,499	P 679,150,148	P1,093,826,275
Interest income	(38,419,380)	(34,355,507)	(29,909,018)	(25,047,216)	(24,407,402)	(368,782,763)	(520,921,286)
Net present value	**P 81,915,204**	**P 54,343,612**	**P 59,437,853**	**P 64,966,838**	**P 1,874,097**	**P310,367,385**	**P 572,904,989**

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
2020							
Lease collection	P 94,764,348	P 88,070,235	P 88,699,119	P 89,346,871	P 90,014,054	P 705,431,648	P1,156,326,275
Interest income	(42,130,828)	(38,419,379)	(34,355,507)	(29,909,018)	(25,047,216)	(393,190,165)	(563,052,113)
Net present value	P 52,633,520	P 49,650,856	P 54,343,612	P 59,437,853	P 64,966,838	P312,241,483	P 593,274,162

24.2 Legal Claims

As at December 31, 2021 and 2020, the Company is a party to certain litigations arising from the normal course of business. No provision was recognized in the Company's financial statements because the ultimate outcome of these litigations cannot be presently determined. In addition, the Company's management believes that its impact in the financial statements, taken as a whole, is not material.

24.3 Others

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on their financial statements.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 26. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

25.1 Market Risk

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates, however, arise from the Company's cash and cash equivalents which are denominated in U.S. dollars.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

U.S. dollar denominated financial assets, translated into Philippine pesos at the closing rates at end of 2021, 2020 and 2019, pertain to cash and cash equivalents amounting to P75.9 million, P100.9 million and P92.8 million, respectively. The Company has no U.S. dollar denominated financial liabilities in 2021, 2020 and 2019.

If the Philippine peso had strengthened against the U.S. dollar, profit before tax would have increased by P9.4 million in 2021 and decreased by P5.3 million and P8.8 million in 2020 and 2019, respectively. If the Philippine peso had weakened against the U.S. dollar, then this would have increased profit before tax in 2021, 2020 and 2019 by the same amount. This sensitivity of the net result for the year assumes a +/- 12.33%, +/- 5.2% and +/- 9.5% change of the Philippine peso/U.S. dollar exchange rate for the years ended December 31, 2021, 2020 and 2019, respectively. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months for 2021 and 2020 estimated at 99.0% level of confidence. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of the reporting periods.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

(b) Interest Rate Risk

As at December 31, 2021 and 2020, the Company is exposed to changes in market interest rates through its cash and cash equivalents and interest bearing loans, which are subject to variable interest rates (see Notes 4 and 13). All other financial assets and liabilities have fixed rates.

The sensitivity of the Company's profit before tax is analyzed based on reasonably possible change for the year to a reasonably possible change in interest rates of +/- 1.26% in 2021, +/- 2.44% in 2020 and +/- 3.72% in 2019. These changes are considered to be reasonably possible based on observation of current market conditions. The percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months at a 99% confidence level. The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting period, with effect estimated from beginning of the year. All other variables held constant, if the interest rate increased by 1.26%, 2.44% and 3.72% in 2021, 2020 and 2019 respectively, profit before tax would have increased by P1.8 million and P2.5 million and decreased by P26.0 million in 2021, 2020 and 2019 , respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2021, 2020 and 2019 , would have been higher by the same amount.

25.2 Credit Risk

Credit risk is the risk when a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and related parties and by placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets and contract assets are the carrying amounts of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized in the succeeding page.

	Notes	2021	2020
Cash and cash equivalents	4	**P 2,324,849,090**	P 1,458,464,450
Instalment contracts receivable – net	5	**3,825,554,149**	3,901,830,668
Finance lease receivable	5	**572,904,989**	593,274,162
Rental receivables	5	**281,266,715**	205,793,001
Other receivables	5	**656,095,446**	339,604,752
Contract assets	16.2	**2,112,841,135**	1,256,203,714
Advances to related parties	21.4	**10,057,263,137**	10,049,094,264
Advances to joint ventures	8	**203,457,118**	189,842,263
Refundable deposits	7	**64,008,616**	63,709,553
		P20,098,240,394	P 18,057,816,827

(a) Cash and Cash Equivalents

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

As part of Company policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under R.A. No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, are still subject to credit risk.

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

As of December 31, 2021 and 2020, impairment allowance is not material.

(b) Trade and Other Receivables and Contract Assets

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Company undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Company's buyers' profile.

The Company has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking information specific to the buyers and the economic environment.

The Company considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The provision rate based on days past due of all customers as they have similar loss patterns. The credit enhancements such advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from sale. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient.

Other components of receivables such as Rental receivables are also evaluated by the Company for impairment and assessed the no ECL should be provided. Rental receivables are secured to the extent of advance rental and security deposit received from the lessees, which are in average equivalent to six months.

