COVER SHEET

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SEC Registration Number

D M C I P R O J E C T D E V E L O P E R S , I N C .

(Company's Full Name)

D M C I C O R P O R A T E C E N T E R

1 3 2 1 A P O L I N A R I O S T B A N G K A L

M A K A T I C I T Y

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

Contact Person	Evangeline H. Atchioco
Company Telephone Number	555-7777
Fiscal Year (Month / Day)	1 2 / 3 1
Form Type	SEC Form 17-A
Annual Meeting (Month / Day)	2nd Wednesday of May
Secondary License Type, If Applicable	N.A.
Dept. Requiring this Doc	CFD
Amended Articles Number/Section	N.A.
Total No. of Stockholders	12

Total Amount of Borrowings

Domestic	Foreign

………
………

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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Remarks: Please use BLACK ink for scanning purposes

SECURTIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATE CODE OF THE PHILIPPINES

1. Date of Event Reported: **December 31, 2019**

2. SEC Identification Number **ASO95-004137**

3. BIR Tax Identification No**. 004-659-091-000**

4. Exact Name of Issuer as it appears in the Charter: **DMCI Project Developers, Inc.**

5. Province, country or other jurisdiction of incorporation: **Makati City, Philippines**

6. Industry Classification Code: ______ (SEC Use Only)

7. Address of Principal office and Postal Code: **DMCI Homes Corporate Center, 1321 Apolinario Street, Bangkal, 1233 Makati City**

8. Issuer's telephone number and Area code: **(632)810-77-58/888-3000**

9. **NOT APPLICABLE**
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA:

Deferred Coupon-Paying Home Saver Bonds with an aggregate principal amount of up to P1.0 Billion

11. Are any or all of the securities listed on Stock Exchange?
Yes ( ) No (x)
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

____

____

12. Check whether the issuer:

a) has filed the reports required to be filed by SEC 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of RSA and RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such report(s);
Yes (x) No ( )

b) has been subject to such filing requirements for the past ninety (90) days.
Yes (x) No ( )

13. Aggregate market value of the voting stock held by non-affiliates:

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEEDING FIVE YEARS

14. **NOT APPLICABLE**
Check whether the issuer has filed all the documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of the securities under a plan confirmed by a court or the Commission.

DOCUMENTS INCORPORATED BY REFERNCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the documents incorporated:

a) Audited Financial Statements as of December 31, 2019 of DMCI Project Developers, Inc.
b) Audited Financial Statements as of December 31, 2019 of DMCI Holdings, Inc.
c) Corporate Governance (Part IV)
d) Exhibits and Schedules (Part V)

TABLE OF CONTENTS

e. Financial Assets (Part II 6D, Annex 68-E, A)
f. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates) (Part II 6D, Annex 68-E, B)
g. Amounts Receivable from / (Payable to) Related Parties which are eliminated during the consolidation of financial statements (Part II 6D, Annex 68-E, C)
h. Intangible Assets – Other Assets (Part II 6D, Annex 68-E, D)
i. Long-Term Debt (Part II 6D, Annex 68-E, E)
j. Indebtedness to Related Parties (Long-term Loans from Related Companies) (Part II 6D, Annex 68-E, F)
k. Guarantees of Securities of Other Issuers (Part II 6D, Annex 68-E, G)
l. Capital Stock (Part II 6D, Annex 68-E, H)

PART I – BUSINESS

Item 1. Business Information

A. Business Development

a) DMCI Project Developers, Inc. (the Company or "DMCI Homes") was incorporated and registered with the SEC on April 27, 1995. The Company's original name was DMCI Property Developers, Inc. On August 1, 1995, the Company's name was changed to DMCI Project Developers, Inc. The Company was organized to carry out the business of a real estate developer.

DMCI Homes is wholly-owned subsidiary by DMCI Holdings, Inc.[1], a leading conglomerate in the Philippines with interests in construction, real estate, power, water, and mining. DMCI-HI is listed at the PSE with a market capitalization of ₱87,764,076,700 as of December 31, 2019. One of the Company's affiliates is D.M. Consunji Inc. ("DMCI"), a DMCI-HI wholly-owned subsidiary and one of the Philippines' leading triple A rated general construction companies. Another affiliate is PSE-listed and DMCI-HI majority-owned subsidiary Semirara Mining and Power Corporation, the country's largest coal-producing company, with a market capitalization of ₱93,512,047,640 as of December 31, 2019.

The Company's main activities include the development, management and selling of various real estate properties such as condominium units, subdivision lots, buildings, resorts and others. The Company's business goal is to provide affordable residential units in urban friendly, serviced communities near places of work, study, and leisure. DMCI Homes endeavors to achieve objectives that advance the proposition of "profit with honor", namely, to ensure customer satisfaction, sustainable investment growth, mutually beneficial relationships with business partners, environmental compliance, and career development of its people.

The Company's subsidiaries and associates and its ownership in these subsidiaries and associates are summarized in the table below.

Company	Ownership	Date of incorporation
Wholly-Owned Subsidiaries		
Hampstead Gardens Corp.*	100.00%	May 24, 2000
DMCI Homes, Inc.**	100.00%	January 7, 1997
DMCI Homes Property Management Corp.	100.00%	July 25, 2007
DMCI-PDI Hotels, Inc.	100.00%	September 2, 2009
Subsidiaries which are more than 50%-owned		
Zenith Mobility Solution Services, Inc.	51.00%	December 10, 2014

Riviera Land Corp.	62.62% ***	April 17, 1996
Associates		
CSN Properties, Inc.	45.00%	July 17, 1992
Contech Products South (Acotec)	33.00%	September 18, 1997
Subic Water and Sewerage Company	30.00%	November 24, 1996 ***
RLC DMCI Property Ventures, Inc.	50.00%	March 18, 2019 *

*	*The corporate term expired on February 28, 2014.*
**	*The corporate term expired on December 31, 2016.*
***	*Approximate percentage.*
****	*Date of execution of joint venture agreement.*

b) Business Activities of Subsidiaries and Associates

Almost all subsidiaries and associates of the Company are involved in the real estate business. The main activities of the Company's subsidiaries and associates are described below in greater detail:

Hampstead Gardens Corp. is a wholly-owned subsidiary of the Company. Its project, the Hampstead Gardens was launched in 2000 and has three MRBs and an HRB located in Sta. Mesa, Manila. This project is fully developed and completed, with 95% of units sold and turned over to homeowners.

DMCI Homes, Inc. was organized primarily to engage in real estate brokerage by means of offering advertising, soliciting, listing, promoting, negotiating purchase, exchange, mortgage, joint venture, or other acquisition or disposition of or encumbrance on, any kind of real estate, whether improved or unimproved, including houses, inns, lodging houses, dwellings, offices, recreation or other structure. DMCI Homes, Inc. has the exclusive right to market the project developments of the Company.

DMCI Homes Property Management Corp. is a wholly-owned subsidiary of the Company providing property management and aftersales services. It also serves to obtain feedback from the Company's buyers and rental tenants in order to provide solutions to property needs, maintain the property, and develop long-term relationships with tenants. DMCI Homes Property Management Corp. has the sole right to render property management and aftersales services to the Company.

DMCI-PDI Hotels, Inc. was organized to engage in the hotel business, including but not limited to the ownership of, establishment, maintenance and operation of hotels, condotels, apartelles, and similar establishments, as well as to engage in the development of, design, and implementation of hotel management systems or operations. DMCI-PDI Hotels, Inc. manages the Company's flagship condotel project, the Alta Vista de Boracay, situated in Brgy. Yapak, Malay, Aklan.

Zenith Mobility Solutions Services, Inc. was organized to engage in the installation, operation, and maintenance of elevators, escalators, moving walkways, and other similar equipment, including appurtenant thereof, and the sourcing, purchase or trading of parts and supplies necessary thereto.

Riviera Land Corp. is a real estate company which owns the 0.90-hectare parcel of land which was developed into the Manors at Celebrity Place. Launched in 2006 and located in Capitol Hills, Quezon City, this development is an English-inspired exclusive community comprising seven MRBs with 158 units. It is located near educational institutions and the country club facilities of Celebrity Sports Plaza. The project is fully developed and completed, with at least 98% of the units sold and 96% turned over to homeowners. Riviera Land Corp. owns a 30% interest in the project, while the Company holds 70.0%.

CSN Properties, Inc. was organized to be a vehicle for prospective condominium developments of the Company. It has not commenced commercial operations.

Contech Products South (Acotec) was organized to engage in the manufacturing of concrete panels and similar products. It has not commenced commercial operations.

Subic Water and Sewerage Company is a joint venture of the Company with Subic Bay Metropolitan Authority, Olongapo City Water District, and Cascal Services, Ltd. Its primary purpose is to provide potable water and sewerage services to residences of Olongapo City and Subic Bay Freeport.

RLC DMCI Property Ventures, Inc. is a joint venture between DMCI Project Developers, Inc. and Robinsons Land Corporation for development of Sonora Garden Residences in Las Pinas City. Launched in December 2019, this development is a contemporary inspired community comprising of 3 HRBs located at the back of Robinsons Mall Las Pinas. DMCI – PDI owns 50% share in the company.

c) Any bankruptcy, receivership or similar proceeding- **NONE**
d) Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business-**NONE**

B. Business of Issuer

a) Description of Registrant

i. Principal products or services

Medium-Rise Buildings - The development of mid-rise residential buildings in convenient locations is where the Company has achieved and continues to attain significant success. These low-density, resort-inspired projects are made up of three to seven storey MRBs with either walk-up or elevator facilities, and single-loaded corridor designs with garden atriums for ample lighting and ventilation.

High-Rise Buildings - Combining successful elements of its mid-rise developments with new techniques in construction, the Company's high-rise projects, ranging from 14 to 50 storey each building, possess attributes such as the single-loaded corridor design and garden atrium, while offering design improvements from previous projects, such as the installation of the Company's trademark Lumiventt design in all high-rise structures beginning with the Tivoli project. The Lumiventt building feature is achieved by placing three-storey-high openings called "sky patios" in front and behind HRB towers and through breezeways located on the left and right wings of each floor to allow the free flow of natural light and ventilation. DMCI Homes' high-rise developments are located near business and commercial centers in Metro Manila.

Hybrid - A community built with the resident's welfare in mind. Assembling its successful and iconic mid-rise residential building configuration with picturesque and towering high-rise buildings, DMCI Homes' hybrid developments provide resort-inspired homes to a wide array of clients. Each building configuration offers unique benefits, such as low-density and single-loaded corridor designs with garden atriums for mid-rise buildings, and the innovative Lumiventt design technology for high-rise structures. Every DMCI Homes hybrid development is adorned with lush landscapes and abundant amenities. These communities have developed in different parts of the city.

Residential Subdivisions - For the horizontal development segment of the real estate market, DMCI Homes offers its target market the choice of owning either open lots or house and lot properties. DMCI Homes' subdivisions are located in Taguig City, Cavite (Carmona) and Laguna (Cabuyao). Each development is designed with resort-inspired amenities, lush greenery and wide avenues within safe and secure environments in close proximity to Metro Manila's major business centers.

Residential Leisure - *Alta Vista de Boracay.* Launched in 2007, it is the Company's first venture in leisure development, with 17 MRBs comprised of a total of 503 units, and is located in Brgy. Yapak, Boracay Island in Aklan. This development provides recreational facilities in a premium vacation site offering residential condominium-hotel services. Alta Vista de Boracay represents a significant product and service expansion for the Company. It is a 4-hectare property near Puca Beach on one side and the world-renowned White Beach on the other. Alta Vista de Boracay is the biggest condominium hotel development in the area. All of its operations, marketing, and management are handled by DMCI-PDI Hotels, Inc. The property is fully developed and completed.

Mixed Use/Township Development - *Acacia Estates.* Acacia Estates is a master plan integrating the Company's completed and ongoing projects in Taguig City into a township which provides residential areas, commercial areas, educational facilities, police and fire stations, and places of worship. Envisioned as the flagship development of the Company, this 100-hectare development will integrate mixed-residential communities of HRBs, MRBs, and sprawling subdivisions. Within the development will rise a two-hectare commercial hub catering primarily to residents of the Company's Taguig City projects and their guests.

ii. Percentage of sales or revenue and net income contributed by foreign sales-Foreign sales contributed 26%, 38% and 7% to the Company's total sales by value in the year 2019, 2018, and 2017 respectively.

iii. Distribution methods of the products or services-
The Company maintains a network of sales coordinators that assist customers at various project sites during the reservation process. Employees of DMCI Homes advise customers on financing options, documentation requirements, and loan application. Once a unit sold and delivered, the Company's Customer Care Service Team is ready to respond to technical questions and implement solutions when needed.

The Company's marketing research unit is in charge of monitoring and researching on competitor's latest product developments and prices. Likewise, the marketing research unit conducts general research on target markets and undertakes market testing to determine customer preferences and product concept viability.

The Company remains involved in the properties it develops and sells through its property management division, DMCI Homes Property Management Corp., which provides property management and after sales services until such time the property turned over to the homeowners, at which point they may choose to retain DMCI Homes Property Management Corp. or switch to a third party property management firm. The property management division is a vehicle for the Company to obtain feedback from its buyers and rental tenants in order to provide solutions to their property needs, maintain the property, and develop long-term relationships with its tenants. Furthermore, the Property Management Division contributes to enhancing the Company's brand and reputation in the aftersales market.

iv. Status of any publicly-announced new product or service (e.g. whether in the planning stage, whether prototype exist), the degree to which the product design has progressed or whether further engineering is necessary. Indicate if completion of development of the product would require material amount of the resources of the registrant, and the estimated amount- **NONE**

v. Competition-
The country's middle income socio-economic group is emerging as the most promising real estate market, and this has intensified competition in the property development business for that particular market segment. The Company's sales growth in the recent years has made it one of the dominant players in the middle income residential market category, and its pioneering construction and development methods specifically in mid to hi-rise developments have been used as model by some competitors due to the success of these concepts.

To leverage against real estate groups positioned in the same market category, DMCI Homes maximizes its investments by drawing on the Company's strengths and resources as both developer and builder, enabling it to offer attractive, more reasonable prices than direct competition, and produce intrinsic value for home buyers without adversely affecting its profitability. Aside from offering competitively priced, high quality units, DMCI Homes ensures good property location and on time project completion.

For the same market category, the Company has several direct competitors with varying market strengths. SM Development Corporation being one of the first players in the middle market segment. Robinsons Land Corporation and DMCI Homes, own the first and the second largest market share in the residential market respectively. Vista Land and Ayala Land both possess a good track record of completed and successful projects to attract business.

In the past two years (2018, 2019), the Company held the top spot on the upscale market segment with the reason that the pricing of its projects were in line with the budgetary considerations of this market. However, the middle-income residential market remains to be the target market of DMCI Homes as this comprise the bulk of its clients and buyers.

vi. Sources and availability of raw materials and the names of principal suppliers;
The Company's major suppliers are as follows:

Supplier	Product
Capitol Steel Corporation Steel Asia Manufacturing Corporation Pag-asa Steel Works, Inc. Filipino Metals Corp	Deformed Round Bar (Rebar)
World Champion Marketing Corp. Cabco Design Corp. Dabwoof MFG. & Const. Corp.	Wood Door
City Shutter Incorporated. Rapid Forming Corp.	Steel Door
Solid Cement Corp. Republic Cement & Building Materials, Inc. Holcim Philippines Inc.	Cement
Moldex Products, Inc. Neltex Development Co. Inc.	PVC Pipes
Supreme Steel Pipe Corp.	BI/GI Pipes

The Company's major subcontractors are as follows:

Subcontractor	Trade
Seapac Philippines, Inc.	Doors and Windows
Gentry Construction SC Estolano Construction Corporation	Boardworks
Alpha Plumbing Works, Inc.	Plumbing and Sanitary/ Fire Protection
Spec-Master Inc. Anvic Construction (Phils.) Inc. Jomsar Construction and Development Corp.	Electrical works
Northlandia Enterprises Cabco Design Corporation	Kitchen Cabinet
Rafaello Inc. M. Tayag Builders	Granite
Global Design and Construction, Inc. JBLS Trading & Construction Aesthetics	Painting Works
FRS Construction Balili Stainless Steel and Allied Metal Works	Metal Works

vii. Disclose how dependent the business is upon the single customer or a few customers, the loss of any or more of which would have a material adverse effect on the registrant's sales; Describe any major existing sales contracts- **Not Applicable**

viii. Transactions with and/or dependence on related parties-
Aside from items listed in Item 12, the Company has no known transactions with and/or dependence on related parties.

ix. Summarize the principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreement held; indicate the extent to which the registrant's operations depend, or are expected to depend, on the foregoing and what steps are undertaken to secure these rights- **Not Applicable**

x. Need for any government approval of principal products or services. If government approval is necessary and the registrant has not yet received that approval, discuss the status of the approval within the government approval process- **None at the moment**

xi. Effect of existing or probable governmental regulations on the business-
DMCI Homes operates a material part of its businesses in a regulated environment. DMCI Homes is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water, and waste discharges, odor emissions, and the management and disposal of, and exposure to hazardous materials. DMCI Homes cannot predict what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws and regulations will be enforced, administered or interpreted; or the amount of future expenditures that maybe required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

In addition, DMCI Homes is required to obtain licenses to sell before making sales or other disposition of housing and condominium units. Project permits and any license to sell maybe suspended, cancelled, or revoked by the Housing and Land Use Regulatory Board (HLURB) or by the courts upon its findings or upon a complaint from an interested party, and there can be no assurance that the Company will receive the requisite approvals or licenses, or that such permits, approvals, licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete project on time, within budget or at all, and could have a material adverse effect on its financial condition and results of the operations.

DMCI Homes through its construction and property management arms, keeps itself abreast of the latest technologies that enable it to implement existing sanitation, environment and safety laws and regulations at cost efficient means. It also continuously exerts earnest efforts to secure and maintain all relevant and material permits and licenses required under such laws and regulations for its subdivision and condominium projects.

xii. Estimate of Amount Spent for Research and Development Activities and its percentage to revenues during 2019, 2018, and 2017 Fiscal Year- **None**

xiii. Costs and Effects of Compliance and Environmental laws-
Costs vary depending on the size of a construction project. Failure to comply with the terms of the ECC (Environmental Compliance Certificate) can lead to imposition of fines and temporary cessation of operations.

xiv. Total no. of Employees –
The Company has 1,619 employees as of June 15, 2020. Employees of the Company can be classified based on their position.

Position	No. of Employees
Rank and File	1,310
Junior- Senior Supervisor	203
Assistant Manager-Manager	76
Senior Manager- Vice President	25
Senior Vice President- President	5

The employees of the Company are non-unionized and are not covered by collective bargaining agreements. They receive supplemental benefits such as health care and benefit plan, dental care benefit plan, and group accident insurance coverage.

Item 2. Properties

Give the location and describe the condition of the principal properties (such as real estate, plant and equipment, mines, patents, etc.) that the registrant and the subsidiaries own. If the registrant does not have complete ownership of the property, for example, others also own the property or there is a mortgage or lien on the property, describe the limitations on ownership. Indicate the properties it leases, the amount of lease payment, expiration dates and terms or renewal options. Indicate the properties the registrant intends to acquire in the next twelve (12) months, the cost of such acquisitions, the mode of acquisitions (i.e. purchase, lease, or otherwise) and the sources of financing it expects to use. –
All properties are owned by the Company and its subsidiaries unless otherwise indicated as follows:

A. Land Inventory

In line with its goal of providing well-located residential options, DMCI Homes purchases properties in Metro Manila and key cities in Luzon, Visayas and Mindanao. The Company's land development begins one to two years from property acquisition with low carrying costs, resulting in more competitive sales pricing.

Potential land acquisitions are assessed on the basis of strategic location, acquisition price relative to prevailing market prices, presence of competition in the area, shape of the lot, potential legal and technical hindrances to development, and local government requirements for development.

Based on the Company's development standards, the minimum land area required for the Company's five-storey mid-rise developments is one hectare , with a zonal classification of at least R-2 (medium density residential zone per National Building Code classification).Ten-storey and mid-rise developments have a minimum land area requirement of 10,000 square meters, with a zonal classification ranging from R-2 to R-3 (medium to high density residential zone per National Building Code classification). Highrise developments require a minimum land area of 2,000 square meters and a zonal classification of at least R-5 (very high density residential zone per National Building Code classification).

The Zoning classifications vary between different cities and their zoning ordinances; NBC was referenced to serve as standard/benchmark.

The table below enumerates the Company's current land inventory available for development.

Location	Land Area (sqm)
CAVITE	190,462.00
LAGUNA	84,621.92
MANILA	12,654.84
PASAY CITY	4,000.54
PASIG CITY	19,687.00
QUEZON CITY	25,043.00
RIZAL	26,216.87
TAGUIG CITY	864,515.80
VALENZUELA CITY	163,873.00
DAVAO	10,943.00
CEBU	52,438.08
MANDALUYONG	5,914.51
LAS PIÑAS	30,992.00
MAKATI	7,200.00
BATANGAS	50,000.00
BULACAN	81,617.76
CEBU CITY	4,050.00
BENGUET	40,768.00
PAMPANGA	26,983.00
Total	**1,701,981.32**

The Company is currently exploring opportunities of diversification of its property developments in key urban centers in Northern Luzon , Visayas and Western Mindanao regions. Future land acquisitions will be funded by debt financing and internally generated funds.

The Company owns its corporate headquarters, located at 1321 Apolinario St. Bangkal, Makati City. The property has a total land area of approximately one hectare, upon which stands a six-storey building with annex, with a total floor area of approximately 35,000 square meters.

B. Encumbrances

Certain parcel or parcels of land of the Company which are minor in size taking in consideration the total land holdings of the Company are subject to the proceedings arising out of the claims of certain individuals. While the results of the litigation cannot be predicted with certainty, the Company believes that the final outcome of these proceedings will not have a material adverse effect on the property, considering the nature of the claims asserted in the proceedings.

Properties of the Company in which particular projects have been created are subject to restrictions arising from the nature of the projects created over them. For instance, properties over which a condominium building has been constructed would have restrictions annotated on the title of such property arising from the master deed restrictions on the use of the property for condominium use.

C. Leased Properties

The Company has entered into lease of commercial units in the major business districts within Metro Manila. The term of renewal and the expiration dates of the lease contracts vary. It may be renewed depending on the marketing needs of the Company. The expiration dates of the lease contracts depend on the agreement of both parties. The amount of the lease payments also differs. It depends on different factors such as but not limited to the following: the prevailing lease payment for the commercial area, the expenses of business permits, other requirements imposed by the local government unit concerned, and the marketing needs of the Company. The total income of all the leased commercial units as of December 31, 2019 and December 31, 2018 is ₱73.75million and ₱197.00 million respectively.

As of December 31, 2019, the leased properties of DMCI Project Developers, Inc. are as follows:

LOCATION	Property Name
TAGUIG	Birchwood
	Cedar Crest
	Cypress Towers
	Mahogany Place 3
	Royal Palm Residences
	Rose Wood Pointe
	Verawood Residences
	Accolade Place
	Magnolia Place
	One Castilla Place

QUEZON CITY	Stellar Place
	The Amaryllis
	The Redwoods
	Viera Residences
	Zinnia Towers
PARANAQUE	Arista Place
	Raya Gardens Condominium
	Siena Park Residences
PASIG	East Raya Gardens
	Riverfront Residences
MANDALUYONG	Flair Towers
	Lumiere Residences
	Sheridan Towers
	Tivoli Garden Residences
MANILA	Illumina Residences
	Sorrel Residences
LAS PINAS	Maricielo Villas
	Ohana Place Residences
BAGUIO	Outlook Ridge Residences
PASAY	La Verti
MUNTINLUPA	Rhapsody Residence
CAVITE	Mayfield Park Residences
DAVAO	Verdon Park
MAKATI	MN1 & MN2 Building

Item 3. Legal Proceedings

Except for those referred under Item 5, the Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as a director, or executive officers:

1. Any bankruptcy petition filed by or against any business of the director, nominee for election as director,or executive officer who was a general partner or executive officer either at the time of bankruptcy or within two years prior that time
2. Any director, nominee for election as director, or executive officer being convicted by final judgement in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.

3. Any director, nominee for election as director, or executive officer being subject to any judgment, order, or decree, not subsequently reversed, vacated, or suspended, of any court of competent jurisdiction domestic or foreign , permanently or temporarily enjoining , suspending, barring, or otherwise limiting his/her involvement in any type of business, securities, commodities, or banking activities, and

4. Any director , nominee for election as director, or executive officer being found by domestic or foreign court of competent jurisdiction in a civil action, the Commission or equivalent foreign body, or a domestic or foreign exchange or other organized

trading market or self-regulatory organization , to have violated a securities or commodities law or regulation , and the judgment has not been reversed, vacated, or suspended.

The Corporation has several litigation cases of which it is a party. However, most important of which are the following:

DMCI-PDI vs. BCDA and Northrail
***Ad Hoc* Arbitral Tribunal**

This is an arbitration case filed by the DMCI-PDI against the Bases Conversion Development Authority ("BCDA") and North Luzon Railways Corporation ("Northrail") to recover DMCI's capital infusion to BCDA amounting to P300,000,000.00. As a brief background, BCDA entered into a Joint Venture Agreement ("JVA") with the Philippine National Railways and certain Spanish corporations (collectively referred to as the "Foreign Group") on June 10, 1995 for the establishment of a mass transit and access system, particularly the establishment of a double-tract railway system between the International Airport in Clark Air Base and the surrounding areas including Metro Manila (the "Project"). Pursuant to the JVA, BCDA established Northrail for the purpose of constructing, operating, and managing the railroad system to serve Northern and Central Luzon.

In order to assist in the financing and implementation of the Project and to accelerate the privatization of Northrail, BCDA invited DMCI as a private investor. As a result, the parties amended the initial JVA on February 6, 1996 ("Amended JVA") to include DMCI as a party to the agreement. In the Amended JVA, DMCI, under several conditions, agreed to infuse P200,000,000.00 (which later on increased to P300,000,000.00 as requested by Northrail) as part of the initial seed capital of Northrail. It was further agreed that the amount that DMCI contributed will be converted into equity when Northrail is privatized, in which Northrail will have to apply for the increase in its authorized capital stock. DMCI proceeded to deposit the P300,000,000.00 capital infusion in the Landbank account of Northrail.