The estimated fair value of collateral and other security enhancements held against installment contract receivables, contract assets and rent receivables are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2021			
Installment contracts receivable – net	P 3,825,554,149	P 6,130,280,993	P -
Contract assets	2,112,841,134	4,548,203,492	-
Rent receivables	281,266,715	67,675,748	213,590,967
	P 6,219,661,998	**P 10,746,160,233**	**P 213,590,967**
2020			
Installment contracts receivable – net	P 3,901,830,668	P 6,808,702,904	P -
Contract assets	1,256,203,714	2,569,426,366	-
Rent receivables	205,793,001	72,022,068	133,770,933
	P 5,363,827,383	P 9,,450,151,338	P 133,770,933

Some of the unimpaired trade and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2021	2020
Current (not past due)	**P4,890,226,908**	P 4,514,268,744
Past due but not impaired:		
More than one month but not more than three months	**63,529,346**	287,823,235
More than three months but not more than six months	**109,131,154**	102,463,346
More than six months but not more than one year	**272,933,890**	135,947,258
	P 5,335,821,298	P 5,040,502,583

(c) Advances to Related Parties and Advances to Joint Ventures

ECL for Advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from certain related parties as of December 31, 2021 and 2020 are not recoverable since these related parties have no capacity to pay the advances upon demand. Accordingly, impairment loss amounting to P21.5 million and P22.3 million for the years ended December 31, 2021 and 2020, respectively, is recognized and is presented as part of Finance Costs and Other Charges account in the statements of comprehensive income (see Note 18.2). The allowance for impairment as of December 31, 2021, 2020 and 2019 amounted to P73.4 million, P52.0 million and P29.6 million, respectively.

The Company does not consider any significant risks in the remaining advances to related parties since Megaworld and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy.

In addition, there is also no significant risks in the advances joint ventures as these are advances to joint venturers in the Company's certain real estate projects which are set-off against the joint venturer's share in the collections of receivables pertaining to such projects. As of December 31, 2021 and 2020, impairment allowance is not material.

25.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's financial liabilities have contractual maturities which are presented below.

	Notes	Current Within 6 Months	Current 6 to 12 Months	Non-current 1 to 5 Years	Non-current Beyond 5 Years
2021 :					
Interest-bearing loans	13	P 625,819,661	P 779,698,597	P 4,200,249,386	P 918,521,660
Trade and other payables	14	798,271,412	-	-	-
Advances from related parties	21.5	-	255,689,384	-	-
Lease liabilities	11	60,081,185	60,081,184	225,595,179	718,399,295
Retention payable	14, 15	-	37,181,105	-	354,624,188
		P1,484,172,258	**P 1,132,650,270**	**P4,425,844,565**	**P1,991,545,143**
2020 :					
Interest-bearing loans	13	P 798,181,895	P 532,616,785	P 3,233,671,349	P173,170,448
Trade and other payables	14	663,325,772	-	-	-
Advances from related parties	21.5	-	288,503,095	-	-
Lease liabilities	11	39,143,667	39,143,666	200,925,535	747,392,551
Retention payable	14, 15	-	81,125,999	-	311,784,111
		P1,500,651,334	P 941,389,545	P3,434,596,884	P1,232,347,110

26. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

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

	2021 Carrying Values	2021 Fair Values	2020 Carrying Values	2020 Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	**P 2,324,849,090**	**P 2,324,849,090**	P 1,458,464,450	P 1,458,464,450
Trade and other receivables – net	**5,335,821,298**	**5,335,821,298**	5,040,502,583	4,369,563,466
Advances to related parties	**10,057,263,137**	**10,057,263,137**	10,049,094,264	10,049,094,264
Advances to joint ventures	**203,457,118**	**203,457,118**	189,842,263	189,842,263
Refundable deposits	**64,008,616**	**64,008,616**	63,709,553	63,709,553
	P 17,985,399,259	**P 17,985,399,259**	P16,801,613,113	P16,130,673,996
Financial Liabilities				
Financial liabilities at amortized cost:				
Trade and other payables	**P 798,271,412**	**P 798,271,412**	P 663,325,772	P 663,325,772
Interest-bearing loans	**5,676,470,580**	**5,694,463,775**	4,397,058,820	4,507,292,847
Advances from related parties	**255,689,384**	**255,689,384**	288,503,095	288,503,095
Lease liabilities	**526,912,165**	**526,912,165**	464,453,385	464,453,385
Retention payable	**391,805,293**	**391,805,293**	392,910,110	392,910,110
	P 7,649,148,834	**P 7,667,142,029**	P 6,206,251,182	P 6,316,485,209

See Notes 2.4 and 2.9 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 25.

26.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2021 and 2020 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders or upon instruction by the parent company. As such, the Company's outstanding advances to related parties amounting to P10,057.3 million and P10,049.1 million can be offset by the amount of outstanding advances from related parties amounting to P255.7 million and P288.5 million as at December 31, 2021 and 2020, respectively (see Note 21).

The Company has cash in a certain local bank to which it has an outstanding loan (see Note 14). In case of the Company's default on loan amortization, cash in bank amounting to P2.2 billion and P467.9 million as of December 31, 2021 and 2020, respectively, can be applied against its outstanding loan amounting to P5,676.5 million and P4,397.1 million as of December 31, 2021 and 2020, respectively.

27. FAIR VALUE MEASUREMENT AND DISCLOSURES

27.1 Fair Value Hierarchy

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

The levels of fair value hierarchy are shown in the succeeding page.

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

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

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

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

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

27.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table in the succeeding page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
2021:				
Financial Assets:				
Cash and cash equivalents	P2,324,849,090	P -	P -	P 2,324,849,090
Trade and other receivables – net	-	-	5,125,234,367	5,125,234,367
Advances to related parties	-	-	10,057,263,137	10,057,263,137
Advances to joint ventures	-	-	203,457,118	203,457,118
Refundable deposits	-	-	64,008,616	64,008,616
	P2,324,849,090	**P -**	**P15,449,963,238**	**P17,774,812,328**
Financial Liabilities:				
Trade and other payables	P -	P -	P 798,271,412	P 798,271,412
Interest-bearing loans	-	-	5,694,463,775	5,694,463,775
Advances from related parties	-	-	255,689,384	255,689,384
Lease liabilities	-	-	526,912,165	526,912,165
Retention payable	-	-	391,805,293	391,805,293
	P -	**P -**	**P 7,667,142,029**	**P 7,667,142,029**
2020:				
Financial Assets:				
Cash and cash equivalents	P1,458,464,450	P -	P -	P 1,458,464,450
Trade and other receivables – net	-	-	4,369,563,466	4,369,563,466
Advances to related parties	-	-	10,049,094,264	10,049,094,264
Advances to joint ventures	-	-	189,842,263	189,842,263
Refundable deposits	-	-	63,709,553	63,709,553
	P1,458,464,450	P -	P14,672,209,546	P16,130,673,996
Financial Liabilities:				
Trade and other payables	P -	P -	P 663,325,772	P 663,325,772
Interest-bearing loans	-	-	4,507,292,847	4,507,292,847
Advances from related parties	-	-	288,503,095	288,503,095
Lease liabilities	-	-	464,453,385	464,453,385
Retention payable	-	-	392,910,110	392,910,110
	P -	P -	P 6,316,485,209	P 6,316,485,209

The fair values of the financial assets and liabilities included in Level 3, which are not traded in an active market is determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

27.3 Investment Property Measured at Cost for which Fair Value is Disclosed

In estimating the fair value of the Company's investment property, management takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

The fair value of the investment property was determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 3 fair value of land was derived through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

(ii) Fair Value Measurement for Building and Improvements

The fair value of the Company's building and improvements, which are classified under Level 3 of the fair value hierarchy, is determined by calculating the present value of the cash inflows anticipated until the end of the life of the investment property using a discount rate applicable to these assets.

The breakdown of Investment Property at its fair market value are as follows:

	2021	2020
Building and Improvements	**P 4,678,667,114**	P 5,290,591,655
Land and Land Improvement	**7,419,189,764**	7,376,863,959
	P12,097,856,878	P 12,667,455,615

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company also monitors its debt coverage ratio (DCR) and current ratio as required by its loan obligations (see Note 13). The Group has complied with its covenant obligations, including maintaining the required DCR and current ratio.

The Company also monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized below.

	2021	2020
Total liabilities	**P 10,482,139,071**	P 8,811,112,855
Total equity	**30,952,434,609**	29,638,206,871
Debt-to-equity ratio	**0.34:1:00**	0.30:1:00

The corresponding requirement of the debt-to-equity ratio on December 31 of each year shall not be less than 2:1.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities.

	Interest-bearing Loans (See Note 13)	Advances from Related Parties (See Note 21)	Lease Liabilities (See Note 11)	Total
Balance as of January 1, 2021	P 4,397,058,820	P 288,503,095	P 464,453,385	P 5,150,015,300
Cash flows from financing activities:				
Additional borrowings	2,500,000,000	632,881	-	2,500,632,881
Repayments of borrowings	(1,220,588,240)	(43,083,706)	(24,705,093)	(1,288,377,039)
Interest paid	-	-	(13,030,864)	(13,030,864)
Non-cash financing activities –				
Recognition of lease liability	-	-	62,125,932	62,125,932
Interest expense	-	9,637,114	-	9,637,114
Interest amortization on lease liabilities	-	-	38,068,805	38,068,805
Balance as of December 31, 2021	**P 5,676,470,580**	**P 255,689,384**	**P 526,912,165**	**P 6,459,072,129**
Balance as of January 1, 2020	P 4,480,769,231	P 235,579,818	P 494,291,684	P 5,210,640,733
Cash flows from financing activities:				
Additional borrowings	1,500,000,000	44,410,175	-	1,544,410,175
Repayments of borrowings	(1,583,710,411)	(74,100)	(61,081,162)	(1,644,865,673)
Interest paid	-	-	(11,761,115)	(11,761,115)
Non-cash financing activities –				
Recognition of lease liability	-	-	84,106,667	84,106,667
Derecognition of lease liability	-	-	(78,411,145)	(78,411,145)
Interest expense	-	8,587,202	-	8,587,202
Interest amortization on lease liabilities	-	-	37,308,456	37,308,456
Balance as of December 31, 2020	P 4,397,058,820	P 288,503,095	P 464,453,385	P 5,150,015,300
Balance as of January 1, 2019	P 3,942,307,693	P 324,148,328	P -	P 4,266,456,021
Adoption of PFRS 16	-	-	610,257,526	610,257,526
Cash flows from financing activities:				
Additional borrowings	2,000,000,000	5,731,148	-	2,005,731,148
Repayments of borrowings	(1,461,538,462)	(102,387,990)	(115,965,842)	(1,679,892,294)
Interest paid	-	-	(35,937,092)	(35,937,092)
Non-cash financing activities –				
Interest expense	-	8,088,332	-	8,088,332
Interest amortization on lease liabilities	-	-	35,937,092	35,937,092
Balance as of December 31, 2019	P 4,480,769,231	P 235,579,818	P 494,291,684	P 5,210,640,733

30. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 is as follows:

(a) *Output VAT*

	Tax base	Output VAT
Real estate sales:		
Taxable sales	P 1,272,219,303	P 152,666,316
Exempt sales	34,908,908	-
Rental income and management and marketing income	437,075,181	52,449,022
	P 1,744,203,392	**P 205,115,338**

The Company's exempt sales/receipts were determined pursuant to Section 109, *VAT Exempt Transactions*, of the 1997 National Internal Revenue Code, as amended.