However, the conditions agreed upon by the parties did not materialize. Northrail was not privatized and it subsequently withdrew its application to increase its authorized capital stock with the SEC. Moreover, BCDA used the deposits infused by the private investors to pay Northrail's loan to Landbank. DMCI-PDI, as the nominee of DMCI, made repeated demands from BCDA and Northrail, beginning on September 27, 2000, to return the P300,000,000.00 it had paid as deposit for future subscription of the increase in capital stock of Northrail.

On August 15, 2005, DMCI-PDI served a Demand for Arbitration on BCDA and Northrail and, subsequently, filed a Petition to Compel Arbitration with the Regional Trial Court of Makati. BCDA and Northrail initially questioned the legal standing of DMCI-PDI to request for the return of the amount, given that DMCI-PDI was allegedly not a party to the amended JVA. The parties filed their respective motions and pleadings until the case reached the Supreme Court. On January 11, 2016, the Supreme Court upheld the legal standing of DMCI-PDI, as DMCI's nominee, to claim the deposit from BCDA and Northrail and directed the parties to submit the case to arbitration.

In March 2019 to September 2019, discussions ensued between the parties and the constituted Arbitral Tribunal regarding the procedural orders and details, the terms of engagement, and the timetable. On

November 13 and 14, 2019, the arbitration hearings were held. Finally, on February 21, 2020, the Arbitral Tribunal issued its Final Award and rendered judgment granting DMCI PDI's claim for the return of its P300,000,000.00 deposit for future subscriptions with legal interest and ordering respondents BCDA and Northrail solidarily liable to pay the adjuged amounts to DMCI PDI.

Under Rule 11 of the Special Rules of Court on Alternative Dispute Resolution ("Special ADR Rules"), a claimant may petition the court to confirm a domestic arbitral award (a) at any time after the lapse of 30 days from its receipt of the arbitral award; or (b) at any time after a petition to vacate such arbitral award is filed by respondents, in opposition to the said petition. DMCI PDI received the Final Award on February 24, 2020. Due to the implementation of the enhanced community quarantine from March 17, 2020 to May 15, 2020 in Metro Manila, the deadlines for filing of court pleadings were extended. On May 29, 2020, DMCI PDI filed its Petition for Confirmation of Final Award dated May 28, 2020 ("Petition for Confirmation") with Branch 150 of the Regional Trial Court of Makati ("RTC Makati") to enforce the Arbitral Tribunal's judgment in accordance with Rule 11.2(A) of the Special ADR Rules. RTC Makati has yet to issue its resolution on the Petition for Confirmation. In case of favorable resolution with the RTC Makati, DMCI-PDI will file a Petition for Money Claims with the Commission on Audit to further enforce its money claims against the government.

DMCI-PDI and URPHI vs. PRHC
G.R. No. 202751
Supreme Court, Manila

This is an action filed by Philippine Realty Holdings Corporation ("PRHC") against Universal Rightfield Property Holdings, Inc. ("URPHI"), Universal Leisure Corporation ("ULC") and the Company to (a) recover the balance of P56,207,800.00, plus interest at 3% per month, representing the purchase price of 14 condominium units and two storage units at the 34th Floor, West Tower, Philippine Stock Exchange Center ("Condominium Units"), as well as several parking slots in the same building, which PRHC sold to ULC; and (b) nullify the assignment to ULC of URPHI's and the Company's receivables from PRHC. As a result of a failed joint venture project among PRHC, URPHI and the Company, URPHI and the Company acquired certain receivables from PRHC, which URPHI and the Company assigned to ULC. ULC then sought to setoff these receivables against the unpaid balance of the purchase price for the Condominium Units and parking slots.

In its Decision dated February 19, 2004, the Regional Trial Court ("RTC") rendered judgment in favor of the Company, URPHI and ULC, and against PRHC rescinding the joint venture agreement and its amendment. The RTC thereafter issued an Order dated May 6, 2004 amending its Decision by ordering PRHC to (a) deliver the subject titles "free from all liens and encumbrances; (or) (o)therwise … return to ULC the amounts which have been paid including what have been deemed paid over the condominium units and parking spaces"; and (b) cause the release of the remaining funds in favor of the Company and UPRHI as a result of the rescission of the joint venture agreement.

PRHC appealed the RTC's Decision to the Court of Appeals, but the appellate court affirmed the trial court's judgment in a Decision dated December 27, 2011. The Court of Appeals, however, decreased the RTC's award of attorney's fees to the Company, URPHI and ULC to only P50,000.00 each. PRHC moved for reconsideration of the Court of Appeals' Decision, while the Company and URPHI moved for its partial reconsideration praying for the reinstatement of the RTC's full award of attorney's fees. The Court of Appeals denied both motions in its Resolution dated July 26, 2012.

PRHC filed with the Supreme Court a Petition for Review dated August 23, 2012, which was docketed as G.R. No. 202751. The Company and URPHI also filed with the High Court a Petition for Review dated August 28, 2012, which was docketed as G.R. No. 202772, assailing the Court of Appeals' ruling decreasing the award of attorney's fees.

In its Resolution dated September 17, 2012, the Supreme Court denied the Company's and URPHI's Petition. The Supreme Court later on issued its Entry of Judgment dated October 31, 2012 in G.R. No. 202772.

In its Resolution dated April 24, 2017 in G.R. No. 202751, the Supreme Court dismissed PRHC's Petition and affirmed the judgments of the lower courts. PRHC moved for reconsideration of the Resolution dated April 24, 2017, but ULC, the Company, and URPHI opposed the motion.

On January 24, 2018, the Company and URPHI moved for the early resolution of PRHC's motion for reconsideration. On February 2, 2018, ULC likewise moved for the resolution of the motion for reconsideration. However, as of this date, PRHC's motion for reconsideration is still pending resolution by the Supreme Court.

Annabelle Abaya, et al. vs. Isidro Consunji, et al.
SEC No. MC 03-075
National Capital Regional Trial Court, Branch 211, Mandaluyong City

This case is an intra-corporate dispute filed by Annabelle Abaya and several other plaintiffs (collectively, "plaintiffs") against the Company, D.M. Consunji, Inc. ("DMCI"), Isidro Consunji, Ma. Edwina Laperal, and Jose Merin (collectively, "defendants") for breach of contract and/or annulment of contract, specific performance, accounting, reimbursement, and damages, with applications for receivership and preliminary attachment.

On October 28, 2014, plaintiffs, along with defendant Atty. Bayani K. Tan, filed a Joint Motion to Dismiss dated October 28, 2014 praying for the dismissal of the case only insofar as defendant Atty. Tan was concerned.

On February 11, 2015, the trial court issued an Order of even date (a) granting the Joint Motion to Dismiss filed by plaintiffs and Atty. Tan; and (b) dismissing the case against Atty. Tan but without ruling on the cross-claims against him. After defendants filed a Manifestation and Motion dated March 23, 2015 asking the trial court to direct Atty. Tan to participate in the subsequent proceedings, the trial court issued an Order dated July 1, 2015 belatedly mentioning that its Order dated February 11, 2015 also dismissed defendants' cross-claims against Atty. Tan (see further discussion below).

On August 1, 2017, summons was served on defendant Lozano at his new residence at Ayala Alabang Village, Muntinlupa City. On August 30, 2017, defendant Lozano filed his Answer with Counterclaims and Cross-claim of even date.

On October 10, 2017, defendants (a) served on defendant Lozano Interrogatories of even date and a Request for Admission dated October 9, 2017; and (b) filed with the trial court a Motion for Production of Documents dated October 10, 2017.

Per the trial court's Order dated October 27, 2017, defendants' Motion for Production of Documents was submitted for its resolution. As of December 31, 2017 and as of this date, the trial court had not resolved the motion. [for further updating]

Except for the following, none of the directors, executive officers and nominees for election as directors of the Corporation is subject to any pending criminal cases:

**(1) Pp. vs. Isidro A. Consunji, et. al.
Criminal Case No. Q-02-114052
Regional Trial Court -Quezon City, Branch 78–**

This is a complaint for violation of Article 315(2)(a) of the Revised Penal Code, as qualified by Presidential Decree No. 1689 was filed in RTC-QC Branch 78 as Criminal Case No. Q-02-114052 pursuant to a resolution of the Quezon City Prosecutor dated December 3, 2002 in I.S. No. 027259 finding probable cause against the directors and officers of Universal Leisure Club (ULC) and its parent company, Universal Rightfield Property Holdings, Inc., including Isidro A. Consunji as former Chairman, and Ma. Edwina C. Laperal as former director of ULC. Complainants claim to have been induced to buy ULC shares of stock on the representation that ULC shall develop a project known as "a network of 5 world clubs."

The case was re-raffled to RTC-QC Branch 85 (the "Court"). On January 10, 2003 respondents filed their Motion for Reconsideration on the resolution dated December 3, 2002 recommending the filing of the complaint in court, which was granted on August 18, 2003. Accordingly, a Motion to Withdraw Information was filed in Court. On September 11, 2003, complainants' sought reconsideration of the resolution withdrawing the information, but was denied by the City Prosecutor. By reason of the denial, Complainants' filed a Petition for Review with the Department of Justice (DOJ) on August 26, 2005.

Meanwhile, the Court granted the withdrawal of information on June 6, 2005. Complainants filed a Motion for Reconsideration and Urgent Motion for Inhibition, but were both denied by the Court in its Omnibus Order dated November 29, 2005. Thereafter, a Notice of Appeal was filed by the complainants, but was ordered stricken out from records by the Court for being unauthorized and declaring the Omnibus Order final and executory in its Order dated February 22, 2007. The Petition for Review, however, filed by the Complainants with the DOJ on August 26, 2005 is pending to date.

(2) Rodolfo V. Cruz, et. al. vs. Isidro A. Consunji, et. al.
I.S. Nos. 03-57411-I, 03-57412-I, 03-57413-I, 03-57414-I, 03-57415-I, 03-57446-I and 03-57447-I
Department of Justice, National Prosecution Service–

These consolidated cases arose out of the same events in the immediately above-mentioned case, which is likewise pending before the DOJ.

In its 1st Indorsement dated December 9, 2003, the City Prosecutor for Mandaluyong City, acting on a motion for inhibition filed by complainants, through counsel, recommended that further proceedings be conducted by the DOJ. In an order dated February 3, 2004, the DOJ designated State Prosecutor Geronimo Sy to conduct the preliminary investigation of this case. The last pleading filed is a notice of change of address dated June 27, 2008 filed by complainants' counsel. This case remains pending to date.

(3)Sps. Andrew D. Pope and Annalyn Pope vs. Alfredo Austria, et al.
NPS Docket No. XV-INV-14K-01066
Office of the City Prosecutor, Taguig City

Noel A. Laman and Ma. Pilar M. Pilares-Gutierrez vs. Sps. Andrew D. Pope And Analyn Pope
NPS Docket No. XV-16-INV-15F-00436
Office of the City Prosecutor, Taguig City

This involves a complaint dated November 6, 2014 for syndicated estafa filed against certain directors of the Corporation, namely Messrs. Isidro A.

Consunji, Jorge A. Consunji, Ma. Edwina C. Laperal, Alfredo A. Austria, Victor S. Limlingan and certain directors of D.M. Consunji, Inc. ("DMCI"), and the Corporation's Corporate Secretary and Assistant Corporate Secretary, Atty. Noel A. Laman ("Atty. Laman") and Atty. Ma. Pilar Pilares-Gutierrez ("Atty. Gutierrez"). The complainants alleged that DMCI failed to deliver the transfer certificate of title over the parcel of land they bought in Mahogany Place III, one of the developments of DMCI-PDI.

Attys. Laman and Gutierrez filed a Complaint-Affidavit dated June 9, 2015, counter-charging the Spouses Andrew and Annalyn Pope ("Spouses Pope") for the crime of Perjury which was allegedly committed on November 2014 to February 2015. Spouses Pope filed a Motion to Reopen Preliminary Investigation and to Admit Counter-Affidavit dated September 16, 2015. The Office of the City Prosecutor for Taguig City issued an Order dated September 23, 2015, granting the Motion of Spouses Pope.

In a Joint Resolution dated February 16, 2016, the Office of the City Prosecutor dismissed the Complaint-Affidavit dated November 6, 2014 of complainants Spouses Pope, because of their failure to show the element of deceit as would establish probable cause to indict the respondents for syndicated estafa. The Office of the City Prosecutor likewise dismissed the counter-charges for Perjury against Spouses Pope due to lack of merit.

Spouses Pope and Attys. Laman and Gutierrez filed their respective Petitions for Review both dated May 6, 2016 with the Department of Justice ("DOJ"), seeking to reverse and set aside the Office of the City Prosecutor's Joint Resolution dated February 16, 2016 insofar as it dismissed their respective complaints. The impleaded officers and directors filed their Opposition on May 26, 2016. Spouses Pope likewise filed their Comment dated May 31, 2016. Attys. Laman and Gutierrez then filed their Motion for Leave to File Reply and the Reply dated June 10, 2016. The review is still pending with the DOJ.

(3) Maria Soledad Indoyon vs. Alfredo R. Austrial, et al.
NPS Docket No. XV-12-INV NO. 17-A-0077 - Violation of par. (b), (c) & (f) of Sec. 9, PD. 957
NPS Docket No. XV-12-INV NO. 17-A-0076 – Grave Coercion
Office of the City Prosecutor, Parañaque City

Complainant instituted two (2) before the City Prosecutor of Paranaque City, which, however, stemmed from a single act.

The complainant is a purchaser of a unit and parking slot in Raya Gardens Condominium. However, due to the failure of complainant to comply with the terms of payment of the parking slot, the Company rescinded the contract to sell.

The same parking slot was subsequently sold to another party. Despite notices to vacate, the complainant refused to surrender the parking slot and hence, the Company was constrained to exercise its right to repossess the parking slot.

By virtue of this repossession, the complainant instituted the above –stated criminal suits.

The officers of the company have already filed their Joint Counter-Affidavit.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the Annual Meeting of Stockholders, there was no other matter submitted to a vote of security during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1) Capital Structure

As of December 31, 2019, the Company's authorized capital stock is P5,000,000,000 divided into 5,000,000,000 shares with a par value of 1.00 peso per share out of which 3,487,727,328 shares have been subscribed and fully paid.

2) Holders

As of December 31, 2019, the stockholders of the Company are the following:

Title of Class	Name of Shareholder	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	DMCI Holdings, Inc. 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City	2,982,861,746	Filipino	85.52%
Common	D.M. Consunji, Inc. DMCI Plaza Building, 2281 Chino Roces Avenue Extension, Makati City*	504,862,578	Filipino	14.48%
Common	Isidro A. Consunji	1,000	Filipino	<0.01%
Common	Jorge A. Consunji	1,000	Filipino	<0.01%
Common	Ma. Edwina C. Laperal	1,000	Filipino	<0.01%
Common	Alfredo R. Austria	1	Filipino	<0.01%

Common	Elmer G. Civil	1	Filipino	<0.01%
Common	Victor S. Limlingan	1	Filipino	<0.01%
Common	Ma. Cristina C. Gotianun	1	Filipino	<0.01%
Common	Herbert M. Consunji	1	Filipino	<0.01%
Common	Honorio Reyes-Lao	1	Filipino	<0.01%
Common	Francisco F. Del Rosario, Jr.	1	Filipino	<0.01%

The aggregate number of shares of common stock directly and indirectly owned by the directors and executive officers listed above, as of February 28, 2020 was 3,007 or approximately 0.000086% of the Company's outstanding shares of common stock.

** On April 7, 2014, D.M. Consunji, Inc. declared its shares in the Company as property dividends in the amount of ₱504,862,578.00 in favor of DMCI Holdings, Inc. The SEC approved the property dividend declaration on September 9, 2014. The Certificate Authorizing Registration for the transfer of shares is still pending with the Bureau of Internal Revenue. D.M. Consunji, Inc. is a wholly-owned subsidiary of DMCI Holdings, Inc.*

Except for the above shareholders, no other person has any shares in the Company.

3) Dividends

The Company is authorized under Philippine law to declare dividends, subject to certain restrictions. The Company's Board of Directors is authorized to declare cash dividends. Declaration of cash and property dividends does not require any further approval from the Company's shareholders, except that the distribution of property dividends requires the approval of the Securities and Exchange Commission. On the other hand, declaration of stock dividends requires the approval of shareholders representing at least two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

The Company and its subsidiaries have not adopted any dividend policy. For the dividends declared by the Company and its subsidiaries for previous three years are as follow: 2019 : ₱1.27Billion 2018 – ₱1.21 Billion, 2017 – ₱1.25 Billion.

Item 6. Management's Discussion and Analysis of the Results of the Operation

(A) FULL YEAR PERIOD DECEMBER 31, 2019 VS DECEMBER 31, 2018

Results of Operations

The Company's net income amounted to ₱3,095 million for year ended December 31, 2019, resulting to 22% decrease from ₱3,963 million in 2018. Excluding the one-time gain on sale of land in 2018, the company's core income declined by 5% .

DMCI Homes registered 10,628 residential units and parking slots in sales and reservations, 26% decrease from 14,334 units and parking slots sold in the previous year. Value of sales and reservations for the period was reported at Php36.67 billion, resulting to a decline of 15% from last year mainly due to the timing of project launches. Average selling price per unit increased this year by 18% amounting to Php5.32 million from Php4.52 million last year

Realized revenues slipped by 9% from ₱20.5billion to ₱18.6billion in 2019 due to lower construction accomplishments for the period. Meanwhile, total costs and operating expenses decline at a slower pace of 9% from P17.1Billion to P15.6billion in 2019.

In all, the Company launched 6,367 residential units this year, 22% higher than the 5,200 launched units in the previous year. Total sales revenue from these new projects is estimated at Php42 billion. Projects launched this year are Cameron Residences and The Crestmont in Quezon City, Allegra Garden Place in Pasig and Sonora Garden Residences in Las pinas which is a joint venture project with Robinsons Land Corporation.

Other income (net of expense) decreased by 34% from ₱2,252 million to ₱1,507 million in 2019. Aside from the recognized one-time gain on sale of undeveloped land in 2018, the Company recorded lower finance income and income from sales cancellation this year.

Financial Position

The Company's total assets stood at ₱71.1 billion as of December 31, 2019, 18% higher than the ₱59.9 billion total assets as of December 31, 2018.

Cash and cash equivalents slightly decreased by 5% due to 33% increase in capital expenditures.

Receivables and contract asset increased by 14% due to additional revenue recognized this year.

Real estate held for sale jumped by 25% from ₱29,430 million to ₱36,910 million due to development costs incurred and 65% increase in land acquisitions during the year.

Fixed Assets increased by 22% mainly because of additional purchases of construction equipment.

Other assets increased by 12% is due to investment in Joint Venture with Robinsons Land and the impact of PFRS 15 to which the standards require to capitalize sales commission after signing of sales contracts.

Accounts and other payable grew by 26% due to accrual on project cost and interest expense.

Customers Deposits and Advances and Contract Liabilities increased by 19% due to increase in collections of projects with small accomplishments.

Loans payable increased by 37% mainly due to additional ₱9 billion term loan availed in 2019.

Other Disclosures:

COVID-19 Pandemic.

In order to contain the spread of the growing pandemic brought by the Coronavirus 2019 (COVID-19), the Philippine Government placed the entire island of Luzon under an Enhanced Community Quarantine (ECQ) on March 16, 2020. The ECQ puts stringent limitation on the movement of people except for basic necessities and health circumstances. This also puts a temporary closure on non-essential shops and businesses. Following the lockdown in Luzon, certain areas in Visayas and Mindanao were also placed under ECQ. This virus outbreak may cause disruptions to businesses and economic activities, and the extent of its impact continues to evolve. The Company considers this outbreak as a non-adjusting subsequent event, which does not impact the consolidated financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on the 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its consolidated financial position, performance and cash flows. The Company will continue to monitor and assess the situation.

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

There are no 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.

The operating activities of the Company are carried uniformly over the calendar year. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are also no seasonal aspects affecting the Company's financial condition and results of operations.

(B) FULL YEAR PERIOD DECEMBER 31, 2018 VS DECEMBER 31, 2017

Effective January 1, 2018, the Company fully adopted the new revenue recognition standard, PFRS 15, Revenue from Contracts with Customers, under modified retrospective approach. The adoption of PFRS 15 resulted in significant changes in the Company's revenue processes, policies and procedures and revenue recognition accounting policy as follows: (1) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (2) assessment of the probability that the entity will collect the consideration from the buyer; (3) determination of the transaction price; (4) application of the output method as the measure of progress in determining revenue from real estate sale; (5) determination of the actual costs incurred as cost of real estate sold; and (6) recognition of costs to obtain a contract

I. Results of Operations

The Company's net income increased by 10% from ₱3,576 million for year ended December 31, 2017 to ₱3,963 million in 2018 same period. Material increase is due to the recorded gain on sale of undeveloped land amounting to ₱715 million net of tax.

Sales and reservations jumped 14% from P37,964 million in 2017 to P43,354 million this year marked by strong demand for residential condominium coming from new launches as well as existing projects. Sustained demand for residential condominium units such as Kai Garden Residences, Fairlane Residences and Aston Residences contributed to the sustained sales take up.

Total costs and operating expenses grew at a faster pace from P15.7Billion to P17.1billion in 2018. The 9% increase is attributed mainly to higher costs of construction materials, business taxes and repairs and maintenance. The adoption of new accounting standard particularly on the recording of sellers' commission also increased the cost of sales.

During the year, the Company has launched four new projects with a total estimated sales value of P27.77 billion, namely Fairlane Residences and Satori Residences in Pasig City, The Atherton in Paranaque City and Aston Residences in Pasay City.

Other income (net of expense) increased by 139% from ₱956 million to ₱2,285 million in 2018. Aside from the recognized one time gain on sale of undeveloped land this year, finance income, income from sales cancellation and rental income also contributed to the increase this year.

II. Financial Position

The Company's total assets stood at ₱59.9 billion as of December 31, 2018, 12% higher than the ₱53.5 billion total assets as of December 31, 2017.

Cash and cash equivalents slightly decreased by 2% due to 19% increase in capital expenditures.

Receivables and contract asset increased by 11% due to additional revenue recognized this year. Under PFRS 15, Contract Asset is recognized when the progress of work exceeds the payment received from the buyer or before payment due date, while the excess of collection/receivable over progress of work is recorded as Contract Liability. As of December 31, 2018, P14,286 million of Accounts Receivables was reclassified as current and non current Contract Assets, while P5,209 million of Customers Deposit was reclassified as current and non current Contract Liability.

Real estate held for sale increased by 7% from ₱27,409 million to ₱29,430 million due to development costs incurred for new projects and construction costs of on-going projects.

Fixed Assets increased by 5% mainly because of additional purchases of construction equipment.

Other assets increased by 119% mainly due to the impact of PFRS 15 to which the standards require to capitalize sales commission after signing of sales contracts.

Accounts Payable and other noncurrent liability increased by 164% due to adoption of the new accounting standard on accrual of sales commission payable. Non-current liability pertains to non-current portion of sales commission payable.

Customers Deposits and Advances and contract liabilities increased by 4% due to increase in sales and collections.

Other Disclosures:

There are no known trends, events or uncertainties or material commitments that may result to any cash flow or liquidity problems of the Company.

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

There are no 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.

The operating activities of the Company are carried uniformly over the calendar year. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are also no seasonal aspects affecting the Company's financial condition and results of operations.

(C)FULL YEAR PERIOD DECEMBER 31, 2017 vs. DECEMBER 31, 2016

On June 2017, DMCI PDI changed its accounting policy on recognition of real estate sales and cost of sales from completed contract method to Percentage of Completion (POC) method as allowed under the Philippine Financial Reporting Standards (PFRS). The shift in accounting policy is to align the company's revenue recognition with the current practice in the industry. Under the POC method, revenues are recognized based on the progress of development and at least 15% of the contract pricehas been collected.

III. Results of Operations

The Company's net income increased by 32% from ₱2,717 million for year ended December 31, 2016 to ₱3,576 million in 2017 same period. . The double-digit growth was mainly driven by the 45% improvement in revenues from P13,726 million in 2016 to P19,847 million in 2017. On the other hand, total costs (under cost of sales and operating expenses) grew at a slower pace of 42% to P15,675 million in 2017 from P11,028 million in 2016.

On June 2017, the company changed its accounting policy on recognition of real estate sales and cost of sales from completed contract method to Percentage of Completion (POC) method as allowed under the Philippine Financial Reporting Standards (PFRS). The shift in accounting policy is to align the company's revenue recognition with the current practice in the industry.

Sales and reservations jumped 22% from P31,183 million in 2016 to P37,964 million this year buoyed by strong demand for residential condominium coming from new launches as well as existing projects. Sustained demand for residential condominium units such as Prisma Residences, Kai Garden Residences and Oak Harbor Residences contributed to the sustained sales take up.

During the year, the Company has launched four new projects with a total estimated sales value of P32.8 billion, namely Prisma Residences in Pasig City, Mulberry Place in Taguig City, The Orabella in Quezon City and Kai Garden Residences in Mandaluyong City

Other income decreased by 29% from ₱1,174 million to ₱836 million in 2017. Aside from the recognized one time gain on sale of undeveloped land and sale of investment last year, decrease in rental income also contributed to the decreased this year.

IV. Financial Position

The Company's total assets stood at ₱53,295 million as of December 31, 2017, 17% higher than the ₱45,380 million total assets as of December 31, 2016.

Cash and cash equivalents increased by 63% from ₱3,868 million as of December 31, 2016 to ₱6,297 million as of December 31, 2017. This is mainly due on the increased in cash collections this year and the additional corporate notes availment amounting to ₱3 billion.

Receivables increased by 46% from ₱11,345 million to ₱16,607 million for 2016 and 2017 respectively. The increase is due to the effect of percentage of completion method of accounting.

Slight increased in Real estate held for sale by 2% from ₱26,762 million to ₱27,409 million due to development costs incurred for new projects and construction costs of on-going projects, and the increased in revenue recognition for the year.