The tax base is included as part of Real Estate Sales, Rental Income, Management and Marketing Income and Others in the statement of comprehensive income for the year ended December 31, 2021 and are based on the Company's gross receipts for the year; hence, may not be the same with the amounts accrued in the 2021 statement of comprehensive income.

The outstanding output VAT payable amounting to P7,966,103 as of December 31, 2021 is presented as part of Others under Trade and Other Payables account in the 2021 statement of financial position.

(b) *Input VAT*

The movement in input VAT for year ended December 31, 2021 is summarized below.

Balance at beginning of year	P -
Services lodged under other accounts	102,696,571
Goods other than for resale or manufacture	34,637,808
Amortization of deferred input VAT from previous period	3,898,178
Capital goods subject to amortization	336,422
Capital goods not subject to amortization	440,418
Deferred input VAT on capital goods subject to amortization	(1,107,831)
Applied against exempt sales	(2,790,347)
Applied against output VAT	(138,111,219)
Balance at end of year	**P -**

Unamortized input VAT amounted to P46.4 million as of December 31, 2021 and is presented under Prepayments and Other Current Assets account in the 2021 statement of financial position.

(c) *Taxes on Importation*

The Company did not have any importations for the year ended December 31, 2021; hence, there was no payment of customs duties and tariff fees.

(d) Excise Tax

The Company did not have any transactions in 2021, which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

DST paid and accrued in 2021 is presented below.

Loan instruments	P 11,250,000
Others	111,085
	P 11,361,085

(f) Taxes and Licenses

The details of Taxes and licenses in 2021 are as follows:

DST	P 11,361,085
Real property taxes	6,904,753
Business and local taxes	5,476,071
Transfer Tax	12,164
Community tax certificate	10,500
Others	3,547,587
	P 27,312,160

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2021 are shown below.

Expanded	P 45,688,704
Compensation and employee benefits	21,037,263
	P 66,725,967

The Company has no income payment subject to final withholding tax in 2021.

(h) Deficiency Tax Assessments and Tax Cases

In 2021, the Company paid deficiency taxes on VAT totalling P3,042,425, inclusive of P996,634 interest, relating to the taxable year 2019. The Company does not have any other final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

COVER SHEET

A S O 9 4 0 0 4 4 6 2

S.E.C. Registration Number

G L O B A L - E S T A T E R E S O R T S , I N C .

(Company's Full Name)

9 T H F L O O R E A S T W O O D G L O B A L P L A Z A

P A L M T R E E A V E N U E B A G U M B A Y A N

1 1 1 0 Q U E Z O N C I T Y

(Business Address: No. Street City/ Town/ Province)

LAILANI V. VILLANUEVA	328-4374
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17-Q (for the quarter ended 31 March 2022)	0 6	3 0
Month	Day	FORM TYPE	Month	Day
Calendar Year			annual meeting	

Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

****

To be accomplished by SEC Personnel concerned

File Number

LCU

Dociment I.D.

Cashier

STAMPS

SEC Number **AS094004462**
File Number ______________

GLOBAL-ESTATE RESORTS, INC.
(Company's Full Name)

9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City
(Company's Address)

(632) 5328-4370 to 78
(Tel. No.)

December 31, 2022
(Calendar Year Ending)

SEC FORM 17-Q (1st QUARTER)
(Form Type)

March 31, 2022
(Period ended date)

REGISTERED AND LISTED
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended ....: **March 31, 2022**
2. Commission identification number................ : **AS094004462**
3. BIR Tax Identification No...............................: **000-426-523-V**
4. Exact name of issuer as specified in its charter

GLOBAL-ESTATE RESORTS, INC

....

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

Quezon City, Philippines

....

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

9th Floor, Eastwood Global Plaza, Palm Tree Avenue,
Eastwood City, Bagumbayan, Quezon City **1110**

....

8. Issuer's telephone number, including area code

Tel. No. (632) 5328-4370 to 78

....

9. Former name, former address and former fiscal year, if changed since last report

16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City

....

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock	**10,986,000,000**
Loans payable	**₱ 7,407,777,344**
Bonds payable	**₱ -**

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

Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange (PSE) **Common stock**

....

12. Indicate by check mark whether the registrant:

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

   Yes [X] No [ ]

   (b) has been subject to such filing requirements for the past ninety (90) days.

   Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached Annex A-1 for the Consolidated Statements of Financial Position as of March 31, 2022 and December 31, 2021; Annex A-2 for the Consolidated Statements of Comprehensive Income for the three-month period ended March 31, 2022 and March 31, 2021; Annex A-3 for Consolidated Statements of Changes in Stockholders' Equity for the three-month period ended March 31, 2022 and March 31, 2021; Annex A-4 for the Consolidated Statements of Cash Flows for the three-month period ended March 31, 2022 and March 31, 2021 and Annex A-5 for the Aging of Receivables for the 1st Quarter ended March 31, 2022.

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

Refer to attached Analysis of Operations.

PART II--OTHER INFORMATION

Not Applicable.

SIGNATURES

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

Principal Financial/Accounting Officer/ Controller/Authorized Representative	:	Ms. Lailani V. Villanueva
Title	:	Chief Financial Officer
Signature	:	
Date	:	May 11, 2022

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 1st QUARTER ENDED March 31, 2022

REVIEW OF RESULTS OF OPERATIONS

(Comparing balances for the 3-month period ended March 31, 2021 and 3-month period ended March 31, 2020)

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.

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

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2022	December 31, 2021
Current Ratio	4.53	4.37
Quick Ratio	1.53	1.48

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	December 31, 2021
Debt to Total Assets	33%	33%
Equity to Total Assets	67%	67%
Debt to Equity	49%	50%
Asset to Equity	1.49	1.50

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
Return on Equity	1.13%	1.04%
Return on Assets	0.76%	0.63%
Earnings per Share	₱ 0.0312	₱ 0.0273

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
Asset Turnover	1.90%	1.78%

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
Interest Coverage	5.81	5.35

Interest Coverage Ratio (Earnings before Interest and Income Tax/Interest Expense)
It measures how easily a company can pay interest on an outstanding debt.

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.
- 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;
- 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.

1. CORPORATE INFORMATION

Global-Estate Resorts, Inc. (the Company or GERI) was incorporated in the Philippines on May 18, 1994. It is primarily engaged in the development of integrated tourism and leisure estates, and integrated lifestyle communities with residential, retail, hotel and/or leisure components. The Company also engages in land acquisitions and maintains an inventory of raw land for future development.

On May 25, 2021, the Philippines Securities and Exchange Commission (SEC) approved the change in the Company's registered office and principal place of business from 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City to 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City. The related approval from the Bureau of Internal Revenue (BIR) was obtained on May 21, 2021.

The Company is a subsidiary of Megaworld Corporation (Megaworld or the parent company) with an ownership interest of 82.31%. Megaworld is 67.00% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company.

Megaworld was incorporated in the Philippines primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities such as product design, construction and property management. Megaworld's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail spaces. The registered office of Megaworld, which is also its principal place of business, is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick service restaurants and tourism-oriented businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Quezon City.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

The Company holds interests in the following subsidiaries and associates (collectively, together with the Company, hereinafter referred to as the Group):

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership 1Q**2022**	2021	2020
Subsidiaries:				
Fil-Estate Properties, Inc. (FEPI)		100%	100%	100%
Aklan Holdings Inc. (AHI)	(a)	100%	100%	100%
Blue Sky Airways, Inc. (BSAI)	(a)	100%	100%	100%
Fil-Estate Subic Development Corp. (FESDC)	(a)	100%	100%	100%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	100%	100%	100%
Golden Sun Airways, Inc. (GSAI)	(a)	100%	100%	100%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(a)	100%	100%	100%
MCX Corporation (MCX)	(a)	100%	100%	100%
Pioneer L-5 Realty Corp. (PLRC)	(a)	100%	100%	100%
Prime Airways, Inc. (PAI)	(a)	100%	100%	100%
Sto. Domingo Place Development Corp. (SDPDC)	(a)	100%	100%	100%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	100%	100%	100%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	79%	79%	79%
Sherwood Hills Development Inc. (SHDI)	(a)	55%	55%	55%
Fil-Estate Golf and Development, Inc. (FEGDI)		100%	100%	100%
Golforce, Inc. (Golforce)	(b)	100%	100%	100%
Southwoods Ecocentrum Corp. (SWEC)	(b)	60%	60%	60%
Philippine Aquatic Leisure Corp. (PALC)	(c)	60%	60%	60%
Fil-Estate Urban Development Corp. (FEUDC)		100%	100%	100%
Novo Sierra Holdings Corp. (NSHC)		100%	100%	100%
Elite Communities Property Services, Inc. (ECPSI)	(d)	100%	100%	100%
Savoy Hotel Boracay, Inc.	(e)	100%	100%	-
Belmont Hotel Boracay, Inc.	(e)	100%	100%	-
Megaworld Global-Estate, Inc. (MGEI)	(f)	60%	60%	60%
Twin Lakes Corp. (TLC)		51%	51%	51%
Twin Lakes Hotel, Inc. (TLHI)	(g)	51%	51%	51%
Oceanfront Properties, Inc. (OPI)		50%	50%	50%
Global Homes and Communities, Inc. (GHCI)		100%	100%	100%
Southwoods Mall, Inc. (SMI)		51%	51%	51%
Associates:				
Fil-Estate Network, Inc. (FENI)		20%	20%	20%
Fil-Estate Sales, Inc. (FESI)		20%	20%	20%
Fil-Estate Realty and Sales Associates Inc. (FERSAI)		20%	20%	20%
Fil-Estate Realty Corp. (FERC)		20%	20%	20%
Nasugbu Properties, Inc. (NPI)	(h)	14%	14%	14%

Non-controlling interests (NCI) in 1Q2022, 2021 and 2020 represent the interests not held by the Group in FEIPI, SHDI, SWEC, PALC, MGEI, TLC, TLHI, OPI and SMI.