19% increase in total liabilities is mainly due on increased on customers deposit by 38%, 10% increase in loan payable due to additional corporate notes for the year and 45% increase in liabilities for purchased land due to additional acquisition for the year.

Other Disclosures:

There are no known trends, events or uncertainties or material commitments that may result to any cash flow or liquidity problems of the Company.

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

There are no 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.

The operating activities of the Company are carried uniformly over the calendar year. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are also no seasonal aspects affecting the Company's financial condition and results of operations.

I. PERFORMANCE INDICATORS

	KPI		
	2019	2018	2017
Gross Revenues	₱18.59 billion	₱20.57 billion	₱19.89 billion
EBIT	4.13 billion	5.48 billion	5.01 billion
EBITDA	4.46 billion	5.85 billion	5.39 billion
Net Income	3.10 billion	3.96 billion	3.58 billion
Earnings per share	0.89	1.13	1.02
Current ratio	2.83:1	3.82:1	3.86:1
Debt-to-equity ratio	2.08:1	1.80:1	1.98:1
Solvency rate	0.07:1	0.11:1	0.11:1
Interest Coverage Ratio	3.13:1	4.68:1	4.21:1
Debt Service Coverage Ratio	1.28:1	2.04:1	2.12:1
Return on Assets	4.73%	6.99%	7.23%
Return on Equity	13.92%	20.17%	21.37%

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratio means the Issuer's current assets divided by the current liabilities as reflected in the Issuer's latest audited financial statements ending December 31. This ratio is used as a test of the Company's liquidity.

Debt to Equity Ratio means the ratio of the Issuer's total liabilities to its total stockholders' equity, as reflected in the latest audited financial statements ending December 31. The ratio reveals the proportion of liability and equity the Company is using to finance its business. It also measures a Company's borrowing capacity.

Return on Assets means the ratio obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

Return on Equity means the ratio obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Earnings per Share means the portion of the Company's profit allocated to each outstanding share of common stock. Earnings per Share serves as an indicator of the Company's profitability.

Solvency Rate means the ratio obtained by dividing the Company's net income and depreciation and amortization by its total liabilities. It measures the Company's ability to meet its short-term and long-term obligations.

Interest Coverage Ratio means the ratio calculated by dividing the Company's earnings before interest and taxes by interest expense. This ratio determines the Company's ability to pay interest on its outstanding debt.

Debt Service Coverage Ratio means the ratio obtained by dividing the earnings before interest and taxes (net operating income) by the total debt service costs which includes payment of loans and interest expense. This ratio measures the Company's ability to maintain its current debt levels.

Item 7. Financial Statements

Attached to the Audited Financial Statements, are the financial statements incorporated herein by reference.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There has been no change or disagreements with certifying accountants.

Part III-CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

A. Enumeration of Directors which includes Independent Directors and Executive Officers

Name	Age	Position
Isidro A. Consunji	71	Chairman of the Board and Chief Executive Officer
Alfredo R. Austria	62	Director and President
Jorge A. Consunji	67	Director

Ma. Edwina C. Laperal	58	Director, Senior Vice-President, and Treasurer
Elmer G. Civil	58	Director, Senior Vice-President for Land and Housing SBU
Victor S. Limlingan	75	Director
Herbert M. Consunji	67	Director
Ma. Cristina C. Gotianun	65	Director
Honorio Reyes Lao	75	Independent Director
Francisco F. Del Rosario, Jr.	72	Independent Director

(a) REGULAR DIRECTORS

Isidro A. Consunji, 71, Filipino, is the Chairman of the Board of Directors of the Company. He has been a director of the Company for twenty five (25) years. He is a graduate of B.S. Civil Engineering at the University of the Philippines. He obtained his Masters degree in Business Economics from the Center for Research and Communication and Masters in Business Management from the Asian Institute of Management, and attended the Advanced Management Program at Instituto de Estudios Superiores de la Empresa (IESE) in Barcelona, Spain. For the part five years, he has been the President of DMCI-HI, Dacon Corporation, and Asia Industries Inc. He is also the Chairman of the Board of Directors of DMCI Mining Corp., D.M. Consunji, Inc., DMCI Homes, and Beta Electric Corp. He is the Vice Chairman of Maynilad Water Services Inc., and director of Semirara Mining and Power Corporation, DMCI/MPIC Water Company Inc., Crown Equities, Inc., Atlas Consolidated Mining and Dev Corp., Carmen Copper Corp., Sem-Calaca Power Corp., Berong Nickel Corp., Toledo Mining Corp., ENK PLC (London). He was the former President of the Philippine Constructors Association and Philippine Chamber of Coal Mines, Inc. At present, he is the Chairman of the Board of the Philippine Overseas Construction Board and a board member of Construction Industry Authority of the Philippines.

Alfredo R. Austria, 62, Filipino, is the President and Chief Operating Officer of the Company. He has been a director of the Company for sixteen (16) years. He is a graduate of B.S. Civil Engineering, Cum Laude, at the University of the Philippines. He is a licensed Civil Engineer and placed 2nd at the Philippine Civil Engineering Board Exam. He also obtained his Master in Business Administration from the University of the Philippines. He has held various positions in different construction companies domestically and internationally. He is a member of the Philippine Institute of Civil Engineers - Manila Chapte

Ma. Edwina C. Laperal, 58, Filipino, is a Director, Senior Vice-President and Treasurer of the Company. She has been a director of the Company for twenty five (25) years. She graduated with a degree in B.S. Architecture and obtained her Masters Degree in Business Administration from the University of the Philippines and an Executive Certificate for Strategic Business Economics Program from the University of Asia & the Pacific (formerly the Center for Research and Communication). She is a licensed architect in the Philippines. She is concurrently the Director and Treasurer of DMCI Holdings, Inc., D.M. Consunji Inc. and Dacon Corporation and a Director in Semirara Mining and Power Corporation, DMC Urban Property Developers, Inc., and Sem-Calaca Power Corporation..

Jorge A. Consunji, 67, Filipino. He has been a director of the Company for twenty five (25) years. He is a graduate of B.S. Industrial Management Engineering at the De La Salle University. He obtained his Masters in Business Economics from University of Asia and the Pacific. He is the President and COO of D.M. Consunji Inc. He is also the Chairman of DMCI Masbate Power Corporation and Wire Rope Corp. of the Philippines, Director of DMCI-HI, Dacon Corporation, SEM-Calaca Power Corporation, DMCI Mining Corporation, DMCI Power Corporation, DMCI Concepcion Power Corporation, Semirara Mining and Power Corporation ,Maynilad Water Services Inc., Manila Herbal Corporation, and Beta Electric Corp. He was the former Chairman of ASEAN Constructors Federation and former President of Phil. Constructors Association and ACEL. He is currently a Director of Private Infrastructure Development Corp

Herbert M. Consunji, 67, Filipino, is a Director of the Company for two years. He has served as regular director of DMCI Holdings, Inc. for twenty four (24) years since March 1995. He is also a regular Director of the following: (Listed) Semirara Mining and Power Corporation; (Non-listed) D.M. Consunji, Inc., Subic Water and Sewerage Company, Inc., DMCI Mining Corp., Sem-Calaca Res Corporation, DMCI Power Corp., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Sem-Cal Industrial Park Developers, Inc. Education. Top Management Program, Asian Institute of Management; Bachelor of Science in Commerce, Major in Accounting (De La Salle University), Certified Public Accountant (CPA). Civic Affiliations. Philippine Institute of Certified Public Accountants, Member.

Ma. Cristina C. Gotianun, 65, Filipino, is a Director of the Company since June, 2017. She has been the Assistant Treasurer of DMCI Holdings, Inc. for twenty four (24) years; she is a regular director the following positions: (Listed) Semirara Mining and Power Corporation; (Non-listed) Dacon Corporation, D.M. Consunji, Inc., DMCI Power Corporation, Sem-Calaca Power Corporation., Southwest Luzon Power Generation Corp., Sem-Cal Industrial Park Development Corporation, St. Rapahael Power Generation Corp., Semirara-Energy Utilities, Inc., Semirara Claystone, Inc., and Sem-Calaca Res Corp. She is a graduate of Bachelor of Science Major in Business Economics at the University of the Philippines. She acquired special studies in Top Management

Program at Asian Institute of Management (AIM). She finished Strategic Business Economic Program at University of Asia and Pacific. She is a Fellow of the Institute of Corporate Directors.

Elmer G. Civil, 58, Filipino, is a Director of the Company and SVP for Land and Housing SBU of the Company. He is also the President of Zenith Mobility Solutions, Inc. He is a graduate of B.S. Civil Engineering & B.S. Sanitary Engineering at the Mapua Institute of Technology. He placed 12th in the Philippine Civil Engineering Board Examination and placed 5th in the Philippine Sanitary Engineering Board Examination. He has held the position of Vice-President & General Manager for Housing Business Unit of D.M. Consunji, Inc.

Victor S. Limlingan 75, Filipino, has been a Director of the Company for ten (10) years. He is also the Director of D.M. Consunji, Inc., Berong Nickel Corporation and all other subsidiaries of DMCI Holdings, Inc. He is currently the Managing Director of DMCI-HI. He also serves as the Chairman of Guagua National Colleges and member of the Presidential Task Force on Education. He owns and manages Regina Capital Development Corporation. He is also the Chairman and majority shareholder of Cristina Travel Corporation. Mr. Limlingan was a Professor of Public Policy, Business Strategy, and Financial Management at the Asian Institute of Management (AIM). He is a graduate of Bachelor of Arts Major in Engineering and received his Master in Business Management and Bachelor of Arts Major in Engineering degrees from Ateneo de Manila University. He also received his Doctorate Degree in Business Administration from Harvard University.

(b) INDEPENDENT DIRECTORS

Honorio O. Reyes-Lao, 75 years old, Filipino, has been an Independent Director of the Company for almost four (4) years. He is currently an independent director of DMCI Holdings, Inc., an independent director of Semirara Mining and Power Corporation, and is also a director of Philippine Business Bank (Listed); He is also an independent director of Sem-Calaca Power Corporation and South West Luzon Power Generation Corporation (Non-Listed). Non-Listed (Past Positions) Gold Venture Lease and Management Services Inc. (2008-2009), First Sovereign Asset Management Corporation (2004-2006, CBC Forex Corporation (19982002) , CBC Insurance Brokers, Inc. (1998-2004), CBC Properties and Computers Center, Inc. (1993-2006). He obtained his Bachelor of Arts degree, Major in Economics and his Bachelor of Science in Commerce, Major in Accounting from De La Salle University. He obtained his Masters Degree in Business Management from the Asian Institute of Management. His current civic affiliations include the Institute of Corporate Directors, Fellow, Rotary Club of Makati West, Member/Treasurer, Makati Chamber of Commerce and Industries, Past President

Francisco F. Del Rosario, Jr., 72, Filipino, has been an Independent Director of the Company for seven (7) years. He is also an Independent Director of

Metrobank and Philab Industries, Inc., a Director of Mapfre Insular Insurance Corp. and Omnipay Inc., a Cabinet Member of Habitat for Humanity Philippines, and a Trustee of ABS-CBN Foundation Inc. Mr. del Rosario is a graduate of B.S. Commerce major in Accounting and Bachelor of Arts Major in Economics from De La Salle College. He also obtained his Master in Business Management from the Asian Institute of Management. He is also a candidate for Doctoral Program in Business Administration from De La Salle University Professional Schools, Inc.

(c) KEY OFFICERS

The following are the names, ages, and citizenship of the Company's executive officers:

Name	Age	Position
Alfredo R. Austria	62	President
Ma. Edwina C. Laperal	58	Treasurer
Florante C. Ofrecio	66	Senior Vice-President for Sales
Enrico C. Wong	62	Senior Vice President for DMCI Property Management , Alta Vista de Boracay , Leasing and General Services
Adrian Crisanto M. Calimbas	52	Senior Vice President for Design and Engineering, Construction and Asset Management
Evangeline H. Atchioco	45	Chief Finance Officer/ VP/ Chief Compliance Officer
Ma. Severina M. Soriano	58	Vice President for Architecture and Interior Design
Roel A. Pacio	52	Vice President for Legal and Permits
Dennis O. Yap	40	Vice President for Project Development
Florence L. Loreto	40	Vice President for Business Development
Teresa P. Tiongson	53	Vice President for Human Resource
Jan Mikel O. Venturanza	38	Vice President for Marketing, Customer Care, Corporate Planning and Information Technology
Noel A. Laman	80	Corporate Secretary
Ma. Pilar P. Gutierrez	43	Assistant Corporate Secretary

The business experience of each of the Company's executive officers covering the past five years are described below.

Alfredo R. Austria, 62, Filipino, is the President and Chief Operating Officer of the Company. He has been a director of the Company for sixteen (16) years. He is a graduate of B.S. Civil Engineering, Cum Laude, at the University of the Philippines. He is a licensed Civil Engineer and placed 2nd at the Philippine Civil Engineering Board Exam. He also obtained his Master in Business Administration from the University of the Philippines. He has held various positions in different construction companies domestically and internationally. He is a member of the Philippine Institute of Civil Engineers - Manila Chapte

Ma. Edwina C. Laperal, 58, Filipino, is a Director, Senior Vice-President and Treasurer of the Company. She has been a director of the Company for twenty five (25) years. She graduated with a degree in B.S. Architecture and obtained her Masters Degree in Business Administration from the University of the Philippines and an Executive Certificate for Strategic Business Economics Program from the University of Asia & the Pacific (formerly the Center for Research and Communication). She is a licensed architect in the Philippines. She is concurrently the Director and Treasurer of DMCI Holdings, Inc., D.M. Consunji Inc. and Dacon Corporation and a Director in Semirara Mining and Power Corporation, DMC Urban Property Developers, Inc., and Sem-Calaca Power Corporation.

Florante C. Ofrecio, 66, Filipino, is the Senior Vice President for Sales of the Company and has been heading the Sales Division since 2006. He has been involved in the realty business since 1981 in the areas of sales and marketing, financial planning, project conceptualization and actual development, consultancy and related advisory functions. He is a graduate of B.S. Industrial Engineering from University of the Philippines, Diliman. He obtained units for a degree in Master in Business Administration from the Ateneo de Manila University and Certificate in Business Economics from University of Asia and the Pacific. He is a licensed real estate broker since 1987. He has been an active member of CREBA (Chamber of Real Estate Builders Association Inc.) since 1990 having served in various positions as officer and member of the Board of Directors. He is an active Rotarian and a past president of the Rotary Club of South Triangle, District 3780 for two terms RY2010-2011 and RY2012-2013.

Enrico C. Wong, 62, Filipino, has been the Senior Vice President for DMCI Property Management, Alta Vista de Boracay, Purchasing, Leasing and General Services of the Company for over three (3) years. He is also the Managing Director and part owner of Nuvali Steel Processing Center Inc, member of the Board of Trustee of Made in Hope Philippines (NGO helping rescued women and children) and a Lecturer / Associate Professor in Ateneo Graduate School of Business for MBA-Regis University USA program. Before joining the Company in 2015, he has held various positions in San Miguel Group of Companies such as Vice President , General Manager and Board of Director of San Miguel Packaging Specialist, Inc., Vice President and Business Manager for PET Packaging and Beverage Business Cluster, San Miguel Yamamura Packaging Corp and San Miguel Corp., and Assistant Vice President and Sales Account Director for Coca Cola (Domestic and International). He is a graduate of B.S. Electrical Engineering from University of the Philippines and obtained his Masters in Business Administration from Ateneo Graduate School of Business. He is also a business consultant and trainor for Strategic Planning and

Management, Quality Management, Operations Management, Culture Development , Motivation and Values Formation. He is a Certified Master Project Manager, and a Professional Executive Coach and a member of International Coach Federation, USA.

Adrian Crisanto M. Calimbas , 52, Filipino, was appointed as Senior Vice President for Design and Engineering, Construction and Asset Disposal since December 2019. He joined the company in 2001 and held various positions from Project In Charge to Vice President for Design and Engineering. Prior to this, he was a Civil Engineer at DM Consunji Inc for twelve years. He is a graduate of Bachelor of Science in Civil Engineering from University of Sto. Tomas. He is also a member of the Philippine Institute of Civil Engineers.

Evangeline H. Atchioco, 45, Filipino, has been the Chief Compliance Officer of the Company for four (4) years or since February 12, 2016. She was also appointed as Chief Finance Officer on September 1, 2019. She joined the company in 1997 as Finance Officer and held the position of Vice President for Finance in 2008 to 2019. She was a Senior Auditor in SyCip Gorres Velayo & Co. from 1994 to 1996. She graduated Magna Cum Laude with a degree of Bachelor of Science in Accountancy from the University of the East and obtained a Certificate in Business Economics from the University of Asia and the Pacific. She is a Certified Public Accountant.

Ma. Severina M. Soriano, 58, Filipino, is the Vice President for Architectural and Interior Design of the Company since 2011. She joined the company in 2006 as Head of Design. From 1988 to 2006, she held various positions in D.M.Consunji,Inc. from Cadet Architect to Design Manager. She was also an Interior Designer at AB Soriano & Associates from 1980 to 1986. She is a graduate of Bachelor of Science in Architecture from University of Sto Tomas and a member of United Architects of the Philippines (UAP) CBD Chapter.

Roel A. Pacio, 52, Filipino, is the Vice President for Legal and Permits of the Company since 2013. He joined the company in 2000 as Legal Officer. He was also the Deputy Director for Legal, Permits and Administration and Assistant Vice President for Legal and Permits prior to his current appointment. He earned his Juris Doctor degree from Ateneo de Manila University College of Law , with Silver Medal for Second Honors. He is also a Certified Public Accountant and is a graduate of Bachelor of Science in Commerce Major in Accounting from St. Louis University. He is a member of Integrated Bar of the Philippines and Philippine Institute of Certified Public Accountants

Dennis O. Yap, 40, Taiwanese, was appointed as Vice President for Project Development on September 1, 2019. He is also the Head of Concepts and Landscape Management and Corporate Accounts Management. He joined the company in 2010 as Project Development Manager. Prior to this, he was with Federal Land Inc. from 2003 to 2010 as Assistant Manager for Product Planning

Department. He is a graduate of Bachelor of Science in Business Adminstration Major in Marketing from Philippine School of Business Administration.

Florence L. Loreto, 40, Filipino, was appointed as Vice President for Business Development in January 2020. She joined the company in 2013 as Project Development Manager. Prior to this, she was with Ayala Land, Inc.'s Operations Group, Finance Division and AyalaLand Hotels and Resorts Corp., consecutively. She is a graduate of Bachelor of Science in Civil Engineering from the Mapua Institute of Technology.

Teresa P. Tiongson, 53, Filipino, was appointed as Vice President for Human Resources on September 1, 2019. She joined the company in 2007 as Senior Manager for Human Resources and held the position of Assistant Vice President for Human Resource from year 2015 to 2019. Before joining the Company, she was the Vice President for Human Resource of Centennial Savings Bank. She is a graduate of Bachelor of Science in Psychology (with Academic Distinction) from St. Paul College. She is also a member of Personnel Management Association and Philippine Society Training and Development.

Jan Mikel O. Venturanza, 38, Filipino, was appointed as Vice President for Corporate Planning, Marketing, Customer Care and Information Technology on September 1, 2019. He joined the company in 2011 as Marketing Manager. He earned his Bachelor's Degree in Electronics and Communications Engineering from Ateneo de Manila University and his Masters in Business Administration from University of the Philippines.

Noel A. Laman is 80 years old, Filipino, has been the Corporate Secretary of the Company for ten (10) years. For the past six (6) years, he has held the following positions: (Listed) Corporate Secretary of DMCI Holdings, Inc. and National Reinsurance Corporation of the Philippines; (Non-listed) Castillo Laman Tan Pantaleon & San Jose Law Offices, Founder/Senior Partner; DCL Group of Companies, Treasurer; Boehringer Ingelheim (Phils.), Inc., Non-executive Director; Merck, Inc, Non-executive Director. He obtained his Bachelor of Science, Jurisprudence and Bachelor of Laws from the University of the Philippines and Master of Laws from University of Michigan Law School. He is a member of the Integrated Bar of the Philippines and was its Past Secretary, Treasurer, Vice President, for the Makati Chapter; Rotary Club Makati West, Past President; Intellectual Property Association of the Philippines (IPAP), Past President; Asian Patent Attorneys Association (APAA), Past Council Member; Firm Representative to the German Philippine Chamber of Commerce, Inc., Member

Ma. Pilar P. Gutierrez is 43 years old, Filipino. She has served the Corporation as Assistant Corporate Secretary for almost fifteen (15) years since May, 2005. For the past six (6) years, she has held the following positions: (Listed) Assistant Corporate Secretary of DMCI Holdings, Inc. and National Reinsurance Corporation of the Philippines; (Non-listed) Castillo Laman Tan Pantaleon & San

Jose Law Firm, Partner; Corporate Secretary of the following companies: Pricon Microelectronics, Inc., Test Solution Services, Inc., DCL Management Ventures, Inc. Manpower Resources of Asia, Inc., Sealanes Marine Services, Inc., CBRE Corporate Outsourcing, Inc, CBRE GWS IFM Phils. Corp, CBRE Business Support Services Philippines, Inc., Software AG Philippines, Inc., Oncho Philippines, Inc., Mercury Battery Industries, Inc., Philippine Advanced Processing Technology, Inc., Rentokil Initial Philippines, Inc., Jacobs Projects Philippines, Inc., Successfactors Philippines, Inc.; She is also the Assistant Corporate Secretary of the following companies: D.M. Consunji, Inc., Dacon Insurance Brokers, Inc., Wire Rope Corporation of the Philippines, Honeywell CEASA (Subic Bay) Company, Inc., IQVIA Solutions Philippines, Inc., IQVIA Solutions Operations Center Philippines, Inc., SingTel Philippines, Inc., and JTEKT Philippines Corporation. She obtained her Bachelor of Laws from the University of the Philippines (Diliman) in 2001 (Dean's Medal for Academic Excellence) and her Bachelor of Science in Management, Major in Legal Management (B.S.L.M.) from the Ateneo de Manila University in 1997.

B. Significant Employees

Each of the employees whether classified as an executive or a rank & file is considered important. All makes a significant contribution to the business of the Company.

C. Family Relationships

The family relationship up to fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the Corporation to become directors or executive officers is stated below:

Chairman Isidro A. Consunji, Director Jorge A. Consunji, SVP-Treasurer Ma. Edwina C. Laperal and Director Ma. Cristina C. Gotianun are siblings. Director Herbert M. Consunji is their cousin.

Except as disclosed above, there are no other family relationships known to the Corporation.

D. Involvement in Certain Legal Proceedings

None of the Directors or Executive Officers is involved in any bankruptcy proceedings. Neither are they convicted by final judgment in any criminal proceedings nor subject of any order, judgment or decree of competent jurisdiction permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities. They are not involved in any action or proceeding surrounding violation of securities or commodities law.

The Corporation is presently a party to the litigation cases listed in item 3. of this report.

Item 10. EXECUTIVE COMPENSATION

A. Compensation of Directors

Under Article III, Section 10 of the Company's By-Laws, each director shall receive a reasonable per diem for his attendance at every meeting of the Board. Every member of the Board shall receive such amount not to exceed 10% of the income before income tax of the Corporation during the preceding year, as may be determined by the Board of Directors, as compensation subject to the approval of the stockholders.

The per diem of each director who attended a board meeting amounts to P10,000.

B. Executive Compensation

Under Article IV, Section 10 of the Company's By-laws, the Board of Directors shall determine the remuneration to be received by the executive officers designated herein.

ANNUAL COMPENSATION IN PHILIPPINE PESOS

Names		Salary	Bonus	TOTAL
Alfredo R. Austria President and Chief Operating Officer				
Ma. Edwina C. Laperal Senior Vice-President and Treasurer				
Elmer G. Civil Senior Vice-President for Construction Division				
Enrico C. Wong Senior Vice President for DPMC, Alta Vista, General Services and Leasing				
Adrian Crisanto M. Calimbas Vice President for Design, Engineering and Asset Disposal				
Total for five most highly compensated executive officers	2018	**₱14,236,358.29**	**₱1,186,363.19**	**₱15,422,721.48**
	2019	**₱15,909,009.24**	**₱1,267,284.10**	**₱17,176,293.34**

	2020 (estimates)	**₱17,818,090.35**	**₱1,355,993.99**	**₱19,174,084.34**
Total for all other officers as a group unnamed*	2018	**₱53,343,561.67**	**₱4, 445,296.81**	**₱57,788,858.48**
	2019	**₱56,047,410.86**	**₱4,596,811.91**	**₱60,644,222.77**
	2020 (estimates)	**₱58,849,781.40**	**₱4,734,716.28**	**₱63,584,497.68**

**Officers holding positions of managers and above.*

There is no contract covering their employment with the Corporation and they hold office by virtue of their election to office. The Company has no agreements with its named executive officers regarding any bonus, profit sharing, pension or retirement plan.

There are no outstanding warrants, options, or right to repurchase any securities held by the directors or executive officers of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1) Security Ownership of Management

The table sets forth as of December 31, 2018, the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	Isidro A. Consunji	1,000	Direct	Filipino	<0.01%
Common	Jorge A. Consunji	1,000	Direct	Filipino	<0.01%
Common	Ma. Edwina C. Laperal	1,000	Direct	Filipino	<0.01%
Common	Alfredo R. Austria	1	Direct	Filipino	<0.01%
Common	Elmer G. Civil	1	Direct	Filipino	<0.01%
Common	Victor S. Limlingan	1	Direct	Filipino	<0.01%
Common	Ma. Cristina C. Gotianun	1	Direct	Filipino	<0.01%
Common	Herbert M. Consunji	1	Direct	Filipino	<0.01%
Common	Honorio O. Reyes-Lao	1	Direct	Filipino	<0.01%
Common	Francisco F. Del Rosario, Jr.	1	Direct	Filipino	<0.01%
Common	Noel A. Laman	0	N/A	Filipino	0.0000%
Common	Ma. Pilar P. Gutierrez	0	N/A	Filipino	0.0000%
Aggregate Ownership		**3,007**			<0.01%

All the above named directors and officers of the Corporation are of record and/or beneficial owners of the shares of stock set forth opposite their respective names.

2) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of December 31, 2019, the record and/or beneficial owners of more than 5% of the outstanding Common Shares of the Corporation which are entitled to vote and the amount of such record and/or beneficial ownership.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	DMCI Holdings, Inc. 3rd Floor, Dacon Building 2281 Pasong Tamo Extension Makati City DMCI Holdings, Inc. is the parent company of the Corporation	DMCI Holdings, Inc. 3rd Floor, Dacon Building 2281 Pasong Tamo Extension Makati City DMCI Holdings, Inc. is the parent company of the Corporation	Filipino	2,982,861,746	**85.5%**
Common	D.M. Consunji, Inc. DMCI Plaza 2281 Pasong Tamo Extension, Makati City	DMCI Holdings, Inc. 3rd Floor, Dacon Building 2281 Pasong Tamo Extension Makati City DMCI Holdings, Inc. is the parent company of the Corporation	Filipino	504,862,578	**14.5%**

3) Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of Corporation under a voting trust or similar agreement.

4) Changes in Control

As of June 15, 2020, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement which may result in a change in control of it.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making the financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Transactions entered into by the Group with related parties are at arm's length and have terms similar to the transactions entered into with third parties. In the regular course of business, the Group's significant transactions with related parties include the following:

The Company is a subsidiary of DMCI-HI. The Company, in its regular course of business, engages in transactions with DMCI-HI, its subsidiaries and affiliates.

The Company's significant transactions with related parties consist primarily of the following:

a. General and special management services rendered by DMCI-HI, the ultimate parent company, and by DMCI Homes, Inc., a subsidiary, to the Parent Company for a fee. This is effective for a period of five (5) years and renewable for another five (5) years upon mutual agreement of the contracting parties.

   Total management fees charged against operations under this agreement amounted to ₱4.20 million as of December 31, 2018.

b. Dividend income from investment in Subic Water and Sewerage Company recognized by the Parent Company in the statements of comprehensive income amounted to ₱25.50 million and ₱40.50 million in 2019 and 2018, respectively.

c. Contract billings by DMCI, an affiliate, amounting to ₱296.06 million and ₱260.36 million as of December 31, 2019 and December 31, 2018 respectively, for the construction of the real estate projects included in the "Payables to related parties" account.

There have been no guarantees provided or received for any related party receivables or payables. The Company has not recognized any impairment losses on amounts receivables from related parties for the year ended December 31, 2018. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Transactions between related parties are based on terms similar to those offered to non-related parties. Related party transactions are made under the normal course of business.

Aside from the above, the Company also has cash and operating advances made to and received from related parties. These advances are mostly made to subsidiaries for initial working capital requirements for maintenance of completed projects. To ensure the proper upkeep of premises upon completion of projects, the Company typically provides advances to each project's condominium corporation or homeowners' association as seed fund for maintenance purposes. Repayments of these advances are offset from association dues of units owned by the Company in these projects.

Total outstanding receivables from related parties as of December 31, 2019 and December 31, 2018 amounted to ₱33.58 million and ₱8.24 million, respectively. Total outstanding payable to related parties as of December 31, 2019 and December 31, 2018 amounted to ₱325.99 million and ₱304.51 million, respectively.

To the best of the Company's knowledge, there are no parties that fall outside of the definition of "related parties" under SFAS/IAS No. 24, but with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV- CORPORATE GOVERNANCE

Item 13. Corporate Governance

1) The Company's Corporate Governance Manual ("CG Manual") was filed on May 22, 2015. The Amended CG Manual was later on filed on September 14, 2015. The Company's CG Manual substantially complies with the SEC Memorandum Circular no. 6 Series of 2009 issued by the Securities and Exchange Commission on Revised Code of Corporate Governance.

2) With the appointment of the Chief Compliance Officer on February 12, 2016, the Compliance Department was formally established. The department is responsible for the company's acquiescence to the mandatory provisions laid down under the Revised Code of Corporate Governance, the provisions of the Company's CG Manual, the Well-Accepted Principles of Corporate Governance Best Practices for non-listed domestic private corporations, Rule 38 of the Securities Regulation Code, and other SEC Memorandum Circulars. It also ensures the yearly filing of the Certificate of Compliance with the Manual of Corporate Governance of the Chief Compliance Officer,the Corporate Secretary's Certificate of Attendance of Directors to Board Meetings, the Annual Report with corporate governance provisions, Quarterly Reports, General Information Sheet, and other reportorial requirements mandated by the Commission for the corporation to file. It also ensures that the company substantially complies with the laws applicable to

the industry it belongs and other prevailing laws applicable to corporations duly incorporated in the Philippines.

3) On May 2019, the Chairman and the Members of the Audit Committee, Nomination & Election Committee, and Compensation & Remuneration Committee of the company were elected. The three committees were established to ensure substantial compliance with the provisions of the Revised Manual on Corporate Governance of SEC and the CG Manual of the Company as to the respective corporate committees.

4) The Chief Compliance Officer attends all meetings of the Board of Directors of the Company and closely coordinates with the Chairman of the Board and other officers to ensure compliance with its CG Manual. The Company's directors and top-level management also attend seminars on good corporate governance which are held annually by the Company's parent company, DMCI Holdings, Inc.

5) As of the date hereof, there are no deviations from the Company's Manual on Corporate Governance.

6) The Company is bound to comply with various corporate governance policies being implemented by its parent company, DMCI Holdings, Inc. This is intended to improve the corporate governance of the Company.

PART V- EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

1) **As to Exhibits**: *See index of exhibits incorporated by reference in this report.*

   a) 2019 Audited Financial Statements of DMCI-Project Developers, Inc.
   b) 2019 Audited Financial Statements of DMCI Holdings, Inc. (Parent Company)

   The other exhibits, as indicated in the index of exhibits are either not applicable to the Company or require no answer.

2) **Reports on SEC Form 17-C:**

   The Company filed several SEC Form 17-C reports for the year 2019 within 5 calendar days after the occurrence of the event being reported.

3) **Reports under SEC Form 17-C:**

   The reports below were filed at Securities and Exchange Commission Main Office.

   a) Certificate of Chief Compliance Officer of Compliance of the Provisions of the Corporate Governance Manual filed on January 15, 2019
   b) Certification on Board Attendance filed on January 24, 2019

c) Resetting of the 2019 Annual Stockholders' Meeting.
d) Annual Stockholders' Meeting on May 6, 2019 and organizational board meeting
e) Declaration of Cash Dividend filed on January 29, 2019.
f) Declaration of additional cash dividends filed on January 15, 2019
g) Joint Venture between DMCI Project Developers, Inc. (DMCI-PDI) and Robinsons Land Corporation (RLC)
h) Declaration of additional cash dividends filed on September 24, 2019
i) New contact number of DMCI – Project Developers, Inc. as directive of National Telecommunications Commission.
j) Appointment of new Internal Audit Head, Jesus A. Ferrer held on October 31, 2019
k) Declaration of additional cash dividends filed on November 28, 2019

4) **Material events subsequent to the end of the reporting period that have not been reflected in the financial statements of the reporting period:**

On January 28, 2020, the Company submitted the Certification on Board Attendance for 2019. Based on the records of the minutes of the meetings of the Board of Directors of DMCI-PDI, no director has been absent for more than fifty percent (50%), both regular and special meeting of the Board of Directors during incumbency or any twelve (12) month period of said incumbency.

On March 19, 2020, the Board of Directors of the company approved the postponement of the annual stockholders' meeting of the company originally scheduled on May 4, 2020 in view of the enhanced community quarantine affecting the country especially the Metro Manila area because of COVID-19 pandemic. The appropriate disclosure on SEC Form 17-C was submitted to the SEC on March 23, 2020 through email (within the5 day deadline).

On June 9, 2020, the Board of Directors of the company approved to hold the 2020 annual stockholders' meeting on July 30, 2020, 2:00 p.m. through remote communication. The record date for the July 30, 2020 annual meeting shall be on June 15, 2020. Please refer to the attached Secretary's Certificate.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed in behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on ______________.

By:

Isidro A. Consunji
Chairman and CEO

Alfredo R. Austria
President

Evangeline H. Atchioco
VP for Finance/ Chief Compliance Officer

Atty. Ma. Pilar Pilares-Gutierrez
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this ______________, day of ______________, 2020 affiants exhibiting to me their passport details as follows:

Name	Passport No.	Date of Issue	Place of Issue
Isidro A. Consunji			
Alfredo R. Austria			
Evangeline H. Atchioco			
Atty. Ma. Pilar Pilares-Gutierrez			

NOTARY PUBLIC

Doc. No.______________;
Page No. ______________;
Book No.______________;
Series of 2020.

DMCI PROJECT DEVELOPERS
I N C O R P O R A T E D

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building PICC Complex
Roxas Boulevard, Pasay City, 1307

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of DMCI Project Developers, Inc. and its subsidiaries (collectively referred to as Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the year(s) ended December 31, 2019 and 2018, 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 or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Evangeline H. Atchioco, Chief Finance Officer and Sarah Kae L. Gonzales, Senior Accounting Manager of the Company prepared the financial statements incorporated in this report and Sycip Gorez & Velayo ,independent auditor, appointed by the stockholders for the period of December 31, 2019 and December 31, 2018, respectively, have examined the financial statements of the Company in accordance with the Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of the presentation upon completion of the examination.

Isidro A. Consunji
Chairman

Alfredo R. Austria
President

Edwina C. Laperal
Treasurer

Signed this ___________ day of _____________.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the City of ______________, this ________________, day of________________,2020.

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

NOTARY PUBLIC

Doc No.____________;
Page No.____________;
Book No._____________;
Series of 2019.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	-	0	0	4	1	3	7

COMPANY NAME

DMCI PROJECT DEVELOPERS, INC. (A Subsidiary of DMCI Holdings, Inc.)

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

DMCI Homes Corporate Center, 1321 Apolinario Street, Bangkal, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	555-7777	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
12	May 6	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
Evangeline H. Atchioco	enhernandez@dmcihomes.com	555-7777 loc. 7342	N/A

CONTACT PERSON'S ADDRESS

DMCI Homes Corporate Center, 1321 Apolinario Street, Bangkal, Makati City

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

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

DMCI
PROJECT DEVELOPERS
INCORPORATED

DMCI Homes Corporate Center
1321 Apolinario St.,
Brgy. Bangkal
Makati City 1233 Philippines

(632) 555-7777

SECURITIES AND EXCHAGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of DMCI Project Developers, Inc.is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year(s) ended December 31, 2019 and 2018, 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 or error.

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

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

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

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

Mr. Isidro A. Consunji
Chairman of the Board

Mr. Alfredo R. Austria
President

Ms. Edwina C. Laperal
Treasurer

Signed this _______ day of __________.

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Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
DMCI Project Developers, Inc.
DMCI Homes Corporate Center
1321 Apolinario Street., Bangkal
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of DMCI Project Developers, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2019 and 2018, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company 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.

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Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 is presented in a separate schedule for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of DMCI Project Developers, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125303, January 7, 2020, Makati City

February 24, 2020

DMCI PROJECT DEVELOPERS, INC.
(A Subsidiary of DMCI Holdings, Inc.)

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	**₱5,727,690,653**	₱5,972,274,144
Receivables (Notes 7, 28 and 31)	**4,009,115,036**	3,452,405,503
Current portion of contract assets (Note 8)	**11,140,903,240**	6,703,642,815
Real estate inventories (Note 9)	**36,897,016,728**	29,406,607,998
Other current assets (Notes 10 and 31)	**2,250,442,076**	1,905,530,657
Total Current Assets	**60,025,167,733**	47,440,461,117
Noncurrent Assets		
Contract assets - net of current portion (Note 8)	**5,104,620,980**	7,583,336,409
Investments in subsidiaries, associates and joint venture (Note 11)	**742,622,853**	242,622,853
Investment properties (Note 12)	**116,508,744**	129,411,142
Property and equipment (Note 14)	**1,537,054,489**	1,251,510,611
Software cost (Note 13)	**53,061,997**	58,841,164
Net pension asset (Note 25)	**–**	101,576,254
Other noncurrent assets (Notes 10, 15 and 31)	**2,971,395,416**	2,681,539,531
Total Noncurrent Assets	**10,525,264,479**	12,048,837,964
	₱70,550,432,212	₱59,489,299,081
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of loans payable (Notes 16, 30 and 31)	**₱8,262,019,417**	₱1,787,470,921
Accounts and other payables (Notes 18 and 31)	**5,032,906,235**	3,951,751,309
Customers' advances and deposits (Note 19)	**3,238,389,719**	2,849,061,122
Current portion of contract liabilities (Note 19)	**3,532,848,840**	2,910,315,465
Payables to related parties (Notes 28 and 31)	**515,847,524**	473,512,271
Current portion of liabilities for purchased land (Notes 17, 30 and 31)	**673,024,791**	478,235,757
Income tax payable (Note 27)	**165,004,348**	99,684,099
Total Current Liabilities	**21,420,040,874**	12,550,030,944
Noncurrent Liabilities		
Contract liabilities - net of current portion (Note 19)	**2,789,395,750**	2,298,981,182
Loans payable - net of current portion (Notes 16, 30 and 31)	**17,524,109,345**	16,984,016,619
Liabilities for purchased land - net of current portion (Notes 17, 30 and 31)	**1,223,137,775**	1,523,90[illegible]
Net pension liability (Note 25)	**104,842,462**	
Deferred tax liabilities - net (Note 27)	**3,665,599,228**	3,532,539,684
Subscription payable (Notes 11, 28 and 31)	**3,937,500**	[illegible],977,500
Other noncurrent liability (Notes 18 and 31)	**1,304,305,455**	1,649,083,306
Total Noncurrent Liabilities	**26,615,327,515**	25,992,465,726
Total Liabilities	**48,035,368,389**	38,542,496,670

(Forward)

	December 31	
	2019	2018
Equity (Note 20)		
Capital stock	**₱3,487,727,331**	₱3,487,727,331
Additional paid-in capital	**15,260,664**	15,260,664
Appropriated retained earnings	**13,719,000,000**	10,396,000,000
Unappropriated retained earnings	**5,187,252,398**	6,798,456,531
Remeasurement gain on defined benefit plans - net of tax (Note 25)	**105,823,430**	249,357,885
Total Equity	**22,515,063,823**	20,946,802,411
	₱70,550,432,212	₱59,489,299,081

See accompanying Notes to Parent Company Financial Statements.

DMCI PROJECT DEVELOPERS, INC.
(A Subsidiary of DMCI Holdings, Inc.)

PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2019	2018
REAL ESTATE SALES (Notes 19 and 21)	**₱18,073,946,611**	₱20,232,291,980
COST OF REAL ESTATE SALES (Notes 9, 10 and 14)	**12,949,936,292**	14,525,785,186
GROSS PROFIT	**5,124,010,319**	5,706,506,794
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	**2,321,360,330**	2,330,545,005
OPERATING INCOME	**2,802,649,989**	3,375,961,789
OTHER INCOME (EXPENSE)		
Finance income (Notes 6, 7 and 22)	**458,483,089**	361,565,739
Finance costs (Note 26)	**(132,603,745)**	(148,001,552)
Dividend income (Notes 11 and 28)	**34,535,000**	62,475,000
Other income (Notes 9, 12 and 23)	**1,144,661,848**	1,990,784,496
	1,505,076,192	2,266,823,683
INCOME BEFORE INCOME TAX	**4,307,726,181**	5,642,785,472
PROVISION FOR INCOME TAX (Note 27)	**1,320,316,900**	1,705,759,522
NET INCOME	**2,987,409,281**	3,937,025,950

See accompanying Notes to Parent Company Financial Statements.

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DMCI PROJECT DEVELOPERS, INC.
(A Subsidiary of DMCI Holdings, Inc.)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
NET INCOME	**₱2,987,409,281**	₱3,937,025,950
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on defined benefit plans (Note 25)	**(205,049,222)**	110,866,527
Income tax effect (Note 27)	**61,514,767**	(33,259,958)
	(143,534,455)	₱77,606,569
TOTAL COMPREHENSIVE INCOME	**₱2,843,874,826**	₱4,014,632,519

See accompanying Notes to Parent Company Financial Statements.

BUREAU OF INTERNAL REVENUE
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DMCI PROJECT DEVELOPERS, INC.
(A Subsidiary of DMCI Holdings, Inc.)
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2019

	Capital Stock (Note 20)	Additional Paid in Capital (Note 20)	Remeasurement Gains on Defined Benefit Plans (Note 25)	Retained Earnings: Unappropriated (Note 20)	Retained Earnings: Appropriated (Note 20)	Total
Balances as at January 1, 2019	**₱3,487,727,331**	**₱15,260,664**	**₱249,357,885**	**₱6,798,456,531**	**₱10,396,000,000**	**₱20,946,802,411**
Net income	–	–	–	2,987,409,281	–	2,987,409,281
Other comprehensive loss	–	–	(143,534,455)	–	–	(143,534,455)
Total comprehensive income	–	–	(143,534,455)	2,987,409,281	–	2,843,874,826
Appropriation for project development (Note 20)	–	–	–	(4,500,000,000)	4,500,000,000	–
Reversal of appropriation (Note 20)	–	–	–	1,177,000,000	(1,177,000,000)	–
Dividends declared (Note 20)	–	–	–	(1,275,613,414)	–	(1,275,613,414)
Balances as at December 31, 2019	**₱3,487,727,331**	**₱15,260,664**	**₱105,823,430**	**₱5,187,252,398**	**₱13,719,000,000**	**₱22,515,063,823**

For the year ended December 31, 2018

	Capital Stock (Note 20)	Additional Paid in Capital (Note 20)	Remeasurement Gains on Defined Benefit Plans (Note 25)	Retained Earnings: Unappropriated (Note 20)	Retained Earnings: Appropriated (Note 20)	Total
Balances as at January 1, 2018, as previously reported	₱3,487,727,331	₱15,260,664	₱171,751,316	₱5,422,814,706	₱8,379,000,000	₱17,476,554,017
Effect of adoption of PFRS 15 (Notes 9 and 10)	–	–	–	670,615,875	–	670,615,875
Balances at January 1, 2018, as restated	3,487,727,331	15,260,664	171,751,316	6,093,430,581	8,379,000,000	18,147,169,892
Net income	–	–	–	3,937,025,950	–	3,937,025,950
Other comprehensive income	–	–	77,606,569	–	–	77,606,569
Total comprehensive income	–	–	77,606,569	3,937,025,950	–	4,014,632,519
Appropriation for project development (Note 20)	–	–	–	(6,000,000,000)	6,000,000,000	–
Reversal of appropriation (Note 20)	–	–	–	3,983,000,000	(3,983,000,000)	–
Dividends declared (Note 20)	–	–	–	(1,215,000,000)	–	(1,215,000,000)
Balances as at December 31, 2018	₱3,487,727,331	₱15,260,664	₱249,357,885	₱6,798,456,531	₱10,396,000,000	₱20,946,802,411

See accompanying Notes to Parent Company Financial Statements.

DMCI PROJECT DEVELOPERS, INC.
(A Subsidiary of DMCI Holdings, Inc.)

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,307,726,181**	₱5,642,785,472
Adjustments for:		
Depreciation and amortization (Notes 12, 13, 14 and 24)	**429,045,442**	412,733,703
Interest expense (Notes 16, 17 and 26)	**123,896,394**	141,751,162
Net movement in net pension liability (Note 25)	**1,369,494**	(45,207,434)
Unrealized foreign exchange gain	**3,582**	(52,409)
Dividend income (Note 11)	**(34,535,000)**	(62,475,000)
Finance income (Notes 6, 7 and 22)	**(458,483,089)**	(361,565,739)
Gain on sale of undeveloped parcel of land (Notes 9 and 23)	**–**	(1,021,762,875)
Operating income before changes in working capital	**4,369,023,004**	4,706,206,880
Decrease (increase) in:		
Receivables and contract assets (Notes 7 and 11)	**(2,528,194,529)**	(1,183,222,479)
Real estate inventories (Notes 7, 9 and 16)	**(6,304,242,676)**	(781,006,095)
Other current assets (Note 10)	**(344,911,419)**	1,849,117,088
Increase (decrease) in:		
Accounts and other payables (Note 18)	**684,397,524**	1,220,789,254
Liabilities for purchased land (Notes 17 and 26)	**(105,980,726)**	(226,182,070)
Contract liabilities and customers' advances and deposits (Note 19)	**1,502,276,540**	282,502,440
Payables to related parties	**42,335,253**	7,959,786
Net cash generated from (used in) operations	**(2,685,297,029)**	5,876,164,804
Interest received	**458,483,089**	361,565,739
Income tax paid	**(1,060,422,340)**	(1,189,964,386)
Interest paid and capitalized as cost of inventory (Notes 9 and 16)	**(1,186,166,054)**	(1,023,271,343)
Net cash provided by (used in) operating activities	**(4,473,402,334)**	4,024,494,814
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of undeveloped land (Notes 7 and 9)	**–**	1,516,075,277
Dividends received (Notes 7 and 11)	**47,475,000**	41,375,000
Additions to:		
Software cost (Note 13)	**(34,282,880)**	(35,741,447)
Investment in subsidiaries, associates and joint venture (Note 11)	**(500,000,000)**	–
Property and equipment (Note 14)	**(661,624,875)**	(456,973,484)
Net increase in other noncurrent assets	**(289,855,885)**	(2,449,602,589)
Net cash used in investing activities	**(1,438,288,640)**	(1,384,867,243)

(Forward)

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES (Note 32)		
Proceeds from loans (Note 16)	**₱8,970,240,000**	₱87,935,000
Payments of loans (Note 16)	**(1,990,803,598)**	(1,591,123,826)
Dividends paid (Note 20)	**(1,275,613,414)**	(1,215,000,000)
Interest paid	**(36,711,923)**	(66,660,610)
Net cash provided by (used in) financing activities	**5,667,111,065**	(2,784,849,436)
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(3,582)**	52,409
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(244,583,491)**	(145,169,456)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,972,274,144**	6,117,443,600
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱5,727,690,653**	₱5,972,274,144

See accompanying Notes to Parent Company Financial Statements.

DMCI PROJECT DEVELOPERS, INC.
(A Subsidiary of DMCI Holdings, Inc.)

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

DMCI Project Developers, Inc. (the Parent Company) was incorporated and domiciled in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on April 27, 1995. The Parent Company is organized to deal and engage in the development of residential subdivisions and construction of condominium and housing units. The Parent Company offers range of products from middle-income to high-end housing and condominium projects.

The Parent Company is majority-owned by DMCI Holdings, Inc. (DMCI-HI), its ultimate parent company, partially-owned by D.M. Consunji, Inc. (also a subsidiary of DMCI-HI), and the rest by its directors and officers.

The Parent Company's registered office and principal place of business is at DMCI Homes Corporate Center, 1321 Apolinario Street, Bangkal, Makati City.

The accompanying parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 24, 2020.

2. Basis of Preparation

The accompanying parent company financial statements have been prepared using the historical cost basis. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest Peso unless otherwise indicated.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14, Series of 2018, Memorandum Circular No. 3, Series of 2019 and Memorandum Circular No. 4, Series of 2020.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

The Parent Company also prepares and issues consolidated financial statements for the same period and presented in compliance with PFRS. These are available at the registered office address of the Parent Company.

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of parent company financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements which became effective January 1, 2019.

- PFRS 16, *Leases*
  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, D*etermining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 did not have an impact for leases where the Parent Company is the lessor.

  The Parent Company adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Parent Company did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

  A lessee may elect not to apply PFRS 16 to (a) short-term leases and (b) leases for which underlying asset is of low value. The lease arrangements of the Parent Company for its sales office have remaining lease term of one (1) year, thus, qualified as short-term lease recognition exemption criteria under PFRS 16 as of January 1 and December 31, 2019. Accordingly, the adoption of PFRS 16 has no significant impact on the financial statements of the Parent Company.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The Interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately;
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and,
  - How an entity considers changes in facts and circumstances.

  The Parent Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

  Upon adoption of the Interpretation, the Parent Company considered whether it has any uncertain tax positions. The Parent Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The adoption of the Interpretation did not have a significant on the financial statements of the Parent Company.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

    An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

    Upon adoption, the amendment did not have an impact on the parent company financial statements.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. These amendments will apply on future business combinations of the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. The Parent Company does not expect the amendments to have significant impact to the parent company financial statements.

Deferred effectivity

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

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Parent Company is currently assessing the impact of adopting these amendments.

- *PIC updates on PFRS 15 implementation issues*
  On August 27, 2019, the real estate industry sent a position paper to PIC requesting the latter to revisit its position on certain issues relating to the adoption of PFRS 15 and some other industry issues. In line with this, the PIC issued two (2) response letters to the industry dated September 13 and 27, 2019. While the PIC finalizes its position on the matters raised by the industry, PIC has provided the following options for accounting treatment or financial statement presentation on the following:

  - Conclusion of PIC Q&A 2018-12H, *Accounting for Common Usage Service Area (CUSA)*, recommends the industry to consider an alternative presentation wherein CUSA may be presented outside of topline revenues if these are not considered as main source of revenue and are not material. This is not applicable to the Parent Company as the entity does not earn revenues from CUSA.

- *March 2019 IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry*
  In March 2019, the IFRIC issued an Agenda Decision clarifying the criteria for the capitalization of borrowing costs in relation to the construction of residential multi-unit real estate development which are sold to customers prior to the start of construction or completion of the development.

  Paragraph 8 of PAS 23 allows the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Paragraph 5 of PAS 23 defines a qualifying asset as an asset that takes a substantial period of time to get ready for its intended use or sale. The IFRIC Agenda Decision clarified that the related assets namely, installment contracts receivable, contract asset or real estate inventory, are not considered qualifying assets and therefore the corresponding borrowing cost may not be capitalized.

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

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

The Parent Company opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of real estate sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings.

4. **Significant Accounting Policies**

Current versus Noncurrent Classification
The Parent Company presents assets and liabilities in parent company statement of financial position based on current and noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Parent Company classifies all other liabilities as noncurrent.

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company.