All subsidiaries and associates were incorporated in the Philippines, operate within the country and are engaged in businesses related to the main business of the Company.

Explanatory notes:

(a) Subsidiaries of FEPI; percentage ownership represents effective ownership of GERI.

(b) Subsidiaries of FEGDI; percentage ownership represents effective ownership of GERI.

(c) Subsidiary of SWEC.

(d) Subsidiary acquired in 2018. ECPSI is engaged primarily to manage and administer real estate properties.

(e) Subsidiaries engaged primarily to operate and manage resort hotels.

(f) Subsidiary acquired in prior years primarily to market the Group's projects.

(g) A subsidiary of TLC. The Company is incorporated in 2018 to operate Twin Lakes Hotel, one of the real estate projects of TLC.

(h) Associates because GERI has a representation in the boards of directors.

1.2 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), 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, A*mendment 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 Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements: • 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
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*	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. 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. 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.	Until December 31, 2023

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.

2.2 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 ofpractical 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.

2.3 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 (see also Note 2.11).

(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 (see Note 2.17).

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.

The Company holds interests in various subsidiaries and associates as presented in Notes 1.

2.4 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.

2.5 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 (see Note 29.2).

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 of 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.

2.6 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 (see Note 2.20). 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.

2.7 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 we 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 (see Note 2.17).

2.8 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 (see Note 2.17).

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.

2.9 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 (see Note 2.17).

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.

2.10 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.

2.11 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 [see Note 2.3(a)].

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.

2.12 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.

2.13 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.

2.14 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.

2.15 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 (see Note 2.16).

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 (see Note 2.20).

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 [see Note 2.5(b)].

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.

2.16 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 (see Note 2.17).

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.

2.17 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.

2.18 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.

2.19 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).

2.20 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 (see Note 2.6). 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(b) Evaluation of the Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

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

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

(ii) Hotel Operations

The Group determines that its revenue from hotel operations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iii) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(c) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade and other receivables and contract assets. The provision rates are based on days past due for group of various customer segments that have similar loss patterns (i.e., product type, customer type, and coverage by letters of guarantee and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Note 29.2(b).

In relation to advances to related parties, that the maximum period over which ECL should be measured is the longest contractual period where the Group 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 ECL 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 receivables can be fully collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Group can fully recover the outstanding balance of its receivables, except for those discussed in Note 29.2(b).

(d) Distinction among Investment Property and Owner-occupied Properties

The Group determines whether an asset qualifies as an item of investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Group or for administrative purposes.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(e) Distinction Between Real Estate Inventories and Investment Properties

Residential and condominium units comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgment.

(f) Determination of Significant Influence over Entities in which the Group Holds Less than 20% Ownership

The Group determines whether significant influence exists over an investee company over which the Group holds less than 20% of the investee's capital stock. The Group considers the ability to influence the operating and financial policies of the investee, representation on the board of directors of the investee, provision of essential technical information for the development of the various projects of these investees, and routine participation in management decisions in making its judgment. Based on management's judgment, the Group has significant influence over these investee companies (see Note 1).

(g) Consolidation of Entities in which the Company Holds 50% Ownership or Less

Management considers that the Company has de facto control over OPI even though it does not hold more than 50% of the ordinary shares and voting rights of this subsidiary due to the factors discussed below.

The Company holds 50% equity interest over OPI and has: (1) the ability to direct the relevant activities of the subsidiary; (2) the rights to variable returns from its involvement with the subsidiary; and, (3) the ability to use its power to affect its returns from its involvement with the subsidiary. Based on management's judgment, the Company has control over OPI; hence, the said subsidiary was consolidated in the financial statements of the Group.

(h) Distinction Between Operating and Finance Leases (as a Lessor)

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

(i) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.13 and relevant disclosures are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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

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

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using the effective interest rate on the most recent loan. Since the date of the availment is near the initial date of application, management is satisfied that the selected rate reflects the risks specific to the Group.

(b) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

(c) Revenue Recognition for Performance Obligations Satisfied Over Time

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

(d) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(e) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable values inventories are higher than their related carrying values as of the end of the reporting periods.

(f) Fair Value of Stock Options

The Company estimates the fair value of the executive stock option by applying an option valuation model, taking into account the terms and conditions on which the executive stock option were granted. The estimates and assumptions used are presented in Note 26.2, which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of stock options at grant date.

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

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

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

(h) Fair Value Measurement of Investment Property

Investment property is measured using the cost model. For disclosure purposes, the Group determines the fair values of building and building improvements using the discounted cash flows valuation technique since the information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not available. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates.

These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land and land development and improvements, the Group determines the fair value of land through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2021 and 2020 will be fully utilized within the prescribed period of availment.

(j) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.17. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2019, certain advances to contractors were found to be impaired. No impairment losses were recognized on investment property, property and equipment, and right-of-use assets and other non-financial assets for the years ended December 31, 2021, 2020 and 2019.

(k) Valuation of Post-employment Defined Benefit Obligation

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

(l) Basis for Revenue Recognition Benchmark

The Group recognizes its revenue from sale of real estate in full when 10% or more of the total contract price is received. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history from customers and number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the payment of at least 10% of the contract price has been received from the buyer and the Group has ascertained the buyer's commitment to complete the payment of the total contract price.