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

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

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

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

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

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

The Parent Company's management determined the policies and procedures for both recurring and nonrecurring fair value measurement.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Recognition and Measurement of Financial Instruments</u>

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

a. *Initial recognition*

   Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

The Parent Company's financial assets comprise of financial assets at amortized cost.

b. *Subsequent measurement – 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 a business model, the objective of which is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Receivables from sale of real estate inventories relate to "Installment contracts receivable" account under statement of financial position caption "Receivables". The Parent Company entered with various purchase agreements with financial institutions whereby the related installment contracts receivable are sold on a with recourse basis. The risk and rewards associated with the asset retains with the Parent Company.

The Parent Company classified cash in banks, cash equivalents, receivables, deposit in escrow fund under "Other current assets" and recoverable deposits under "Other noncurrent assets" as financial assets at amortized costs (see Notes 6, 7, 10, 15 and 31).

c. *Derecognition*
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Parent Company's statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or,
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset; or, (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

d. Impairment

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

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

For cash in banks, cash equivalents, and deposit in escrow fund, the Parent 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 Parent 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 will be based on the lifetime ECL. To estimate the ECL, the Parent Company uses the ratings published by a reputable rating agency.

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

For its contract assets and installment contracts receivable (ICR), the Parent Company uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof. The Parent Company considers contract assets and installment contracts receivable in default when sales are cancelled and supported by a notarized cancellation letter executed by the Parent Company and unit buyer. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For other receivables, the Parent Company uses a provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type). The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For receivables from related parties, 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).

In addition, the Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

a. *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Transaction costs are deducted against loans payable and are amortized over the terms of the related borrowings using the effective interest method.

The Parent Company's financial liabilities comprise of loans and borrowings (financial liabilities at amortized cost).

b. *Subsequent measurement*

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

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

The Parent Company's loans and borrowings include accounts and other payables, payables to related parties, loans payable, liabilities for purchased land and subscription payable (see Notes 16, 17, 18, 28 and 31).

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Parent Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost;
- Land improvement cost;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units; and,
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads, capitalized borrowing costs and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Valuation allowance is provided for real estate held for sale and development when the NRV of the properties are less than their carrying amounts.

Investments in Subsidiaries, Associates and Joint Venture

Investment in Subsidiaries
The Parent Company's investment in subsidiaries is accounted for using cost method less accumulated impairment losses. A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights to, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. The Parent Company recognizes dividend from a subsidiary in the parent company statement of income when its right to receive the dividend is established. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction from the cost of the investment.

Investment in Associates and Joint Venture
An associate is an entity in which the Parent Company has significant influence and which is neither a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Parent Company's investment in associates and joint venture is accounted for using the cost method less provisions for impairment losses.

The Parent Company recognizes income from the investment only to the extent that it receives distributions from accumulated profits of the associates and joint venture. The Parent Company recognizes dividend from associates and joint venture in the parent company statement of income when its right to receive the dividend is established.

Investment Properties
Investment properties comprise of completed properties that are held to earn rentals or capital appreciation or both and that are not occupied by the Parent Company.

The Parent Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred.

Depreciation of investment properties are computed using the straight line method over the estimated useful lives (EUL) of assets of 20 years. The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment
Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value.

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

Depreciation of property and equipment commences once the property and equipment are available for use and is calculated on a straight-line basis over the EUL of the assets, as follows:

	Years
Building and leasehold improvements	20
Office machines and equipment	3
Office furniture and fixtures	3
Transportation equipment	5
Construction machinery and equipment	5

The residual values, EUL and the depreciation method are reviewed at each financial reporting date to ensure that the period and the method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to the parent company statement of income.

An item of property and equipment 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 the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the parent company statement of income in the year the item is derecognized.

Intangible Assets

Software cost

Costs that are directly associated with identifiable and unique software controlled by the Parent Company and will generate economic benefits exceeding costs beyond one (1) year, are recognized as intangible assets to be measured at cost less accumulated amortization and accumulated impairment, if any. Otherwise, such costs are recognized as expense as incurred.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software. System development costs, recognized as assets, are amortized using the straight-line method over three (3) years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Other Assets

Other current and noncurrent assets pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Advances to contractors and suppliers

Advances to contractors and suppliers are carried at cost less impairment losses, if any. These are classified based on the actual realization of such advances determined with reference to usage/realization of the asset to which it is intended for (e.g., real estate inventories, investment properties, property and equipment).

Deposit in escrow fund

Deposit in escrow pertains to cash deposited in a local bank that is restricted from being exchanged or used to settle a liability. Deposit in escrow is classified as current asset if it is expected to be used and released from restriction within 12 months after the reporting period. Otherwise, this is presented as part of noncurrent assets.

Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount. The net amount of VAT payable from the taxation authority is included as part of "Accounts and other payables" in the parent company statement of financial position.

The net amount recoverable from, or payable to, the taxation authority within 12 months from end of reporting period is presented as current; otherwise the amount is presented as noncurrent.

Prepaid expenses
Prepaid expenses include prepayments for taxes and licenses and insurance and are carried at cost less amortized portion.

Impairment of Nonfinancial Assets
The Parent Company assesses at each financial reporting date whether there is an indication that its nonfinancial asset (e.g., investment properties, property and equipment, software costs, investments in associates and joint venture, other current and noncurrent nonfinancial assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount.

Property and Equipment, Investment Properties, Software Costs and Other Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that these assets may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Investments in subsidiaries, associates and joint venture
For investments in subsidiaries, associates and joint venture, the Parent Company determines whether it is necessary to recognize any additional impairment loss with respect to the Parent Company's net investment in the investee companies. The Parent Company determines at each reporting date whether there is any objective evidence that the investment in subsidiaries, associates and joint venture or jointly controlled entity is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the carrying value and the recoverable amount of the investee company and recognizes the difference in the parent company statement of income.

Liabilities for Purchased Land
Liabilities for purchase of land represent unpaid portion of the acquisition costs of raw land for future development, including other costs and expenses incurred to effect the transfer of title of the property. Noncurrent portion of the carrying amount is discounted using the applicable interest rate for similar type of liabilities at the inception of the transactions.

Equity

Capital stock

The Parent Company records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings

Retained earnings represent accumulated earnings of the Parent Company less dividends declared and adjustments resulting from adoption of new accounting policy/standard. Appropriated retained earnings are set aside for future business expansions.

Dividends on common shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Revenue and Income Recognition

Revenue from Contract with Customers

The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at the amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods and services. The Parent Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to their customers. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales recognized over time using output method

The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period using the percentage of completion (POC) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by project engineers, and reviewed and approved by area managers under construction department which integrates the surveys of performance to date of the construction activities for both subcontracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contracts receivable, under "Receivables", is included in the "Contract assets" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contracts receivable and contract assets is included in the "Contract liabilities" account in the liabilities section of the parent company statement of financial position.

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

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

On February 14, 2018, the PIC issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14-2018 and 3-2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of three (3) years:

- Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A 2018-12-E
- Accounting for significant financing component discussed in PIC Q&A 2018-12-D
- Accounting for CUSA charges discussed in PIC Q&A 2018-12-H

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

On February 11, 2020, SEC issued Memorandum Circular No. 4, Series of 2020 provided relief to the real estate industry by deferring the mandatory implementation of the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for the real estate industry until December 31, 2020.

The Parent Company availed of the deferral of adoption of the accounting for significant financing component, cancellation of real estate sales and capitalization of borrowing costs.

Forfeitures and cancellation of real estate contracts
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Protection Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Finance income
Interest income is recognized as it accrues (using the EIR method, i.e, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income
Dividend income is recognized when the Parent Company's right as a shareholder to receive payment is established, which is generally when BOD approve the dividend.

Management fees
Revenue from management fees is recognized when earned and is included in the "Other income" account under the parent company statement of income.

Rental income
Rental income from investment properties is recognized in profit or loss on a straight-line basis over the lease term for non-cancellable lease or based on the terms of the lease contract for cancellable lease. This is included under "Other income" account in the parent company statement of income.

Other income
Other income is recognized when the related services have been rendered.

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

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. This is reclassified as installment contracts receivable when the monthly amortization of the customer is already due for collection.

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

Contract liability arises when the payment is made or the payment is due (whichever is earlier) from customers before the Parent Company transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Parent Company performs (generally measured through POC) under the contract. The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Using the practical expedient in PFRS 15 (except for customer contracts related to real estate sales where the Parent Company opted to defer the accounting for significant financing component), the Parent Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised service to the customers and when the customer pays for that service will be one (1) year or less.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company's commission payments to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to "Cost of real estate sales" account in the parent company statement of income in the period in which the related revenue is recognized as earned. Capitalized cost to obtain a contract is included in "Other current and noncurrent assets" account in the parent company statement of financial position. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Parent Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Parent Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, particularly when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Parent Company's contract fulfillment assets pertain to connection fees and land acquisition costs included in the "Real Estate Inventories" account in the parent company statement of financial position.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of real estate sales over the expected construction period using POC, following the pattern of real estate revenue recognition.

A contract fulfillment asset or capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Parent Company determines whether there is an indication that contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive, less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

General, Administrative and Other Expenses
These are recognized in the parent company statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the parent company statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses are generally recognized as they are incurred and measured at the amount paid or payable.

Foreign Currency Translations and Transactions
The parent company financial statements are presented in Philippine Peso, which is its functional and presentation currency. The Parent Company determines its own functional currency and items included in the parent company financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. All differences are taken to the parent company statement of income for the year.

Pension Costs
The Parent Company has a noncontributory defined benefit multiemployer retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and,
- Remeasurements of net defined benefit liability or asset.

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

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

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

<u>Borrowing Costs</u>

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" account in the parent company statement of financial position). All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Parent Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion.

Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs are also capitalized on the purchased cost of a site property acquired specially for development but only where activities necessary to prepare the asset for development are in progress.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the financial reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in associates and joint ventures.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Parent Company as a lessor

Leases where the Parent Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term and is included as other income in the parent company statement of income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rent is recognized as revenue in the period it is earned.

Effective January 1, 2019 (upon adoption of PFRS 16)

Parent Company as a lessee

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

i) Right-of-use assets

   The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

   If ownership of the leased asset transfers to the Parent Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the EUL of the asset. The right-of-use asset are also subject to impairment.

ii) Lease liabilities

   At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

iii) Short-term leases
The Parent Company applies the short-term lease recognition exemption to its short-term leases of sales office space (i.e., those leases that have a remaining lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Effective before January 1, 2019 (prior to adoption of PFRS 16)

Operating Lease – Parent Company as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in the parent company statement of income on a straight-line basis over the lease term.

Provisions
Provisions are recognized only when the Parent Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and, (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when the inflow of economic benefits is probable.

Events After the Reporting Period
Post year end events up to the date of the auditor's report that provide additional information about the Parent Company's position at reporting date (adjusting events) are reflected in the parent company financial statements. Any post year end events that are not adjusting events are disclosed in the parent company financial statements when material.

5. Significant Accounting Judgements and Estimates

The preparation of the parent company financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Actual results could differ from such estimates.

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

Revenue recognition
Revenue recognition method and measure of progress
The Parent Company concluded that real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use; and, (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The Parent Company also considers the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project. The buyers' commitment is evaluated based on collections, credit standing and historical collection from buyers. In determining whether the sales prices are collectible, the Parent Company considers that initial and continuing investments of the buyer reaching a certain level of payment which would demonstrate the buyer's commitment to pay. Collectability is also assessed by considering factors such as history with the buyer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before allowing revenue recognition.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Parent Company specialists (project engineers).

Assessment of significant influence
The Parent Company classifies its investee companies as an associate if the Parent Company has significant influence in the investee company. Significant influence is presumed to exist if the Parent Company has a holding of 20.00% or more of the voting power of the investee. Holding of less than 20.00% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of December 31, 2019 and 2018, the Parent Company holds 4.62% interest in Celebrity Sports Plaza, Inc. (CSPI). The Parent Company exercises significant influence in CSPI due to the presence of the Parent Company's Chairman and Treasurer in the Board of CSPI. Hence, the Chairman and Treasurer of the Parent Company effectively have a participation in the policy-making processes of CSPI (see Note 11).

Operating lease classification - Parent Company as lessor
The Parent Company has entered into property lease agreements on its investment property portfolio. The Parent Company has determined that it retains all the significant risks and rewards of ownership of these properties as the Parent Company and thus accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price, and the lease term is not for the major part of the asset's economic life.

Impairment of nonfinancial assets
The Parent Company assesses the impairment of nonfinancial assets (e.g., investment properties, property and equipment, software costs, investments in subsidiaries, associates and joint venture and other nonfinancial assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include the following:
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of usage of the acquired assets or the strategy for the Parent Company's overall business; and,
- significant negative industry or economic trends.

The Parent Company estimates the recoverable amount as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use or its net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

As of December 31, 2019 and 2018, no indicators of impairment have been identified for the Parent Company's nonfinancial assets. See Notes 10, 11, 12, 13, 14 and 15 for the carrying values of these nonfinancial assets.

Contingencies
The Parent Company is involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsel handling the defense in these matters and is based upon an analysis of potential results. The Parent Company currently does not believe these proceedings will have a material effect on the Parent Company's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 29).

Management's Use of Estimates
The key assumptions concerning the future and other sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revenue and cost recognition on real estate projects
The assessment process for the POC and the estimated project development costs requires technical determination by management's specialists (project engineers). The Parent Company applies POC method in determining real estate revenue. The POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of the internal project engineers.

In addition, the Parent Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company.

Revenue from real estate sales amounted to ₱18,073.95 million and ₱20,232.29 million in 2019 and 2018, respectively (see Note 21).

Provision for expected credit losses on installment contracts receivable and contract assets
The Parent Company uses the vintage approach for installment contracts receivable and contract assets.

(i) Installment contracts receivable and contract assets
Vintage analysis calculates the vintage default rate of each period through a ratio of default occurrences of each given point in time in that year to the total number of receivable issuances or occurrences during that period or year. The rates are also determined based on the default occurrences of customer segments that have similar loss patterns (i.e., by payment scheme).

The vintage analysis is initially based on the Parent Company's historical observed default rates. The Parent Company adjusts the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., bank lending rates and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(ii) Other receivables
The Parent Company uses a provision matrix to calculate ECLs for other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. No resulting expected credit losses resulted from the analysis.

As of and for the years ended December 31, 2019 and 2018, the Parent Company has not recognized impairment losses on receivables and contract assets.

Evaluation of net realizable value of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Parent Company in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories carried at cost amounted to ₱36,897.02 million and ₱29,406.61 million as of December 31, 2019 and 2018, respectively (see Note 9).

Estimating useful lives of property and equipment, software costs and investment properties
The Parent Company estimates the useful lives of its property and equipment, software costs and investment properties based on the period over which the assets are expected to be available for use. The EUL of investment properties, software costs and property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the EUL of investment properties, software costs and property and equipment would increase the recorded depreciation and amortization expense and decrease the related asset accounts.

The carrying value of the Parent Company's property and equipment amounted to ₱1,537.05 million and ₱1,251.51 million as of December 31, 2019 and 2018, respectively (see Note 14). The carrying value of software amounted to ₱53.06 million and ₱58.84 million as of December 31, 2019 and 2018, respectively (see Note 13). The carrying value of investment properties amounted to ₱116.51 million and ₱129.41 million as of December 31, 2019 and 2018, respectively (see Note 12).

Deferred tax assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

The deferred tax assets recognized amounted to ₱117.73 million and ₱295.89 million as of December 31, 2019 and 2018, respectively (see Note 27).

Estimation of defined benefit obligation and other retirement benefits
The determination of the obligation and cost of retirement and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates, salary increase rates and pension increases (see Note 25). Actual results that differ from the Parent Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The Parent Company also estimates other employee benefits obligation and expense, including the cost of paid leaves based on historical leave availment of employees, subject to the Parent Company's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year. The net pension liability and net pension asset as at December 31, 2019 and 2018 amounted to ₱104.84 million and ₱101.58 million, respectively (see Note 25).

6. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand and in banks	**₱2,772,246,530**	₱3,246,846,108
Cash equivalents	**2,955,444,123**	2,725,428,036
	₱5,727,690,653	₱5,972,274,144

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Parent Company, and earn interest at the prevailing short-term investment rates ranging from 2.00% to 7.00% in 2019 and 1.13% to 6.00% in 2018.

Interest income earned on bank deposits and cash equivalents amounted to ₱180.84 million and ₱108.45 million for the years ended December 31, 2019 and 2018, respectively (see Note 22).

7. Receivables

This account consists of:

	2019	2018
Trade		
Installment contracts receivable	**₱2,361,329,841**	₱1,771,389,959
Receivable from buyers	**889,554,775**	919,063,938
Receivables from related parties (Note 28)	**347,215,447**	278,810,258
Receivables from:		
Condominium corporations	**280,491,978**	268,316,583
Rental	**23,612,897**	99,187,252
Employees	**16,852,027**	8,165,263
Dividends receivable (Note 11)	**8,160,000**	21,100,000
Others	**81,898,071**	86,372,250
	₱4,009,115,036	₱3,452,405,503

Installment contracts receivable
Installment contracts receivable consists of accounts collectible in equal monthly principal installments with various terms up to a maximum of 10 years. These are recognized at amortized cost using the effective interest method with an annual interest rates ranging from 9.00% to 19.00%. The corresponding titles to the residential units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Installment contracts receivable are collateralized by the related property sold. The Parent Company records any excess of progress of work over the right to an amount of consideration that is unconditional as contract assets (see Note 8). Interest income from installment contracts receivable amounted to ₱277.64 million and ₱253.11 million in 2019 and 2018, respectively (see Note 22).

The Parent Company entered into various receivable purchase agreements with various local banks whereby the Parent Company sold its installment contracts receivable on a "with recourse basis" in the aggregate credit facility agreement amounting to ₱6,696.26 million and ₱8,427.55 million as of December 31, 2019 and 2018, respectively (see Note 16).

The Parent Company retains the assigned receivables in the "Installment contracts receivable" account and records the proceeds from these sales as loans payable. The carrying value of installment contracts receivable sold on a with recourse basis and the corresponding outstanding loan obligation amounted to ₱118.91 million and ₱372.44 million, as of December 31, 2019 and 2018, respectively (see Note 16).

Receivables from buyers
Receivable from buyers pertain to advances for real estate taxes, deposits and other chargeable expenses to buyers which are normally collectible within one (1) year. This also includes receivable on the unpaid consideration from the sale of undeveloped land amounting to ₱124.73 million and ₱274.06 million as of December 31, 2019 and 2018, respectively (see Note 9).

Receivable from condominium corporations
Receivables from condominium corporations are due and demandable.

Receivable from rental
Receivables from rental arising from lease of investment properties are due and demandable.

Receivable from employees
Receivables from employees pertain to salary and other loans granted to the Parent Company's employees that are collectible through salary deduction, are noninterest-bearing and has various maturity dates and advances for liquidation to be used for operations.

Others
Others include advances to brokers which are expected to be collected within one (1) year.

8. Contract Assets

This account consists of:

	2019	2018
Current portion	**₱11,140,903,240**	₱6,703,642,815
Noncurrent portion	**5,104,620,980**	7,583,336,409
	₱16,245,524,220	₱14,286,979,224

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. These are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as installment contracts receivable.

The movement in contract assets is mainly due to new real estate sales recognized during the period, increase in percentage of completion of projects, less reclassification of installment contracts receivable.

9. Real Estate Inventories

This account consists of:

	2019	2018
Condominium units and subdivision land for sale	**₱21,491,599,642**	₱20,075,982,463
Land - at cost	**15,405,417,086**	9,330,625,535
	₱36,897,016,728	₱29,406,607,998

Real estate inventories are carried at cost which is lower than their respective net recoverable value.

Inventories recognized as costs of real estate sales amounted to ₱12,116.53 million and ₱13,405.86 million in 2019 and 2018, respectively, and are shown as "Cost of real estate sales" in the parent company statements of income. Costs of real estate sales includes acquisition cost of land, cost of land improvements, amounts paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real state inventories to its intended condition.

Borrowing costs capitalized in 2019 and 2018 amounted to ₱1,186.17 million and ₱1,023.27 million, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2019 and 2018 are 5.59 % and 5.76 %, respectively (see Notes 3 and 16).

No provision for impairment and reversal were recognized in 2019 and 2018. There are no real estate inventories used as collateral or pledged as security to secure liabilities.

A summary of the movement in real estate inventories is set out below:

	2019	2018
Balance at beginning of year	**₱29,406,607,998**	₱27,384,547,710
Construction/development cost incurred	**11,771,119,140**	12,301,007,219
Land acquired	**6,649,655,052**	2,872,016,700
Borrowing costs capitalized (Note 16)	**1,186,166,054**	1,023,271,343
Cost of undeveloped land sold	**–**	(768,378,402)
Cost of real estate sales	**(12,116,531,516)**	(13,405,856,572)
Balance at end of year	**₱36,897,016,728**	₱29,406,607,998

The Parent Company sold undeveloped parcels of land in 2018 at a gain of ₱1,021.76 million (nil in 2019). The gain on sale of land is presented under "Other income" account in the parent company statements of income (see Note 23). Receivable from the unpaid consideration included under receivables from buyers amounted to ₱124.73 million and ₱274.06 million as of December 31, 2019 and 2018, respectively (see Note 7).

The adoption of PFRS 15 on January 1, 2018 resulted to increase in real estate inventories and retained earnings by ₱1,254.41 million and ₱670.62 million (net of related tax), respectively, in the parent company statement of financial position and statement of changes in equity (see Note 27).

10. Other Current Assets

This account consists of:

	2019	2018
Advances to contractors and suppliers	**₱1,236,090,418**	₱1,083,128,434
Cost to obtain a contract - current portion (Note 15)	**798,667,885**	754,024,663
Deposit in escrow fund (Note 31)	**181,177,931**	48,043,350
Prepaid expenses	**34,505,842**	20,334,210
	₱2,250,442,076	₱1,905,530,657

Advances to contractors and suppliers
Advances to contractors and suppliers are advance payments in relation to the Parent Company's project development (part of real estate inventories).

Cost to obtain a contract
Cost to obtain a contract pertains to commissions paid to brokers and marketing agents on the sale of real estate units.

The balance below pertains to the cost to obtain contracts included in the other current and noncurrent assets:

	2019	2018
Balance at beginning of the year	**₱3,203,788,854**	₱2,460,274,289
Additions	**969,725,405**	1,753,159,956
Amortization	**(751,696,058)**	(1,009,645,391)
Balance at end of the year	**3,421,818,201**	3,203,788,854
Less noncurrent portion (Note 15)	**2,623,150,316**	2,449,764,191
	₱798,667,885	₱754,024,663

Amortization of capitalized commission and advance commissions which are expensed as incurred totaling to ₱833.41 million and ₱1,119.93 million are presented under "Costs of real estate sales" account in the parent company statements of income for the year ended December 31, 2019 and 2018, respectively.

Upon adoption of PFRS 15, the resulting effect as of January 1, 2018 of accounting commission expense as a cost of obtaining a contract increased other current and noncurrent assets by ₱259.89 million and ₱1,688.92 million, respectively; increased accounts and other payables and other noncurrent liability by ₱895.27 million and ₱1,349.92 million, respectively, and decreased retained earnings by ₱207.47 million, net of related tax, for the sales commissions related to uncompleted contracts obtained in prior years (see Notes 15, 18 and 27).

Deposit in escrow fund
Deposit in escrow fund pertains to fund deposits for securing license to sell (LTS) of the Parent Company's real estate projects.

Prepaid expenses
Prepaid expenses consist mainly of prepayments for taxes and insurance.

11. Investment in Subsidiaries, Associates, and Joint Venture

The details of the Parent Company's investments in subsidiaries, associates and joint venture accounted for under the cost method and the corresponding percentages of ownership follow:

	2019		2018	
	Percentages of Ownership	**Acquisition Cost**	Percentages of Ownership	Acquisition Cost
Subsidiaries				
Hampstead Gardens Corporation (HGC)	**100.00%**	**₱105,587,102**	100.00%	₱105,587,102
Riviera Land Corporation (RLC)	**62.62%**	**64,609,596**	62.62%	64,609,596
DMCI Homes Property Management Corporation (DPMC)	**100.00%**	**25,000,000**	100.00%	25,000,000
Zenith Mobility Solution Services, Inc. (ZMSSI)	**51.00%**	**2,550,000**	51.00%	2,550,000
DMCI Homes, Inc. (DHI)	**100.00%**	**258,750**	100.00%	258,750
DMCI-PDI Hotels, Inc. (DPHI)	**100.00%**	**250,005**	100.00%	250,005
		198,255,453		198,255,453
Associates				
Subic Water and Sewerage Company (Subic Water)	**30.00%**	**27,467,400**	30.00%	27,467,400
Celebrity Sports Plaza, Inc. (CSPI)	**4.62%**	**16,900,000**	4.62%	16,900,000
Contech Products South (Acotec)	**33.00%**	**4,485,715**	33.00%	4,485,715
CSN Properties, Inc. (CSN)	**45.00%**	**1,752,265**	45.00%	1,752,265
		50,605,380		50,605,380
Joint venture				
RLC DMCI Property Ventures Inc. (RDPVI)	**50.00%**	**500,000,000**	–	–
Total investment		**748,860,833**		248,860,833
Less allowance for impairment losses		**(6,237,980)**		(6,237,980)
		₱742,622,853		₱242,622,853

Investment in Subsidiaries

The Parent Company's investment in subsidiaries are all incorporated and domiciled in the Philippines. All of these subsidiaries have started commercial operations. The related principal activity of these subsidiaries are summarized below:

a) HGC – real estate developer;
b) DHI – real estate brokerage;
c) RLC – real estate developer;
d) DPMC – property management;
e) DPHI – hotel operator; and,
f) ZMSSI – mobility services provider of the Parent Company.

As of December 31, 2019 and 2018, HGC and DHI have ceased operations and are in the process of liquidation.

In 2019 and 2018, the Parent Company's share from dividend declarations of its subsidiaries amounted to ₱8.16 million and ₱21.10 million, respectively, which were unpaid during the year of its declaration. These were recorded as "Dividend income" in the parent company statements of income and under "Receivables" account of the parent company statements of financial position (see Note 7).

Investment in Associates

CSPI

In 2015, the Parent Company made investments to CSPI amounting ₱13.40 million.

In 2016, the Parent Company disposed two (2) shares of CSPI with par value of ₱100,000 per share at ₱0.14 million and ₱0.12 million. Recorded gains of ₱0.04 million and ₱0.02 million are included in the "Other income" account. The Parent Company acquired additional 37 shares of CSPI with par value of ₱100,000 per share at ₱3.70 million. These transactions resulted to increase of percentage of ownership in the associate to 4.62% in 2016 from 3.94% in 2015. No additional acquisition or disposal was made subsequent to 2016.

Subic Water

On January 22, 1997, the Parent Company subscribed to 3,662,320 shares for an aggregate value of ₱36.62 million in Subic Water, a then joint venture company with Subic Bay Metropolitan Authority (a government-owned corporation), Olongapo City Water District and Cascal Services Limited (a company organized under the laws of England). The agreement executed by the parties on November 24, 1996 stipulated, among others, that the Parent Company shall have an equity participation equivalent to 40% in Subic Water amounting ₱74.80 million (based on the initial subscribed and paid-up capital of ₱187.00 million). The balance of the Parent Company's committed subscription to Subic Water of ₱38.00 million (net of additional subscription payment of ₱4.00 million in 1998) is expected to be paid on or before the second anniversary of the date of effectivity. As of December 31, 2019 and 2018, such committed subscription has not yet been paid.

On April 1, 2016, the Parent Company disposed its 915,580 shares of Subic Water with par value of ₱10.00 per share at ₱190.70 million, net of capital gains tax of ₱20.14 million, with a gain on sale of ₱181.28 million. This resulted to decrease in Parent Company's percentage of ownership in the associate to 30%. In 2019 and 2018, dividends received from Subic Water amounted to ₱25.50 million and ₱40.50 million, respectively.

CSN and Acotec

In previous years, allowance for impairment losses was provided for the Parent Company investments in CSN and Acotec amounting ₱1.75 million and ₱4.49 million, respectively.

Investment in Joint Venture

RDPVI

In October 2018, the Parent Company and Robinsons Land Corporation (RLC) entered into a joint venture agreement to develop a condominium project. Each party will hold a 50% ownership interest in the joint venture.

In March 2019, RDPVI, the joint venture entity, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Piñas City and to operate, manage, sell and/or lease the resulting condominium units and parking spaces therein. The Parent Company contributed ₱500.00 million for the capital of RDPVI.

The following table summarizes the significant financial information on the Parent Company's associates and joint venture that are material to the Parent Company:

	December 31, 2019			
	Subic Water	**CSPI**	**RDPVI**	**Total**
Assets				
Current assets	**₱427,301,490**	**₱94,790,049**	**₱1,989,930,461**	**₱2,512,022,000**
Noncurrent assets	**1,522,476,223**	**1,301,152,834**	**43,184,564**	**2,866,813,621**
	₱1,949,777,713	**₱1,395,942,883**	**₱2,033,115,025**	**₱5,378,835,621**
Liabilities				
Current liabilities	**₱275,302,232**	**₱58,428,275**	**₱53,162,175**	**₱386,892,682**
Noncurrent liabilities	**252,504,705**	**354,203,551**	**992,681,286**	**1,599,389,542**
	₱527,806,937	**₱412,631,826**	**₱1,045,843,461**	**₱1,986,282,224**
Equity	**₱1,421,970,776**	**₱983,311,057**	**₱987,271,564**	**₱3,392,553,397**
Revenue	**₱784,978,383**	**₱96,532,703**	**₱–**	**₱881,511,086**
Net income (loss)	**₱197,669,456**	**(₱1,419,074)**	**(₱2,728,433)**	**₱193,521,949**

	December 31, 2018		
	Subic Water	CSPI	Total
Assets			
Current assets	₱284,518,373	₱85,746,873	₱370,265,246
Noncurrent assets	1,522,078,636	1,208,665,588	2,730,744,224
	₱1,806,597,009	₱1,294,412,461	₱3,101,009,470
Liabilities			
Current liabilities	₱197,409,714	₱50,201,553	₱247,611,267
Noncurrent liabilities	186,748,621	321,648,231	508,396,852
	₱384,158,335	₱371,849,784	₱756,008,119
Equity	₱1,422,438,674	₱922,562,677	₱2,345,001,351
Revenue	₱707,405,477	₱111,207,453	₱818,612,930
Net income	₱197,549,673	₱10,285,335	₱207,835,008

The investments in associates are accounted for using the cost method less accumulated provisions for impairment losses. The Parent Company availed of the exemption from using equity method in the parent company financial statements as allowed under PAS 28.

Dividends

Dividends received from investment in subsidiaries, associates, joint ventures and other related affiliates amounted to ₱34.54 million and ₱62.48 million in 2019 and 2018, respectively.

12. Investment Properties

The rollforward analysis on this account follows:

	2019	2018
Cost at December 31	**₱209,584,207**	₱209,584,207
Accumulated Depreciation		
At January 1	**80,173,065**	67,270,667
Depreciation (Note 24)	**12,902,398**	12,902,398
At December 31	**93,075,463**	80,173,065
Net Book Value	**₱116,508,744**	₱129,411,142

Investment properties mostly consist of condominium units and office space held for rental.

Rental income on investment properties amounted to ₱21.77 million and ₱124.77 million for the years ended December 31, 2019 and 2018, respectively (see Note 23).

The fair value of investment properties, which has been determined using discounted cash flow model with discount rates ranging from 3.42% to 4.06% and 6.78% to 7.04% in 2019 and 2018, respectively, exceeds its carrying cost. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The aggregate fair value at the date of valuation amounted to ₱160.87 million and ₱144.47 million as of December 31, 2019 and 2018, respectively.

There are no investment properties as of December 31, 2019 and 2018 that are pledged as security to liabilities. The Parent Company has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.

13. Software Cost

The rollforward analysis on this account follows:

	2019	2018
Cost		
At January 1	**₱274,334,860**	₱238,593,413
Additions	**34,282,880**	35,741,447
At December 31	**308,617,740**	274,334,860
Accumulated Amortization		
At January 1	**215,493,696**	174,978,984
Amortization (Note 24)	**40,062,047**	40,514,712
At December 31	**255,555,743**	215,493,696
Net Book Value	**₱53,061,997**	₱58,841,164

The total costs of fully amortized software cost that are still in use amounted to ₱194.88 million and ₱157.84 million as of December 31, 2019 and 2018, respectively.

14. Property and Equipment

The rollforward analysis of this account follows:

	2019					
	Land, building and building improvements	**Office machines and equipment**	**Office furniture and fixtures**	**Transportation equipment**	**Construction machinery and equipment**	**Total**
Cost						
Balances at beginning of year	**₱557,203,800**	**₱245,576,821**	**₱49,831,505**	**₱220,065,333**	**₱1,997,066,330**	**₱3,069,743,789**
Additions	**–**	**34,926,690**	**899,271**	**1,389,286**	**624,409,628**	**661,624,875**
Balances at end of year	**557,203,800**	**280,503,511**	**50,730,776**	**221,454,619**	**2,621,475,958**	**3,731,368,664**
Accumulated Depreciation						
Balances at beginning of year	**248,518,554**	**204,502,852**	**48,152,786**	**146,092,761**	**1,170,966,225**	**1,818,233,178**
Depreciation (Notes 9 and 24)	**27,629,996**	**26,730,566**	**1,356,745**	**24,447,309**	**295,916,381**	**376,080,997**
Balances at end of year	**276,148,550**	**231,233,418**	**49,509,531**	**170,540,070**	**1,466,882,606**	**2,194,314,175**
Net Book Value	**₱281,055,250**	**₱49,270,093**	**₱1,221,245**	**₱50,914,549**	**₱1,154,593,352**	**₱1,537,054,489**

	2018					
	Land, building and building improvements	Office machines and equipment	Office furniture and fixtures	Transportation equipment	Construction machinery and equipment	Total
Cost						
Balances at beginning of year	₱557,203,800	₱222,839,151	₱48,611,875	₱207,401,648	₱1,576,713,831	₱2,612,770,305
Additions	–	22,737,670	1,219,630	12,663,685	420,352,499	456,973,484
Balances at end of year	557,203,800	245,576,821	49,831,505	220,065,333	1,997,066,330	3,069,743,789
Accumulated Depreciation						
Balances at beginning of year	220,888,237	178,841,327	45,880,791	119,018,563	894,287,667	1,458,916,585
Depreciation (Notes 9 and 24)	27,630,317	25,661,525	2,271,995	27,074,198	276,678,558	359,316,593
Balances at end of year	248,518,554	204,502,852	48,152,786	146,092,761	1,170,966,225	1,818,233,178
Net Book Value	₱308,685,246	₱41,073,969	₱1,678,719	₱73,972,572	₱826,100,105	₱1,251,510,611

Depreciation expense included under general and administrative expenses amounted to ₱80.17 million and ₱82.65 million for the years ended December 31, 2019 and 2018, respectively (see Note 24).

Depreciation expense attributable to direct costs for real estate sales amounted to ₱295.92 million and ₱276.68 million for the years ended December 31, 2019 and 2018, respectively.

The total costs of fully depreciated property and equipment that are still in use amounted to ₱1,166.66 million and ₱795.40 million as of December 31, 2019 and 2018, respectively.

There are no property and equipment items that are pledged as security to liabilities as of December 31, 2019 and 2018.

15. Other Noncurrent Assets

This account consists of:

	2019	2018
Cost to obtain a contract - net of current portion (Note 10)	**₱2,623,150,316**	₱2,449,764,191
Recoverable deposits (Note 31)	**348,245,100**	231,775,340
	₱2,971,395,416	₱2,681,539,531

Recoverable deposits pertain to bill and guaranty deposits for the installation of utilities to residential condominium units, and houses and lots to be covered upon transfer of title to buyers. Such deposits are necessary for the development of real estate projects of the Parent Company.

16. Loans Payable

This account consists of:

	2019	2018
Term loans and corporate notes	**₱25,456,713,468**	₱17,979,008,548
Liabilities on installment contracts receivable sold to banks with recourse (Note 7)	**118,910,294**	372,443,892
HomeSaver Bonds	**210,505,000**	420,035,000
	25,786,128,762	18,771,487,440
Less current portion of bank loans	**8,262,019,417**	1,787,470,921
	₱17,524,109,345	₱16,984,016,519

The current portion of bank loans consists of:

	2019	2018
Term loans and corporate notes	**₱8,203,536,656**	₱1,462,580,232
Liabilities on installment contracts receivable	**30,507,761**	89,680,689
HomeSaver Bonds	**27,975,000**	235,210,000
	₱8,262,019,417	₱1,787,470,921

Term Loans and Corporate Notes

Movement of the term loans and corporate notes follows:

	2019	2018
Balance as of January 1	**₱17,979,008,548**	₱18,676,609,696
Availments	**9,000,000,000**	–
Payments	**(1,557,500,000)**	(729,166,666)
Amortization of bank loans transaction costs (Note 26)	**35,204,920**	31,565,518
Balance as of December 31	**25,456,713,468**	17,979,008,548
Less current portion	**8,203,536,656**	1,462,580,232
	₱17,253,176,812	₱16,516,428,316

Philippine Peso 7.5 Year Term Loans due in 2026
In 2019, the Parent Company entered into three (3) term loan facilities with local banks totaling to ₱16,000.00 million, of which ₱9,000.00 million was availed during the year. The proceeds from the loan shall be used to fund the capital expenditures such as acquisition of land and other general corporate expenditures in relation to the construction of ongoing projects.

Term Loan	Quarter from Issue Date	Total
1st Term Loan	10th to 29th Quarter	10.00% (.50% per quarter)
	Final Maturity	90.00%
2nd Term Loan	10th to 29th Quarter	10.00% (.50% per quarter)
	Final Maturity	90.00%
3rd Term Loan	11th to 29th Quarter	9.50% (.50% per quarter)
	Final Maturity	90.50%

1st Term Loan

The first term loans with aggregate principal of ₱5,000.00 million were issued on March 22, 2019 and June 10, 2019, with principal amount of ₱2,500.00 million each. As of December 31, 2019, the carrying value of the first term loan amounted to ₱4,965.67 million.

The term loans shall bear interest from Philippine (PHP) BVAL reference rate with a tenor of three (3) months and every three (3) months thereafter. The interest rate shall initially be the PHP BVAL reference rate for 90-day treasury securities on banking day immediately preceding an Issue Date plus the margin (75 basis points) for each of the Tranche, gross any applicable withholding taxes. Interest is payable quarterly and is equivalent to 4.00% to 6.58% in 2019.

2nd Term Loan

On September 4, 2019, the first drawdown amounting to ₱3,000.00 million out of the ₱9,000.00 million loan facility was released. As of December 31, 2019, the carrying value of the first drawdown of the second term loan amounted to ₱2,978.38 million.

The second term loan shall bear interest of 5.00% payable quarterly from the date of drawdown.

3rd Term Loan

On September 17, 2019, the first drawdown amounting to ₱1,000.00 million out of the ₱5,000.00 million loan facility was released. As of December 31, 2019, the carrying value of the first drawdown of the third term loan amounted to ₱992.79 million.

The interest rate of the third term loan of 5.08% is fixed for five (5) years and payable every quarter from date of drawdown. The interest is subject to repricing after five (5) years for the remaining two (2) years of the loan term.

Philippine Peso 5-Year and 7-Year Corporate Notes due in 2020 to 2024

In December 2015, the Parent Company signed a corporate notes facility agreement on the issuance of Peso-denominated notes in the aggregate principal amount of ₱10,000.00 million with local banks. Proceeds of the notes facility were used to fund its acquisition of real estate properties, fund its project development costs, refinance its existing indebtedness and fund other general corporate expenditures.

The notes will be issued in six (6) tranches and payments shall be made in each tranche as follows:

Series	Quarter from Issue Date	Payment for Each Quarter; Computed Based on Aggregate % of Issue Amount of each Series	Total
Series F	4th to 19th Quarter	0.5%	(8% + 92%)
	Final Maturity	92.0%	100%
Series H	4th to 19th Quarter	0.5%	(8% + 92%)
	Final Maturity	92.0%	100%
Series J	4th to 19th Quarter	0.5%	(8% + 92%)
	Final Maturity	92.0%	100%
Series G	4th to 27th Quarter	0.5%	(12% + 88%)
	Final Maturity	88.0%	100%
Series I	4th to 27th Quarter	0.5%	(12% + 88%)
	Final Maturity	88.0%	100%
Series K	4th to 27th Quarter	0.5%	(12% + 88%)
	Final Maturity	88.0%	100%

Tranches 1 (Series F) and 2 (Series G) of the ₱10,000.00 million were issued on December 18, 2015 with principal amount of ₱1,000.00 million each. Tranches 3 (Series H) and 4 (Series I) were issued in January 2016 with principal amount of ₱2,500.00 million each. Tranches 5 (Series J) and 6 (Series K) were issued in February 2017 with principal amount of ₱1,500.00 million each.

In February 2017, Tranches 5 (Series J) and 6 (Series K) were issued in the aggregate principal amount of ₱1,500.00 million each. As of December 31, 2019, the outstanding balance of Tranches 5 (Series J) and 6 (Series K) amounted to ₱1,431.42 million and ₱1,428.46 million, respectively. As of December 31, 2018, the outstanding balance of Tranches 5 (Series J) and 6 (Series K) amounted to ₱1,457.68 million and ₱1,455.79 million, respectively.

In January 2016, Tranches 3 (Series H) and 4 (Series I) were issued in January 2016 in the aggregate principal amount of ₱2,500.00 million each. As of December 31, 2019, the outstanding balance of Tranches 3 (Series H) and 4 (Series I) amounted to ₱2,344.32 million and ₱2,338.31 million, respectively. As of December 31, 2018, the outstanding balance of Tranches 3 (Series H) and 4 (Series I) amounted to ₱2,389.23 million and ₱2,384.80 million, respectively.

In December 2015, Tranches 1 (Series F) and 2 (Series G) of the ₱10,000.00 million were issued in the aggregate principal amount of ₱1,000.00 million each. As of December 31, 2019, the outstanding balance of Tranches 1 (Series F) and 2 (Series G) amounted to ₱932.98 million and ₱930.53 million, respectively. As of December 31, 2018, the outstanding balance of Tranches 1 (Series F) and 2 (Series G) amounted to ₱950.93 million and ₱949.13 million, respectively.

The note is issued in registered form in the minimum denominations of ₱75.00 million and multiples of ₱25.00 million each. The interest rate shall be the PDST-R2 rate for five (5)-year (Tranche 1) and seven (7)-year treasury securities on banking day immediately preceding an Issue Date plus the Margin (150 basis points) for each of the Tranche, gross any applicable withholding taxes. Interest is payable quarterly.

Philippine Peso 7-year Corporate Notes due in 2020

In October 2012, the Parent Company signed corporate notes facility agreement on the issuance of 7-year peso-denominated notes in the aggregate amount of ₱10,000.00 million with local banks. Proceeds of the notes facility were used to fund land acquisition, general operations and project development and construction.

The notes will be issued in three (3) tranches and payments shall be made in each tranche as follows

Quarter from Issue Date	Based on aggregate % of issue amount of each Series (Equally divided over the applicable quarters)
7th to 10th Quarter	2%
11th to 14th Quarter	4%
15th to 18th Quarter	5%
19th to 27th Quarter	12%
Final Maturity	77%
Total	100%

Tranche 2 (Series D) and 3 (Series E) were issued on April 10, 2013 and July 30, 2013 in the aggregate principal amount of ₱4,000.00 million and ₱5,000.00 million, respectively. As of December 31, 2019, the outstanding balance of Tranche 2 (Series D) and 3 (Series E) amounted to ₱3,132.56 million and ₱3,981.29 million, respectively. As of December 31, 2018, the outstanding balance of Tranche 2 (Series D) and 3 (Series E) amounted to ₱3,343.05 million and ₱4,244.40 million, respectively.

Tranche 1 of the ₱10,000.00 million Series C was issued on October 31, 2012 in the aggregate amount principal amount of ₱1,000.00 million. The tranche was settled in full on October 31, 2019. As of December 31, 2018, the outstanding balance of Tranche 1 (Series C) amounted to ₱804.00 million.

The note is issued in registered form in the minimum denominations of ₱100.00 million and multiples of ₱10.00 million each. The interest rate shall be the PDST-F rate for seven-year treasury securities on banking day immediately preceding an Issue Date plus the Margin (125 basis points) for each of the Tranche, gross any applicable withholding taxes. Interest is payable quarterly.

Debt Issue Costs
Unamortized debt issuance costs included in term loans and corporate notes as of December 31, 2019 and 2018 amounted to ₱109.96 million and ₱77.66 million, respectively.

The rollforward analysis of unamortized debt issuance cost follows:

	2019	2018
Balance as of January 1	**₱77,658,119**	₱109,223,637
Availments	**67,500,000**	–
Amortization of debt issue cost (Note 26)	**(35,204,920)**	(31,565,518)
Balance as of December 31	**₱109,953,199**	₱77,658,119

Interest
In 2019, and 2018, interest expense incurred amounted to ₱1,274.86 million and ₱1,131.09 million, respectively, of which capitalized interest amounted to ₱1,186.17 million and ₱1,023.27 million in 2019 and 2018, respectively (see Notes 3, 9 and 26). The average capitalization rates used are 5.59% and 5.76% of the average expenditures in 2019 and 2018, respectively.

Liabilities on Installment Contracts Receivable

Movement of the liabilities on installment contracts receivable notes follows:

	2019	2018
Balance as of January 1	**₱372,443,892**	₱797,656,052
Payments	**(253,533,598)**	(425,212,160)
Balance at December 31	**118,910,294**	372,443,892
Less current portion	**30,507,761**	89,680,689
	₱88,402,533	₱282,763,203

As discussed in Note 7, the installment contracts receivable under the receivable purchase agreements are used as collaterals for the related loans availed. These amounted to ₱118.91 million and ₱372.44 million as of December 31, 2019 and 2018, respectively, and these represent net proceeds from sale of portion of the Parent Company's installment contracts receivable to local banks pursuant to the receivable purchase agreements entered into by the Parent Company on various dates. The agreements also provide the submission of condominium certificates of title and their related postdated checks issued by the buyers. These loans bear interest at prevailing market rates and are payable in in equal and continuous monthly payment not exceeding 120 days commencing one (1) month from date of execution. The average effective annual interest rate ranges from 4.00% to 6.63% and 3.75% to 6.12% in 2019 and 2018, respectively.

HomeSaver Bonds

Movement of the HomeSaver Bonds follows:

	2019	2018
Balance as of January 1	**₱420,035,000**	₱768,845,000
Issuance	**37,740,000**	87,935,000
Payments	**(247,270,000)**	(436,745,000)
Balance as of December 31	**210,505,000**	420,035,000
Less current portion	**27,975,000**	235,210,000
	₱182,530,000	₱184,825,000

Philippine Peso 3-Year and 5-Year Bonds due in 2019 and 2021

On March 21, 2016, the Parent Company offered and issued the second bonds of up to ₱500.00 million to the public through four (4) investment options, namely, Tranche D, Tranche E, Tranche F, and Tranche G.

Tranche D was issued in equal monthly installments with no maximum subscription, but priority will be given to aggregate subscriptions amounting to ₱3.60 million and less over a period of 36 months, beginning on the Initial Issue Date at a fixed interest rate of 4.75% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche D has been fully paid. As of December 31, 2018, outstanding balance of Tranche D bonds amounted to ₱68.62 million.

Tranche E was issued in equal monthly installments with no maximum subscription, but priority will be given to aggregate subscriptions amounting to ₱6.00 million and less over a period of 60 months, beginning on the Initial Issue Date at a fixed interest rate of 5.25% per annum and shall mature five (5) years from the Initial Issue Date. As of December 31, 2019 and 2018, outstanding balance of Tranche E bonds amounted to ₱52.36 million and ₱35.69 million, respectively.

Tranche F was issued one-time with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱7.00 million and less on the Initial Issue Date as a single upfront investment and payable in lump sum on the Initial Issue Date at a fixed interest rate of 4.75% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche F has been fully paid. As of December 31, 2018, outstanding balance of Tranche F bonds amounted to ₱155.63 million.

Tranche G was issued one-time with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱7.00 million and less on the Initial Issue Date as a single upfront investment and payable in lump sum on the Initial Issue Date at a fixed interest rate of 5.25% per annum and shall mature five (5) years from the Initial Issue Date. As of December 31, 2019 and 2018, outstanding balance of Tranche G bonds amounted to ₱130.17 million and ₱128.36 million, respectively.

Philippine Peso 3-year and 5-year Bonds due in 2019 and 2021
On November 16, 2015, the Parent Company offered and issued to the public deferred coupon-paying HomeSaver Bonds (the Bonds) in an aggregate principal amount of ₱1,000.00 million with an initial offering of ₱500.00 million for working capital and other general corporate purposes, such as marketing and administrative expenses. The Bonds will be offered through three investment options, namely: Tranche A, Tranche B and Tranche C.

Tranche A was issued in equal monthly installments with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱3.60 million and less over a period of 36 months, beginning November 16, 2015 (the Initial Issue Date) at a fixed interest rate of 4.5% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche A has been fully paid. As of December 31, 2018, outstanding balance of Tranche A bonds amounted to ₱1.98 million.

Tranche B was issued in equal monthly installments with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱6.00 million and less over a period of 60 months, beginning on the Initial Issue Date at a fixed interest rate of 5.00% per annum and shall mature five (5) years from the Initial Issue Date. As of December 31, 2019 and 2018, outstanding balance of Tranche B bonds amounted to ₱27.98 million and ₱20.78 million, respectively.

Tranche C was issued one-time with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱7.00 million and less on the Initial Issue Date as a single upfront investment and payable in lump sum on the Initial Issue Date at a fixed interest rate of 4.50% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche C has been fully paid. As of December 31, 2018, outstanding balance of Tranche C bonds amounted to ₱8.98 million.

Covenants for term loans, corporate notes and HomeSaver bonds
The term loans, corporate notes facility agreement and HomeSaver bonds require the Parent Company to ensure that debt-to-equity ratio will not exceed 3.2 times and current ratio is at least 1.75 times. As of December 31, 2019 and 2018, the Parent Company is fully compliant to these requirements (see Note 20).

As of December 31, 2019 and 2018, all term loans, corporate notes and HomeSaver bonds recognized are unsecured.

17. Liabilities for Purchased Land

Liabilities for purchase of land represent the balance of the Parent Company's obligations to various real estate property sellers for the acquisition of various parcels of land and residential condominium units. The terms of the deeds of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and, (c) physical turnover of the acquired parcels of land to the Parent Company.

The outstanding balance of liabilities for purchased land as of December 31, 2019 and 2018 are shown below:

	2019	2018
Current	**₱673,024,791**	₱478,235,757
Noncurrent	**1,223,137,775**	1,523,907,535
Balance at end of the year	**₱1,896,162,566**	₱2,002,143,292

The accretion on unamortized discount on liabilities on purchased land amounted to ₱2.36 million in 2018, (nil in 2019; see Note 26).

Liabilities for purchased land were recorded at fair value at initial recognition. These liabilities for purchased land are payable over a period of two (2) to four (4) years. The fair value is derived using discounted cash flow model using the discount rate ranging from 3.42% to 4.18% and 6.78% to 7.05% in 2019 and 2018, respectively, based on applicable rates for similar types of liabilities.

18. Accounts and Other Payables

This account consists of:

	2019	2018
Commission payable	**₱2,929,169,970**	₱3,111,851,795
Accounts payable - trade	**1,876,944,623**	1,369,511,246
Retention payable	**517,598,609**	348,901,453
Accrued expenses	**381,934,764**	241,967,989
Refundable deposits	**314,718,617**	292,309,401
Accrued interest payable (Note 16)	**256,121,816**	204,142,265
Others	**60,723,291**	32,150,466
	6,337,211,690	5,600,834,615
Less noncurrent portion of commission payable	**1,304,305,455**	1,649,083,306
	₱5,032,906,235	₱3,951,751,309

Commission payable pertains to the unpaid amount of the Parent Company's payout to real estate sales agents for each contract that they obtain for the sale of real estate units. These are settled based on the collection from the contract with customers with various terms up to a maximum of 10 years. The noncurrent portion of commission payable is presented under "Other noncurrent liability" account in the statements of financial position.