4. **Segment revenue and segment results for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting**.

The following table present revenue and income information for the 1st quarter ended March 31, 2022 and March 31, 2021.

March 31, 2022
(Amount in thousands)

	Sales of Real Estate	Hotel Operations	Rentals and Services	Total
Revenue	₱1,034,270	₱60,616	₱152,054	₱1,246,940
Cost	416,788	37,664	73,187	527,639
Gross profit	**₱617,482**	**₱22,952**	**₱78,867**	**₱719,301**

March 31, 2021
(Amount in thousands)

	Sales of Real Estate	Hotel Operations	Rentals and Services	Total
Revenue	₱908,601	₱22,039	₱162,968	₱1,093,608
Cost	390,292	31,911	71,253	493,456
Gross profit	**₱518,309**	**(₱ 9,872)**	**₱ 91,715**	**₱600,152**

5. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period.
   There have been no material events that happened subsequent to the interim period that need disclosure herein.

6. Effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation**.**
   Not applicable.

7. Changes in contingent liabilities or contingent assets since the last annual balance sheet date
   The Company is a party to certain lawsuits or claims arising from the ordinary course of business and from several of its joint venture agreements. The Group's management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements, and thus, no provision has been made for these contingent liabilities.

8. Existence of material contingencies and any other events or transactions that are material to an understanding of current interim period.
   There have been no material contingencies and any other events or transactions that are material to an understanding of current interim period.

10. Any events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.

There have been no events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.

11. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
    There have been no material off-balance sheet transactions and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

12. Dividends paid separately for ordinary shares and other shares
    Not applicable.

13. Seasonality or cyclicality of interim operations
    Not applicable

14. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size and incidence.
    Not applicable

15. Issuances, repurchases, and repayments of debt and equity securities
    There have been no issuance, repurchase and repayment of debt and equity securities for the period.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise of cash, short-term bank deposits and investments.

Exposures to credit and liquidity risk arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

1. To identify and monitor such risks on an ongoing basis;
2. To minimize and mitigate such risks; and
3. To provide a degree of certainty about costs.

Credit Risk

The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield. The Group's holding of cash and marketable securities expose the Group to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations, and the Group consequently suffers financial loss. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing. The treasury policy sets aggregate credit limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties. The Group has credit management policies in place to ensure that rental contracts are entered into with customers who have sufficient financial capacity and good credit history.

Sales to buyers of real estate which are collectible on installment are relatively risk-free. Sales to real estate buyers are documented under Contract to Sell agreements which allow cancellation of the sale and forfeiture of payments made in the event of default by buyers. Transfer of title is made to buyers only upon full payment of the account.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

Liquidity Risk

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

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

Interest Rate Risk

The Group has no significant exposure to interest rate risk as some financial assets and liabilities are fixed-interest bearing.

Foreign Exchange Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. The currency exchange rates arise from Group's United States (U.S.) dollar-denominated cash and cash equivalents.

Management assessed that the foreign currency risks related to these U.S. dollar-denominated cash and cash equivalents to be not material.

CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

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

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

(Figures in thousands)

		March 2022		December 2021
Total Liabilities	P	17,833,170	P	18,047,180
Total Equity		36,483,121		36,070,890
Debt-to-equity ratio		0.49:1		0.50:1

CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial assets and liabilities.

The carrying amounts and fair value of the categories of financial assets and liabilities presented in the consolidated financial statement of financial position are shown on the next page:

Figures in thousands

	March 31, 2022		December 31, 2021	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets				
Loans and receivables:				
Cash and cash equivalents	P 3,681,534	P 3,681,534	P 3,949,449	P 3,949,449
Trade and other receivables - net	10,137,709	10,137,709	9,129,087	9,347,917
Advances to real property owner	1,313,106	1,313,106	1,303,731	1,303,731
Advances to related parties	662,922	662,922	714,141	714,141
Refundable deposits	92,097	92,097	118,111	118,914
	P 15,887,368	P 15,887,368	P 15,214,519	P 15,434,152

	March 31, 2021		December 31, 2020	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities				
Financial liabilities at amortized cost:				
Interest bearing loans and borrowings	P 7,407,778	P 7,407,778	P 7,492,924	P 7,510,918
Trade and other payables	3,587,526	3,587,526	3,300,379	3,300,379
Advances from related parties	784,572	784,572	850,532	850,532
Due to joint venture partners	404,215	404,215	400,238	400,238
Retention Payable	812,119	812,119	803,394	803,394
Redeemable preferred shares	251,598	251,598	251,598	245,811
Accrued dividends on preferred shares	1,920	1,920	439	439
Lease liabilities	545,300	545,300	526,912	526,912
	P 13,795,028	P 13,795,028	P 13,626,416	P 13,638,623

See notes to financial statements 2.5 and 2.10 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in page 44. The Group does not actively engage in the trading of financial assets for speculative purposes.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Annex A-1

As of March 31, 2022

(Amount in Thousands)