Accounts payable - trade are mostly composed of payable to suppliers of materials, marketing supplies and services and brokers. It includes payable to contractors that pertains to unpaid progress billings for the construction and development of real estate projects and residential units. These are noninterest-bearing and are normally settled within one (1) year.

Accrued expenses pertain to VAT payable, SSS, Pag-IBIG, Philhealth, withholding tax payables and other expenses and are expected to be settled within one (1) year.

Retention payable consists of amounts withheld from every progress billing per subcontract agreement and is expected to be settled within one (1) year. The retention serves as a security from the contractor should there be defects in the project.

Refundable deposits consist of deposits which are refundable due to cancellation of real estate sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Others include refundable amount for security deposits, construction bond of tenants and deferred charges. Security deposits are settled upon the end of the lease term. Construction bonds are settled upon the end of the construction of the unit. These are normally settled within one (1) year. Deferred charges pertain to deferred rentals and other deferrals which are chargeable within one (1) year amounting to ₱3.86 million as of December 31, 2019 (nil as of December 31, 2018).

19. Customers' Advances and Deposits and Contract Liabilities

	2019	2018
Contract liabilities		
Current	**₱3,532,848,840**	₱2,910,315,465
Noncurrent	**2,789,395,750**	2,298,981,182
	6,322,244,590	5,209,296,647
Customers' advances and deposits	**3,238,389,719**	2,849,061,122
	₱9,560,634,309	₱8,058,357,769

Contract Liabilities

The Parent Company requires buyers of the residential condominium units and houses and lots to pay a minimum percentage of the total selling price and the project should be beyond the preliminary stage before the Parent Company recognize a sale transaction. Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱2,851.54 million and ₱2,444.87 million in 2019 and 2018, respectively.

Customers' Advances and Deposits

Other customers' advances and deposits represent collections from real estate buyers for taxes and fees payable such as documentary stamp tax and transfer tax for the transfer of title to the buyer.

20. **Equity**

Capital Stock
Details of the Parent Company's capital stocks as of December 31, 2019 and 2018 follow:

Common stock - ₱1 par value	
Authorized - 5,000,000,000 shares	**₱5,000,000,000**
Issued and outstanding - 3,487,727,331 shares	**3,487,727,331**
Additional paid-in capital	**15,260,664**

Retained Earnings

Movements in and outstanding appropriations of the Parent Company for project development are as follows:

	2019	2018
Balance as of the beginning of the year:	**₱10,396,000,000**	₱8,379,000,000
Additional appropriations (a)	**4,500,000,000**	6,000,000,000
Release from appropriations (a)	**(1,177,000,000)**	(3,983,000,000)
	₱13,719,000,000	₱10,396,000,000

a.) Appropriation
On January 28, 2019, the BOD approved the following resolutions:
- Reversal of appropriation amounting to ₱200.30 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the development of Mulberry Place project;
- Reversal of appropriation amounting to ₱127.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the development of Prisma Residences project;
- Reversal of appropriation amounting to ₱551.70 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the development of Brixton Place project;
- Reversal of appropriation amounting to ₱298.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Oak Harbor Residences project;
- Appropriation of ₱2,500.00 million from retained earnings as of December 31, 2018 to fund the development and project cost of Infina Towers project located in Quezon City, and;
- Appropriation of ₱2,000.00 million from retained earnings as of December 31, 2018 to fund the development and project cost of The Celandine project located in Quezon City.

On February 28, 2018, the BOD approved the following resolutions:
- Reversal of appropriation amounting to ₱3,950.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Fortis Residences project;
- Reversal of appropriation amounting to ₱10.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Mulberry Place project;
- Reversal of appropriation amounting to ₱23.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Prisma Residences project;
- Appropriation of ₱4,000.00 million from retained earnings as of December 31, 2017 to fund the development and project cost of Brixton Place project located in Pasig; and,

- Appropriation of ₱2,000.00 million from retained earnings as of December 31, 2017 to fund the development and project cost of Oak Harbor Residences project located in Parañaque.

b.) Declaration of Dividends

On November 25, 2019, the BOD approved the additional declaration of cash dividends amounting to ₱25.50 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On September 20, 2019, the BOD approved the additional declaration of cash dividends amounting to ₱24.61 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On January 28, 2019, the BOD approved the additional declaration of cash dividends amounting to ₱1,200.00 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On January 10, 2019, the BOD approved the declaration of cash dividends amounting to ₱25.50 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On April 2, 2018, the BOD approved the additional declaration of cash dividends amounting to ₱15.00 million to stockholders of record as of December 31, 2017. As of December 31, 2018, the dividends declared have been paid.

On February 8, 2018, the BOD approved the declaration of cash dividends amounting to ₱1,200.00 million to stockholders of record as of December 31, 2017. As of December 31, 2018, the dividends declared have been paid.

Capital Management

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The management considers capital stock, additional paid-in-capital and retained earnings as core capital of the Parent Company.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return of capital to shareholders or issue new shares.

As of December 31, 2019 and 2018, the Parent Company had the following rates:

	2019	2018
Current Ratio	**2.80:1**	3.78:1
Debt to Equity Ratio	**2.13:1**	1.84:1
Asset to Equity Ratio	**3:13:1**	2.84:1

As at December 31, 2019 and 2018, the Parent Company is not subject to externally imposed capital requirements other than the monitoring of the Parent Company's debt to equity ratio and current ratio as part of its long-term debt requirements (see Note 16).

21. Real Estate Sales

Set out below is the disaggregation of the Parent Company's real estate sales:

	2019	2018
Type of Product		
Medium-rise condominium	**₱5,874,051,440**	₱9,502,707,211
High-rise condominium	**9,247,563,507**	8,926,494,148
Hybrid condominium	**2,323,824,227**	1,308,021,788
House and lot	**628,507,437**	495,068,833
	₱18,073,946,611	₱20,232,291,980

Performance obligation

The Parent Company entered into contracts to sell with one (1) identified performance obligation which is the sale of the real estate unit. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the: (i) serviced lot; (ii) serviced lot and house, and; (iii) condominium unit. The Parent Company concluded that there is one (1) performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Parent Company provides two-year warranty to repair minor defects on the delivered real estate unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2019 and 2018 are as follows:

	2019	2018
Within one year	**₱24,226,903,174**	₱18,073,946,611
More than one year	**62,616,311,039**	105,201,670,839
	₱86,843,214,213	₱123,275,617,450

The remaining performance obligations expected to be recognized within one (1) year and in more than one (1) year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's construction of condominium units are normally completed within three (3) to seven (7) years.

22. Finance Income

Finance income is derived from the following sources:

	2019	2018
Installment contracts receivable (Note 7)	**₱277,641,061**	₱253,112,099
Bank deposits and cash equivalents (Note 6)	**180,842,028**	108,453,640
	₱458,483,089	₱361,565,739

23. Other Income

This account consists of:

	2019	2018
Income from cancellation of real estate sales and other fees	**₱899,398,674**	₱587,526,208
Penalty and other charges	**116,221,882**	72,762,557
Rental income (Notes 12 and 29)	**73,753,840**	197,009,890
Leasing income	**23,256,449**	17,470,396
Management fees (Note 28)	**497,378**	1,008,618
Gain on sale of undeveloped land (Note 9)	**–**	1,021,762,875
Others	**31,533,625**	93,243,952
	₱1,144,661,848	₱1,990,784,496

Others include holding fees, restructuring fees, maintenance dues and utilities charged to tenants.

24. General and Administrative Expenses

This account consists of:

	2019	2018
Salaries, wages and employee benefits	**₱605,736,306**	₱535,966,532
Taxes and licenses	**428,189,297**	504,501,361
Marketing	**301,794,043**	276,519,773
Repairs and maintenance	**277,554,858**	263,262,161
Outside services	**166,600,430**	176,165,039
Depreciation and amortization (Notes 12, 13 and 14)	**133,129,060**	136,055,147
Communication, light and water	**83,415,840**	102,235,935
Entertainment, amusement and recreation	**71,539,085**	49,234,115
Professional fees	**59,459,330**	64,012,377
Association dues	**52,708,077**	69,291,625
Supplies	**41,842,016**	45,743,602
Transportation and travel	**40,483,817**	40,090,738
Retirement expense (Note 25)	**25,367,839**	32,083,112
Management fees (Note 28)	**–**	4,460,612
Miscellaneous	**33,540,332**	30,922,876
	₱2,321,360,330	₱2,330,545,005

Miscellaneous include rental, insurance, and other expenses. In 2019, rent expense pertains to the amount incurred for short-term lease of its sales office (see Note 3).

25. Retirement Benefits

The Parent Company has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Benefits are dependent on years of service and the respective employee's final compensation. The benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan. The Parent Company updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation reports of the retirement plans were made as of December 31, 2019.

The Parent Company is a member of the DMCI Multiemployer Retirement Plan (the Plan) which is administered separately by the Board of Trustees (BOT). The responsibilities of the Retirement BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries of the retirement plan and for this purpose the Retirement BOT is further authorized to designate and appoint a qualified Investment Manager with such powers as may be required to realize and obtain maximum yield on investment of the fund;
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of the pension expense recognized in the statements of comprehensive income and amounts recognized in the statements of financial position for the retirement plan.

Based on the actuarial valuation as of December 31, 2019 and 2018 computed using the projected unit credit (PUC) method, the Parent Company's net pension liabilities and expenses are summarized below.

The components of pension expense in the parent company statements of income follows:

	2019	2018
Current service cost	**₱34,136,999**	₱31,018,833
Net interest cost on defined benefit obligation	**(8,769,160)**	1,064,279
Total pension expense (Note 24)	**₱25,367,839**	₱32,083,112

The funded status and amounts recognized in the parent company statements of financial position for the retirement plan are as follows:

	2019	2018
Fair value of plan assets	**₱342,711,752**	₱420,516,763
Present value of defined benefit obligations	**(447,554,214)**	(300,581,670)
Effect of asset ceiling	–	(18,358,839)
Net pension asset (liability)	**(₱104,842,462)**	₱101,576,254

The reconciliation of the fair value of plan assets follows:

	2019	2018
Balance at beginning of year	**₱420,516,763**	₱361,072,275
Interest income on plan assets	**33,933,566**	22,914,109
Contributions paid during the year	**23,228,897**	77,316,509
Benefits paid	**(4,095,974)**	(5,211,173)
Actuarial loss	**(130,871,500)**	(35,574,957)
Balance at end of year	**₱342,711,752**	₱420,516,763

The reconciliation of the present value of the defined benefit obligation follows:

	2019	2018
Balance at beginning of year	**₱300,581,670**	₱415,569,982
Current service cost	**34,136,999**	31,018,833
Interest cost	**23,715,894**	23,978,388
Benefits paid	**(4,095,974)**	(5,211,173)
Assumption of affiliates liabilities (Note 28)	**(769,448)**	25,963
Actuarial loss (gain)		
Change in financial assumptions	**106,932,687**	(150,062,525)
Experience adjustment	**26,322,154**	13,349,614
Changes in demographic assumptions	**(39,269,768)**	(28,087,412)
Balance at end of year	**₱447,554,214**	₱300,581,670

Movements in the effect of asset ceiling follow:

	2019	2018
Balance at beginning of year	**₱18,358,839**	₱–
Interest on the effect of asset ceiling	**1,448,512**	–
Effect of asset ceiling	**(19,807,351)**	18,358,839
Balance at end of year	**₱–**	₱18,358,839

The movements in the net pension asset (liability) follow:

	2019	2018
Balance at beginning of year	**₱101,576,254**	(₱54,497,707)
Net pension expense	**(25,367,839)**	(32,083,112)
Amount to be recognized in OCI	**(205,049,222)**	110,866,527
Contributions paid during the year	**23,228,897**	77,316,509
Assumption of affiliates liabilities (Note 28)	**769,448**	(25,963)
Balance at end of year	**(₱104,842,462)**	₱101,576,254

Remeasurement (gains) losses recognized in OCI:

	2019	2018
Remeasurement losses on plan assets	**₱130,871,500**	₱35,574,957
Remeasurement (gains) losses on defined benefit obligations	**93,985,073**	(164,800,323)
Effect of asset ceiling	**(19,807,351)**	18,358,839
Total remeasurements recognized in OCI	**₱205,049,222**	(₱110,866,527)

Movement of cumulative remeasurement effect recognized in OCI:

	2019	2018
Balance at beginning of year	**₱320,859,946**	₱209,993,419
Additional actuarial gains (losses):		
From plan obligation	**(93,985,073)**	164,800,323
From plan asset	**(130,871,500)**	(35,574,957)
From asset ceiling	**19,807,351**	(18,358,839)
Balance at end of year	**₱115,810,724**	₱320,859,946

As of December 31, 2019 and 2018, the major categories of the Parent Company's plan assets as percentage of the fair value of total plan assets follow:

	2019		2018	
	Amount	**%**	Amount	%
Investments in equity	**₱174,029,028**	**50.78**	₱282,208,800	67.11
Debt instruments	**145,892,393**	**42.57**	127,752,993	30.38
Cash and cash equivalents	**20,185,722**	**5.89**	7,485,198	1.78
Other assets	**2,604,609**	**0.76**	3,069,772	0.73
	₱342,711,752	**100.00**	₱420,516,763	100.00

The carrying amounts disclosed above reasonably approximate fair values at year-end.

The composition of the fair value of the fund includes:

- *Investments in equity* - includes investment in common and preferred shares both traded and not traded in the Philippine Stock Exchange (PSE).
- *Debt instruments* - include investment in long-term debt notes and retail bonds.
- *Cash and cash equivalents* - include savings and time deposit with banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- *Other assets* - includes interest and dividends receivable generated from investments included in the plan.

The assumptions used to determine pension benefits of the Parent Company follow:

	2019	2018
Discount rates	**5.44%**	7.89%
Salary rate increase	**6.00%**	6.00%

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Parent Company's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

Sensitivity analysis on the actuarial assumptions
Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

		2019	2018
	Increase (decrease)	Effect on defined benefit obligation	
Discount rates	+100 basis points	**(₱49,400,405)**	(₱32,026,381)
	-100 basis points	**59,441,467**	38,721,798
Salary rate increases	+100 basis points	**58,492,212**	39,076,194
	-100 basis points	**(49,589,098)**	(32,826,043)

The BOT of the Plan ensures that its assets are available to fulfill its obligation of paying retirement as it falls due. This is done by ensuring that its assets are easily disposable and can easily be converted to cash.

Furthermore, the Parent Company is not required to contribute to the fund under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Plan are at the Parent Company discretion. However, in the event a benefit claim arises and the Plan is insufficient to pay the claim, the shortfall will then be due and payable from the Parent Company to the Plan.

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

Maturity	**2019**	2018
Less than 1 year	**₱117,862,135**	₱94,361,287
More than 1 year but less than 5 years	**25,249,652**	16,516,657
More than 5 years	**100,530,950**	83,720,995

The average duration of the defined benefit obligation is 12.2 years and 11.8 years in 2019 and 2018, respectively.

The Parent Company does not expect to contribute to the fund in 2020.

26. Finance Costs

The finance costs are incurred from the following:

	2019	2018
Long-term bank loans (Note 16)	**₱88,691,474**	₱107,822,259
Accretion on unamortized discount on liabilities on purchased land and unamortized bank loans transaction cost (Notes 16 and 17)	**35,204,920**	33,928,903
Bank and other charges	**8,707,351**	6,250,390
	₱132,603,745	₱148,001,552

27. Income Taxes

The provision for income tax shown in the parent company statements of income consists of:

	2019	2018
Current	**₱1,085,222,661**	₱1,267,958,802
Deferred	**194,574,311**	416,111,039
Final	**40,519,928**	21,689,681
	₱1,320,316,900	₱1,705,759,522

The current provision for income tax in 2019 and 2018 represents regular corporate income tax.

The components of net deferred tax liabilities follow:

	2019	2018
Recognized in profit or loss		
Deferred tax assets on:		
Net pension liability	**₱95,152,681**	₱95,899,929
Provision for doubtful accounts	**21,420,700**	21,420,700
Unrealized rental	**1,157,770**	–
Unamortized discount for liabilities for purchased land	**–**	5,451,270
Provision for probable losses on other assets	**–**	7,648,174
Deferred commission	**–**	165,468,931
	117,731,151	295,889,004
Deferred tax liabilities on:		
Gross profit on installment real estate sales	**(3,192,118,049)**	(3,375,081,708)
Capitalized depreciation	**(91,409,721)**	(49,334,508)
Capitalized borrowing costs	**(380,803,987)**	(292,744,744)
Deferred commission	**(51,269,445)**	–
Unamortized transaction costs	**(32,985,960)**	(15,009,744)
	(3,748,587,162)	(3,732,170,704)
	(3,630,856,011)	(3,436,281,700)
Recognized in other comprehensive income		
Deferred tax liability on:		
Remeasurement gain on pension	**(34,743,217)**	(96,257,984)
Net deferred tax liabilities	**(₱3,665,599,228)**	(₱3,532,539,684)

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2019	2018
Income tax at statutory income tax rate	**30.00%**	**30.00%**
Adjustments for:		
Nondeductible expenses	**0.30**	**0.56**
Nondeductible interest expense	**0.42**	**0.19**
Movement in recognized deferred tax assets	**0.60**	–
Interest income subject to final tax	**(0.42)**	**(0.19)**
Dividend income	**(0.24)**	**(0.33)**
Effective for income tax rate	**30.66%**	**30.23%**

28. **Related Party Transactions**

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (referred herein as entities under common control).

In the regular course of business, the Parent Company's significant transactions with related parties, which are accounted for at market prices normally charged to unaffiliated customers for similar goods and services, consist primarily of the following:

a. General and special management services rendered by DMCI-HI, the ultimate Parent Company, to the Parent Company for a fee. This is effective for a period of five (5) years and renewable for another five (5) years upon mutual agreement of the contracting parties. The management contract expired in 2018 and was not renewed in 2019.

   Total management fees charged against operations under this agreement amounted to ₱4.20 million in 2018 (nil in 2019; see Note 24).

b. Contract billings by DMCI, an affiliate, amounted to ₱296.06 million and ₱260.36 million as of December 31, 2019 and 2018, respectively, for the construction of the real estate projects included in the "Payables to related parties" account in the parent company statements of financial position.

c. *Design and build agreement*
   The Parent Company entered into an agreement with its joint venture, RDPVI, for the design and construction of a residential condominium project. Terms of payment include 15% down payment and balance payable through monthly progress billings subject to retention and recoupment.

   Management and marketing services agreement
   RDPVI has also engaged the services of the Parent Company for the management and marketing of its project. Consideration for the management services is valued at 3% of the sum of net total contract price (NTCP) collected for each month while marketing services to provided is equivalent to 0.50% of real estate sales recorded each month.

RLC and the Parent Company will also act as the exclusive selling arm of RDPVI for the sale of units and parking lots of the project wherein 1.5% of the NTCP of sold units will be payable to the party who sold the units, RLC or the Parent Company.

In 2019, RDPVI has no collections or real estate sales yet thus, no expense or payable was recognized in the books

Reimbursement of expenses
In 2019, the Parent Company had transactions with RDPVI consisting of noninterest-bearing operational advances such as incorporation costs and taxes and licenses, which are for and in behalf of RDPVI. As of December 31, 2019, the outstanding receivable from affiliate amounted to ₱27.03 million included in receivables from related parties under "Receivables" account in the parent company statements of financial position.

d. *Reimbursable expense and other advances*
The Parent Company charges its subsidiary, DPHI, for the reimbursement of expenses related to security services and revenue share amounting to ₱43.62 million and ₱0.20 million in 2019 and 2018, respectively, included in receivables from related parties under "Receivables" account in the parent company statements of financial position.

e. In the normal conduct of business, the Parent Company has transactions with DPMC mainly of noninterest-bearing operational advances. These advances amounted to ₱75.11 million and ₱75.82 million as of December 31, 2019 and 2018, respectively, included in receivables from related parties under "Receivables" account in the parent company statements of financial position.

f. On behalf of its subsidiaries, HGC and RLC, the Parent Company receives remittances from the customer of its subsidiaries situated in other countries as payment for real estate unit. As of December 31, 2019 and 2018, outstanding liabilities related to these transactions totaled to ₱219.80 million and ₱207.83 million, respectively. These are included in the "Payables to related parties" account in the parent company statements of financial position.

The following table summarizes the total transactions with related parties in 2019 and 2018 and the related outstanding receivables as of December 31, 2019 and 2018.

	2019				
	Transaction	Volume/ Transaction	Amount	Terms	Conditions
Parent					
DMCI Holdings, Inc.	Reimbursable expenses	₱26,010	₱26,010	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Subsidiaries					
DMCI Homes, Inc.	Remittances	–	125,733,470	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
	Management fee	–	(148,904,032)		
	Reimbursable expenses	(6,739,751)	248,651,544		
	Assignment of assets	–	(37,585,842)		
DMCI Property Management Corp.	Salaries and wages	195,161	14,711,227	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
	Reimbursable expenses	(135,274)	61,138,746		
	Assumption of liabilities	(769,448)	(743,485)		
DMCI PDI Hotels, Inc.	Reimbursable expenses and other advances	43,592,994	43,712,898	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Zenith Mobility Services Solutions, Inc.	Reimbursable expenses	305,855	305,855	Noninterest-bearing; due and demandable	Unsecured, Unimpaired

(Forward)

	2019				
	Transaction	**Volume/ Transaction**	**Amount**	**Terms**	**Conditions**
Entities under common control					
DMCI Mining Corporation	**Construction and rent services**	**₱22,140**	**₱6,507,501**	**Noninterest-bearing; due and demandable**	**Unsecured, Unimpaired**
Semirara Mining Corporation	**Reimbursable expenses**	**–**	**20,816**	**Noninterest-bearing; due and demandable**	**Unsecured, Unimpaired**
DMCI Power Corporation	**Reimbursable expenses**	**–**	**2,104**	**Noninterest-bearing; due and demandable**	**Unsecured, Unimpaired**
Dacon Corporation	**Reimbursable expenses**	**(1,731,133)**	**–**	**Noninterest-bearing; due and demandable**	**Unsecured, Unimpaired**
DMCI Urban Property Developers	**Reimbursable expenses and management fees**	**6,610,941**	**6,610,941**	**Noninterest-bearing; due and demandable**	**Unsecured, Unimpaired**
Joint Venture where the Parent is a Venturer					
RLC DMCI Property Ventures, Inc.	**Reimbursable expenses**	**27,027,694**	**27,027,694**	**Noninterest-bearing; due and demandable**	**Unsecured, Unimpaired**
			₱347,215,447		

	2018				
	Transaction	Volume/ Transaction	Amount	Terms	Conditions
Parent					
DMCI Holdings, Inc.	Reimbursable expenses	(₱15,135)	₱–	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Subsidiaries					
DMCI Homes, Inc.	Remittances	–	125,733,470	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
	Management fee	–	(148,904,032)		
	Reimbursable expenses	(5,960,000)	255,391,295		
	Assignment of assets	–	(37,585,842)		
DMCI Property Management Corp.	Salaries and wages	799,189	14,516,066	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
	Reimbursable expenses	3,583,601	61,274,020		
	Assumption of liabilities	25,963	25,963		
DMCI PDI Hotels, Inc.	Reimbursable expenses	70,261	119,904	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Zenith Mobility Services Solutions, Inc.	Reimbursable expenses	262,344	–	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Entities under common control					
DMCI Mining Corporation	Construction and rent services	₱–	₱6,485,361	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Semirara Mining Corporation	Reimbursable expenses	–	20,816	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
DMCI Power Corporation	Reimbursable expenses	–	2,104	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
Dacon Corporation	Reimbursable expenses	1,126,307	1,731,133	Noninterest-bearing; due and demandable	Unsecured, Unimpaired
			₱278,810,258		

The table below summarizes the total transactions of the Parent Company with related parties in 2019 and 2018 and the related outstanding payable as of December 31, 2019 and 2018:

	2019				
	Transaction	**Amount**	**Outstanding Balance**	**Terms**	**Conditions**
Stockholder					
DM Consunji Inc.	**Trade**	**₱35,697,924**	**₱296,055,058**	**Noninterest-bearing; payable on demand**	**Unsecured**
Subsidiaries					
Riviera Land Corp	**Remittances**	**10.901,824**	**134,345,256**	**Noninterest-bearing; payable on demand**	**Unsecured**
Hampstead Garden Condominium Corp	**Remittances**	**1,056,144**	**85,447,210**	**Noninterest-bearing; payable on demand**	**Unsecured**
Entity under common control					
DMCI Urban Property Developers, Inc.	**Reimbursable expenses and management fees**	**(5,320,639)**	**–**	**Noninterest-bearing; payable on demand**	**Unsecured**
			₱515,847,524		

	2018				
	Transaction	Amount	Outstanding Balance	Terms	Conditions
Stockholder					
DM Consunji Inc.	Trade	₱8,717,467	₱260,357,134	Noninterest-bearing; payable on demand	Unsecured
Subsidiaries					
Riviera Land Corp	Remittances	6,610,406	123,443,432	Noninterest-bearing; payable on demand	Unsecured
Hampstead Garden Condominium Corp	Remittances	(1,396,630)	84,391,066	Noninterest-bearing; payable on demand	Unsecured
Entity under common control					
DMCI Urban Property Developers, Inc.	Reimbursable expenses and management fees	(5,971,457)	5,320,639	Noninterest-bearing; payable on demand	Unsecured
			₱473,512,271		

The key management personnel of the Parent Company include all directors, executive and non-executive, and senior management. The short-term employee benefits of key management personnel amounted to ₱30.54 million and ₱35.11 in 2019 and 2018, respectively.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

As of December 31, 2019 and 2018, the Parent Company has not made any allowance for expected credit loss relating to amounts owed by related parties. The Parent Company applies a general approach in calculating the ECL.

29. Leases, Commitments and Contingencies

Operating Leases - Company as Lessor
The Parent Company entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental with an escalation of 3% to 7% annually.