	Unaudited As of March 31, 2022	Audited As of December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and Cash equivalents	3,681,534	3,949,449
Trade and other receivables - net	8,148,155	7,529,861
Contract assets	2,299,392	1,914,210
Advances to real property owners	54,182	45,443
Advances to related parties	662,922	714,141
Inventories, net	18,892,357	18,872,379
Prepayments and other current assets	3,406,690	3,245,393
Total Current Assets	37,145,232	36,270,876
NON-CURRENT ASSETS		
Trade and other receivables - net	1,989,554	2,604,564
Contract assets	1,235,907	1,233,090
Advances to real estate property owners	1,258,924	1,258,288
Investment in associates, net	731,433	731,433
Investment Properties - net	10,763,968	10,797,031
Property and equipment - net	894,856	912,536
Right-of-use asset	150,962	150,159
Other non-current assets	145,455	160,093
Total Non-current Assets	17,171,059	17,847,194
TOTAL ASSETS	**54,316,291**	**54,118,070**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,478,922	1,387,255
Trade and other payables	3,587,526	3,605,272
Contract liabilities	491,967	491,603
Due to joint venture partners	404,215	400,238
Customer's deposit	1,099,632	1,226,744
Advances from related parties	784,572	850,532
Redeemable preferred shares	251,598	251,598
Lease Liabilities	106,065	84,127
Total Current Liabilities	8,204,497	8,297,369
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	5,928,856	6,105,669
Contract liabilities	246,954	267,065
Customer's deposit	100,359	73,650
Deferred tax liabilities-net	2,176,740	2,135,571
Retirement benefit obligation	127,256	127,234
Lease Liabilities	439,235	442,785
Other non-current liabilities	609,273	597,837
Total Non-current Liabilities	9,628,673	9,749,811
Total Liabilities	17,833,170	18,047,180
EQUITY		
Equity attributable to parent company's shareholder	30,327,383	29,984,351
Non-controlling interest	6,155,738	6,086,539
Total Equity	36,483,121	36,070,890
TOTAL LIABILITIES AND EQUITY	**54,316,291**	**54,118,070**

GLOBAL-ESTATE RESORT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1Q2022 VS. 1Q2021
(Amount in Thousands)

Annex A-2

	Unaudited 1Q 2022 Jan - Mar	Unaudited 1Q 2021 Jan - Mar
REVENUES		
Real estate sales	1,034,270	908,601
Rental income	112,092	119,971
Hotel operations	60,616	22,039
Service income	39,962	42,997
Marketing fees	13,363	21,830
Finance and other income	62,986	85,971
	1,323,289	1,201,409
COST AND EXPENSES		
Real estate sales	416,788	390,292
Cost of rentals and services	73,187	71,253
Cost of hotel operations	37,664	31,911
Operating expenses	245,010	261,871
Finance costs and other charges	20,707	26,769
Income tax expense	117,702	96,689
	911,058	878,785
Net Profit (Loss)	**412,231**	**322,624**
Other Comprehensive Income (Loss)		
Revaluation reserve	-	-
Total Comprehensive Income (Loss)	**412,231**	**322,624**
Net profit (loss) attributable to:		
Parent Company's shareholder	343,032	299,993
Non-controlling interest	69,199	22,631
	412,231	**322,624**
Total Comprehensive Income(loss) attributable to:		
Parent Company's shareholders	343,032	299,993
Non-controlling interest	69,199	22,631
	412,231	**322,624**
Earnings per share	**0.0312**	**0.0273**

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amount in Thousands)

Annex A -3

	As of March 31, 2022	As of March 31, 2021
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		
CAPITAL STOCK	10,986,000	10,986,000
ADDITIONAL PAID IN CAPITAL	4,747,739	4,747,739
REVALUATION RESERVE	32,586	7,628
RETAINED EARNINGS	14,561,058	13,206,738
	30,327,383	**28,948,105**
MINORITY INTEREST	**6,155,738**	**5,925,758**
TOTAL STOCKHOLDERS' EQUITY	**36,483,121**	**34,873,863**

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW

Annex A-4

(Amounts in Thousands)

	As of March 31, 2022	As of March 31, 2021
Net Income before tax	529,933	419,313
Add(less)		
Finance cost	20,537	23,995
Depreciation and amortization	83,761	71,677
Finance income	(39,637)	(33,050)
Operating Income(loss) before working capital changes	594,594	481,935
Net Changes in Operating Assets and Liabilities		
Decrease(Increase) current and non current asset	(627,322)	(428,524)
(Decrease)Increase current and non current liabilities	(101,876)	(14,193)
Cash paid for income taxes	(0)	(38,089)
Interest paid	(21,879)	(63,004)
Cash from(used in) Operating Activities	(156,483)	(61,875)
Cash from(used in) Investing Activities	31,808	(96,826)
Cash from (used in) Financing Activities	(143,240)	115,657
Net Increase (decrease) in cash and cash equivalent	(267,915)	(43,044)
Cash and cash equivalent at the beginning of the year	3,949,449	2,239,105
Cash and cash equivalent at the end of the year	3,681,534	2,196,061

GLOBAL-ESTATE RESORTS, INC, AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE

As of March 31, 2022

Annex A-5

(Amounts in Thousands)

Aging of Accounts Receivable

Type of receivables:	TOTAL	CURRENT/NOT YET DUE	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year
a. Trade/Other Receivable	10,137,709	9,091,668	335,782	168,155	263,271	278,833
Net Receivable	10,137,709					