Future minimum rentals receivable under non-cancellable operating leases of the Parent Company as of December 31, 2019 and 2018 follow:

	2019	2018
Within one (1) year	**₱31,859,528**	₱18,818,087
After one year but not more than five (5) years	**83,772,488**	36,394,955
More than 5 years	**24,537,580**	32,604,729
	₱140,169,596	₱87,817,771

Contingencies
The Parent Company has various collection cases or claims against or from its customers and certain administrative and civil cases, arising in the ordinary conduct which are either pending decision by the courts or are under negotiation, the outcome of which are not presently determinable. In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments. No provisions were made in 2019 and 2018 for these lawsuits and claims.

30. Financial Instruments – Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Parent Company's financial assets and financial liabilities recognized as of December 31, 2019 and 2018:

	2019		2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Other financial liabilities				
Loans payable	**₱25,786,128,762**	**₱26,692,879,154**	₱18,771,487,440	₱18,545,633,607
Liabilities for purchased land	**1,896,162,566**	**1,762,404,344**	2,002,143,292	1,741,076,314
Total financial liabilities	**₱27,682,291,328**	**₱28,455,283,498**	₱20,773,630,732	₱20,286,709,921

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- Due to the short-term nature of the transactions and interest earned from the deposits, the carrying amounts of cash and cash equivalents, receivables, deposit in escrow fund under "Other current assets", recoverable deposits under "Other noncurrent assets", accounts and other payables, payables to related parties and subscription payable approximate their fair values.

- The fair values of loans payable and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans.

  The discount rates used for loans payable range from 3.08% to 4.25% in 2019 and 5.28% to 7.05% in 2018. Liabilities for purchased land were discounted at 3.42% to 4.18% in 2019 and 6.78% to 7.05% in 2018.

Fair Value Hierarchy
The carrying value and fair value of loans payable and liabilities for purchased land are categorized under Level 3 in the fair value hierarchy using discounted cash flow analysis. There were no transfers among Levels 1, 2 and 3 for the years ended December 31, 2019 and 2018.

31. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise of financial asset at amortized cost, loans payable, liabilities for purchased land, accounts and other payables and payables to related parties.

The main risks arising from the Parent Company's financial instruments are liquidity risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Parent Company seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Parent Company maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities such as bank loans.

The following table summarizes the maturity profile of the Parent Company's financial assets and financial liabilities as of December 31, 2019 and 2018, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Parent Company's financial assets in order to provide a complete view of the Parent Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity dates. Balances due within twelve (12) months equal their carrying amounts, as the impact of discounting is insignificant.

	2019					
	< 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	> 5 years	Total
Financial assets at amortized cost						
Loans and receivables						
Cash and cash equivalents	₱5,727,690,653	₱–	₱–	₱	₱–	₱5,727,690,653
Receivables:						
Trade:						
Installment contracts receivable	2,361,329,841	–	–	–	–	2,361,329,841
Receivable from buyers	889,554,775	–	–	–	–	889,554,775
Receivables from:						
Related parties	347,215,447	–	–	–	–	347,215,447
Condo corporations	280,491,978	–	–	–	–	280,491,978
Rental	23,612,897	–	–	–	–	23,612,897
Employees	16,852,027	–	–	–	–	16,852,027
Dividends receivable	8,160,000	–	–	–	–	8,160,000
Others	81,898,071	–	–	–	–	81,898,071
Deposit in escrow fund	181,177,931	–	–	–	–	181,177,931
Recoverable deposits	–	348,245,100	–	–	–	348,245,100
Total financial assets	₱9,917,983,620	₱348,245,100	₱–	₱–	₱–	10,266,228,720
Other financial liabilities						
Loans payable*	₱9,463,429,637	₱3,538,157,252	₱3,303,402,653	₱4,900,664,393	₱8,877,288,047	₱30,082,941,982
Liabilities for purchased land	673,024,792	1,037,047,369	19,303,120	60,985,451	105,801,834	1,896,162,566
Accounts and other payables						
Commission payable	2,929,169,970	–	–	–	–	2,929,169,970
Accounts payable – trade	1,876,944,623	–	–	–	–	1,876,944,623
Retention payable	517,598,609	–	–	–	–	517,598,609
Refundable deposits	314,718,617	–	–	–	–	314,718,617
Accrued interest payable	256,121,816					256,121,816
Accrued expenses**	56,089,872	–	–	–	–	56,089,872
Others	60,723,291	–	–	–	–	60,723,291
Payables to related parties	515,847,524	–	–	–	–	515,847,524
Subscription payable	3,937,500	–	–	–	–	3,937,500
Other financial liabilities	₱16,667,606,251	₱4,575,204,621	₱3,322,705,773	₱4,961,649,844	₱8,983,089,881	₱38,510,256,370

**Including future interest payments*
***Excluding nonfinancial liabilities amounting to ₱325.84 million as at December 31, 2019*

	2018					
	< 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	> 5 years	Total
Financial assets at amortized cost						
Loans and receivables						
Cash and cash equivalents	₱5,972,274,144	₱–	₱–	₱	₱–	₱5,972,274,144
Receivables:						
Trade:						
Installment contracts receivable	1,771,389,959	–	–	–	–	1,771,389,959
Receivable from buyers	919,063,938	–	–	–	–	919,063,938
Receivables from:						
Related parties	278,810,258	–	–	–	–	278,810,258
Condo corporations	268,316,583	–	–	–	–	268,316,583
Rental	99,187,252	–	–	–	–	99,187,252
Employees	8,165,263	–	–	–	–	8,165,263
Dividends receivable	21,100,000	–	–	–	–	21,100,000
Others	86,372,250	–	–	–	–	86,372,250
Deposit in escrow fund	48,043,350	–	–	–	–	48,043,350
Recoverable deposits	–	231,775,340	–	–	–	231,775,340
Total financial assets	₱9,472,722,997	₱231,775,340	₱–	₱–	₱–	₱9,704,498,337

(Forward)

	2018					
	< 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	> 5 years	Total
Other financial liabilities						
Loans payable*	₱2,464,400,819	₱8,996,029,548	₱2,818,611,413	₱4,993,528,286	₱1,340,726,751	₱20,613,296,817
Liabilities for purchased land	478,235,757	1,274,692,618	82,427,634	60,985,451	105,801,833	2,002,143,293
Accounts and other payables						
Commission payable	3,111,851,795	–	–	–	–	3,111,851,795
Accounts payable – trade	1,369,511,246	–	–	–	–	1,369,511,246
Retention payable	348,901,453	–	–	–	–	348,901,453
Refundable deposits	292,309,401	–	–	–	–	292,309,401
Accrued interest payable	204,142,265	–	–	–	–	204,142,265
Accrued expenses**	130,173,626	–	–	–	–	130,173,626
Others	32,150,466	–	–	–	–	32,150,466
Payables to related parties	473,512,271	–	–	–	–	473,512,271
Subscription payable	3,937,500	–	–	–	–	3,937,500
Other financial liabilities	₱8,909,126,599	₱10,270,722,166	₱2,901,039,047	₱5,054,513,737	₱1,446,528,584	₱28,581,930,133

**Including future interest payments*
***Excluding nonfinancial liabilities amounting to ₱111.80 million as at December 31, 2018*

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Parent Company's financial instruments affected by market risk include loans payable and cash and cash equivalents.

a.) Interest rate risk
The Parent Company's exposure to the risk for changes in market interest rates relates primarily to the Parent Company's bank loans with floating interest rate.

The Parent Company's policy is to manage its interest cost using a mix of fixed and variable debt rate debts. Out of the total bank loans, those with floating interest rates are 19.72% in 2019 and 1.98% in 2018.

The terms of the interest-bearing financial liabilities, together with its corresponding nominal amounts and carrying values are shown in the following table:

	2019		2018	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Loans payable				
Term loans and corporate notes	**4.13%, to 6.52%**	**₱25,456,713,468**	5.34% to 7.03%	₱17,979,008,548
Liabilities on installment contracts receivables sold to banks	**4.00% to 6.63%**	**118,910,294**	3.75% to 6.12%	372,443,892
HomeSaver Bonds	**4.75% to 5.25%**	**210,505,000**	4.75% to 5.25%	420,035,000
		₱25,786,128,762		₱18,771,487,440

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Parent Company's profit before tax as of December 31, 2019 and 2018.

		2019		2018	
	Change in basis points	**Effect on income before income tax**	**Effect on equity**	Effect on income before income tax	Effect on equity
Loans payable	**+100 bps**	**(₱50,845,803)**	**(₱35,592,062)**	(₱3,724,439)	(₱2,607,107)
	-100 bps	**50,845,803**	**35,592,062**	3,724,439	2,607,107

The assumed movement in basis points for interest rate sensitivity analysis is based on the Parent Company's historical changes in market interest rates on unsecured bank loans.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table:

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
			2019				
Cash in bank and cash equivalents	**Fixed at the date of investment**	**Various**	**₱5,725,241,446**	**₱5,725,241,446**	**₱–**	**₱–**	**₱5,725,241,446**
Loans payable							
Peso	**Floating at 8.12% to 11.23% over the remaining term**	**Annually**	**118,910,294**	**30,507,761**	**74,449,462**	**13,953,071**	**118,910,294**
Peso	**Floating at 4% to 6.68%**	**Quarterly**	**4,965,669,969**	**–**	**360,737,709**	**4,604,932,260**	**4,965,669,969**
			₱10,809,821,709	**₱5,755,749,207**	**₱435,187,171**	**₱4,618,885,331**	**₱10,809,821,709**

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
			2018				
Cash in bank and cash equivalents	Fixed at the date of investment	Various	₱5,969,890,405	₱5,969,890,405	₱–	₱–	₱5,969,890,405
Loans payable							
Peso	Floating at 8.12% to 11.23% over the remaining term	Annually	372,443,892	89,680,689	215,241,719	67,521,484	372,443,892
			₱6,342,334,297	₱6,059,571,094	₱215,241,719	₱67,521,484	₱6,342,334,297

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers and related parties. To manage credit risks, the Parent Company maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

The credit risk is concentrated to the following customers:

	2019	2018
Real estate buyers	**91.86%**	90.52%
Others	**8.14%**	9.48%
Total	**100.00%**	100.00%

In respect of installment contracts receivable from the sale of real estate properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. An impairment analysis is performed at each reporting date using a vintage analysis to measure expected credit losses. The default rates are based on historical credit loss experience for groupings of various customer segments with similar loss patterns (i.e., by payment scheme and collateral type) and are adjusted with forward looking information. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g., grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%). The Parent Company evaluates the concentration of risk with respect to installment contracts receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The repossessed lots and residential houses are recorded back to inventory under the "Real estate inventories" account and are held for sale in the ordinary course of business. The total of these inventories amounts to ₱227.94 million and ₱290.94 million as at December 31, 2019 and 2018, respectively. The Parent Company performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts. The Parent Company has availed the deferral of adoption of the accounting for cancellation of real estate sales (see Note 4).

Credit risk from balances with banks and financial institutions is managed in accordance with the Parent Company's policy. Cash and cash equivalents are placed in various banks. Material amounts are held by banks which belong to the top five (5) banks in the country. The rest are held by local banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments. The Parent Company's maximum exposure to credit risk as of December 31, 2019 and 2018 is equal to the carrying values of its financial assets.

The tables below present the summary of the Parent Company's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

	2019		2018	
	12-month ECL	**Lifetime ECL Not credit impaired**	12-month ECL	Lifetime ECL Not credit impaired
Cash and cash equivalents*	**₱5,725,241,446**	**₱–**	₱5,969,890,405	₱–
Trade:				
Installment contracts receivable	–	**2,361,329,841**	–	1,771,389,959
Receivable from buyers	–	**889,554,775**	–	919,063,938
Receivables from:				
Related parties	–	**347,215,447**	–	278,810,258
Condo corporations	–	**280,491,978**	–	268,316,583
Rental	–	**23,612,897**	–	99,187,252
Employees	–	**16,852,027**	–	8,165,263
Dividends receivable	–	**8,160,000**		21,100,000
Others	–	**81,898,071**	–	86,372,250
Deposit in escrow fund	**181,177,931**	–	48,043,350	–
Recoverable deposits	**348,245,100**	–	231,775,340	–
	₱5,906,419,377	**₱4,009,115,036**	₱6,017,933,755	₱3,452,405,503

**Excludes cash on hand amounting to ₱2.45 million and ₱2.38 million as of December 31, 2019 and 2018, respectively.*

As of December 31, 2019 and 2018, the aging analyses per class of loan-related financial assets follow:

	2019						
	Neither Past Due Nor Impaired	**Past Due But Not Impaired**				**Impaired Financial Assets**	**Total**
		<30 days	**30-60 days**	**61-90 days**	**>90 days**		
Trade:							
Installment contracts receivable	**₱–**	**₱1,480,479,481**	**₱15,929,749**	**₱18,976,791**	**₱845,943,820**	**₱–**	**₱2,361,329,841**
Receivable from buyers	**889,554,775**	–	–	–	–	–	**889,554,775**
Receivables from:							
Related parties	**347,215,447**	–	–	–	–	–	**347,215,447**
Condo corporations	**280,491,978**	–	–	–	–	–	**280,491,978**
Rental	**23,612,897**	–	–	–	–	–	**23,612,897**
Employees	**16,852,027**	–	–	–	–	–	**16,852,027**
Dividends receivable	**8,160,000**	–	–	–	–	–	**8,160,000**
Others	**81,898,071**	–	–	–	–	–	**81,898,071**
	₱1,647,785,195	**₱1,480,479,481**	**₱15,929,749**	**₱18,976,791**	**₱845,943,820**	**₱–**	**₱4,009,115,036**

	2018						
	Neither Past Due Nor Impaired	Past Due But Not Impaired				Impaired Financial Assets	Total
		<30 days	30-60 days	61-90 days	>90 days		
Trade:							
Installment contracts receivable	₱–	₱1,224,069,180	₱154,612,012	₱18,602,016	₱374,106,751	₱–	₱1,771,389,959
Receivable from buyers	919,063,938	–	–	–	–	–	919,063,938
Receivables from:							
Related parties	278,810,258	–	–	–	–	–	278,810,258
Condo corporations	268,316,583	–	–	–	–	–	268,316,583
Rental	99,187,252	–	–	–	–	–	99,187,252
Employees	8,165,263	–	–	–	–	–	8,165,263
Dividends receivable	21,100,000	–	–	–	–	–	21,100,000
Others	86,372,250	–	–	–	–	–	86,372,250
	₱1,681,015,544	₱1,224,069,180	₱154,612,012	₱18,602,016	₱374,106,751	₱–	₱3,452,405,503

The table below shows the credit quality of the Parent Company's loan-related financial assets as of December 31, 2019 and 2018.

High Quality. This pertains to a counterparty who is not expected to default in settling its obligations, thus credit risk is minimal. This normally includes large prime financial institutions and companies.

Standard Quality. Other financial assets not belonging to the high quality category are included in this category.

	2019			2018		
	High Quality	Standard Quality	Total	High Quality	Standard Quality	Total
Cash and cash equivalents*	₱5,725,241,446	₱–	₱5,725,241,446	₱5,969,890,405	₱–	₱5,969,890,405
Trade:						
Installment contracts receivable	–	2,361,329,841	2,361,329,841	–	1,771,389,959	1,771,389,959
Receivable from buyers	–	889,554,775	889,554,775	–	919,063,938	919,063,938
Receivables from:						
Related parties	–	347,215,447	347,215,447	–	278,810,258	278,810,258
Condo corporations	–	280,491,978	280,491,978	–	268,316,583	268,316,583
Rental	–	23,612,897	23,612,897	–	99,187,252	99,187,252
Employees	–	16,852,027	16,852,027	–	8,165,263	8,165,263
Dividends receivable	–	8,160,000	8,160,000	–	21,100,000	21,100,000
Others	–	81,898,071	81,898,071	–	86,372,250	86,372,250
Deposit in escrow fund	181,177,931	–	181,177,931	48,043,350	–	48,043,350
Recoverable deposits	348,245,100	–	348,245,100	231,775,340	–	231,775,340
	₱6,254,664,477	₱4,009,115,036	₱10,263,779,513	₱6,249,709,095	₱3,452,405,503	₱9,702,114,598

**Excludes cash on hand amounting to ₱2.45 million and ₱2.38 million as of December 31, 2019 and 2018, respectively.*

32. Notes to Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

2019

	January 1, 2019	**Cash flows**	**Non-cash changes**	**December 31, 2018**
Loans payable (Note 16)	**₱18,771,487,440**	**₱6,979,436,402**	**₱35,204,920**	**₱25,786,128,762**
Dividends (Note 20)	**–**	**(1,275,613,414)**	**1,275,613,414**	**–**
Interest payable (Note 18)	**204,142,265**	**(36,711,923)**	**88,691,474**	**256,121,816**
Total	**₱18,975,629,705**	**₱5,667,111,065**	**₱1,399,509,808**	**₱26,042,250,578**

2018

	January 1, 2018	Cash flows	Non-cash changes	December 31, 2018
Loans payable (Note 16)	₱20,243,110,748	(₱1,503,188,826)	₱31,565,518	₱18,771,487,440
Dividends (Note 20)	–	(1,215,000,000)	1,215,000,000	–
Interest payable (Note 18)	162,980,616	(66,660,610)	107,822,259	204,142,265
Total	₱20,406,091,364	(2,784,849,436)	₱1,354,387,777	₱18,975,629,705

Non-cash changes pertain to dividends and interest expense, excluding accretion of unamortized discount on liabilities for purchased land (see Notes 16, 17, 20 and 26).

33. Events After Reporting Period

On January 31, 2020, the BOD approved and resolved the following resolutions:

- Declaration of additional cash dividends in the amount of ₱1,200.00 million from the unrestricted retained earnings as of December 31, 2019 in favor of the current stockholders of record and payable in accordance with the scheduled payment.

- Reversal of appropriation amounting to ₱3,501.10 million from previously appropriated retained earnings as of December 31, 2018 which was already utilized in 2019 for the related projects below:

Project	Amount
Mulberry Place	₱392,500,000
Prisma Residences	684,000,000
Brixton Place	626,000,000
Oak Harbor Residences	636,200,000
Infina Towers	765,000,000
The Celandine	397,400,000
	₱3,501,100,000

- Appropriation of ₱5,200.00 million from retained earnings as of December 31, 2019 to fund the development and project cost of the following projects:

Project	Appropriation
Kai Garden Residences	₱1,500,000,000
The Orabella	1,000,000,000
The Atherton	800,000,000
Verdon Parc	600,000,000
Fairlane Residences	500,000,000
Calathea Place	400,000,000
Satori Residences	400,000,000
	₱5,200,000,000

SGV
Building a better working world

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ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION
REQUIRED UNDER REVENUE REGULATIONS 15-2010

The Stockholders and the Board of Directors
DMCI Project Developers, Inc.
DMCI Homes Corporate Center
1321 Apolinario Street, Bangkal
Makati City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of DMCI Project Developers, Inc. (the Company) as at and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated February 24, 2020 which contained an unqualified opinion on those parent company financial statements. Our audits were conducted for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations (RR) 15-2010 for the year ended December 31, 2019 is presented in a separate schedule for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. RR 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125303, January 7, 2020, Makati City

February 24, 2020

DMCI PROJECT DEVELOPERS, INC.
SUPPLEMENTARY TAX INFORMATION
UNDER REVENUE REGULATIONS 15-2010
FOR THE YEAR ENDED DECEMBER 31, 2019

In compliance with the requirements set forth RR 15-2010 hereunder are the information on taxes, duties and licenses fees paid or accrued during the taxable year.

VAT

The Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

The Company recognizes VAT on its sale of real properties on the basis of the provision of RR 03-2012 Sec 2, as amended, stating that the sale of residential lot with gross selling price exceeding ₱1,919,500, residential house and lot or other residential dwellings with gross selling price exceeding ₱3,199,200, shall be subject to 12% output VAT.

It also states that in case of installment sale, the VAT shall be computed on installment payments including interest and penalties, actually or constructively received.

Moreover, in case of sale of real properties on a deferred-payment basis not on the installment plan, the transaction shall be treated as cash sale which makes the entire selling price taxable on the month of sale. Output VAT shall be recognized by the seller and input tax shall accrue to the buyer at the time of the execution of the instrument of sale.

On the basis of the foregoing, the Company's sales may not be the same as amounts reported for VAT purposes.

a. The Company is a VAT-registered company with output VAT declarations as follow:

	Exempt Sales	Net Sales/Receipts	Output VAT
Taxable income:			
Real estate sales	₱6.274,431,710	₱9,394,184,730	₱1,127,302,168
Rental income	–	311,978,550	37,437,426
Others	–	1,854,151,231	222,498,148
	₱6,274,431,710	₱11,560,314,511	₱1,387,237,742

As of December 31, 2019, unpaid balance of output VAT amounting to ₱59.84 million is included as part of "Accrued expenses" under "Accounts and other payables" in the statement of financial position.

b. The amount of input VAT claimed are broken down as follows:

Balance at January 1	₱83,633,076
Current year's purchases:	
Goods for resale/manufacture	982,812,160
Capital goods subject to amortization	27,188,179
Services lodged under other accounts	641,625,957
	1,735,259,372
Less claims for tax credit/refund	(1,653,959,125)
Balance at December 31	₱81,300,247

Documentary Stamp Taxes
Documentary Stamp Tax (DST) pertains to taxes levied on documents, instruments, and papers related to the various projects of the Company. The Company paid DST amounting to ₱3,982,397, included in "General and administrative expenses"

Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees included under "General and administrative expenses" account in the parent company statement of income.

Details of other taxes and licenses included in "General and administrative expenses" follow:

Business permits	₱311,830,869
Surcharge and penalties	42,672,418
Real property taxes	19,452,200
Notarial fees	13,386,282
Interest on taxes	12,953,553
Other taxes (e.g., transfer taxes, filing fees)	23,911,578
	₱424,206,900

Withholding Taxes
Details of withholding taxes paid for the year ended December 31, 2019 follow:

Expanded withholding taxes	₱298,102,051
Withholding taxes on compensation and benefits	42,592,384
	₱340,694,435

As of December 31, 2019, unpaid balance of withholding taxes amounting to ₱25.07 million is included as part of "Accrued expenses" under "Accounts and other payables" in the statement of financial position.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	-	0	0	4	1	3	7

COMPANY NAME

DMCI PROJECT DEVELOPERS, INC.
AND SUBSIDIARIES

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

DMCI Homes Corporate Center, 1
321 Apolinario Street, Bangkal
, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	555-7777	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
12	May 6	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
Evangeline H. Atchioco	enhernandez@dmcihomes.com	555-7777 loc. 7342	N/A

CONTACT PERSON's ADDRESS

DMCI Homes Corporate Center, 1321 Apolinario Street, Bangkal, Makati City

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

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

JI
ROJECT DEVELOPERS
N C O R P O R A T E D

Gomes Corporate Center
1321 Apolinario St.,
Brgy. Bangkal
Makati City, 1233 Philippines

(632) 555-7777

SECURITIES AND EXCHAGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of DMCI Project Developers, Inc. and its subsidiaries (collectively referred to as the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the year(s) ended December 31, 2019 and 2018, 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 or error.

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

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

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

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

Mr. Isidro A. Consunji
Chairman of the Board

Mr. Alfredo R. Austria
President

Ms. Edwina C. Laperal
Treasurer

Signed this ______ day of __________.

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
DMCI Project Developers, Inc.
DMCI Homes Corporate Center
1321 Apolinario St., Bangkal
Makati City

Opinion

We have audited the consolidated financial statements of DMCI Project Developers, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125303, January 7, 2020, Makati City

February 24, 2020

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	**₱5,897,171,374**	₱6,176,441,815
Receivables (Notes 7, 27, 30 and 31)	**3,951,303,199**	3,378,954,613
Current portion of contract assets (Note 8)	**11,140,903,240**	6,703,642,815
Real estate inventories (Note 9)	**36,901,428,819**	29,429,735,511
Other current assets (Notes 10 and 31)	**2,409,588,317**	2,029,044,591
Total Current Assets	**60,300,394,949**	47,717,819,345
Noncurrent Assets		
Contract assets - net of current portion (Note 8)	**5,104,620,980**	7,583,336,409
Investments in associates and joint venture (Note 11)	**910,537,984**	378,166,924
Investment properties (Note 12)	**116,508,744**	129,411,142
Property and equipment (Note 14)	**1,605,554,615**	1,264,324,944
Software cost (Note 13)	**57,042,073**	64,562,335
Net pension asset (Note 24)	**–**	101,576,254
Other noncurrent assets (Notes 10, 15 and 31)	**2,971,395,416**	2,681,539,531
Total Noncurrent Assets	**10,765,659,812**	12,202,917,539
	₱71,066,054,761	₱59,920,736,884
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of loans payable (Notes 16, 30 and 31)	**₱8,262,019,417**	₱1,787,470,921
Accounts and other payables (Notes 18 and 31)	**5,106,377,994**	4,031,465,612
Customers' advances and deposits (Note 19)	**3,239,591,378**	2,860,112,129
Current portion of contract liabilities (Note 19)	**3,554,447,551**	2,910,315,465
Payables to related parties (Notes 27 and 31)	**325,986,603**	307,506,848
Current portion of liabilities for purchased land (Notes 17, 30 and 31)	**673,024,791**	478,235,757
Income tax payable (Note 26)	**166,316,005**	102,425,489
Total Current Liabilities	**21,327,763,739**	12,477,532,221
Noncurrent Liabilities		
Contract liabilities – net of current portion (Note 19)	**2,789,395,750**	2,298,981,182
Loans payable – net of current portion (Notes 16, 30 and 31)	**17,524,109,345**	16,984,016,519
Liabilities for purchased land – net of current portion (Notes 17, 30 and 31)	**1,223,137,775**	1,523,907,536
Net pension liability (Note 24)	**131,397,843**	16,108,087
Deferred tax liabilities – net (Note 26)	**3,668,310,801**	3,533,818,495
Other noncurrent liability (Notes 18 and 31)	**1,304,305,455**	1,649,083,306
Total Noncurrent Liabilities	**26,640,656,969**	26,005,915,125
Total Liabilities	**47,968,420,708**	38,483,447,346

(Forward)

	December 31	
	2019	2018
Equity (Note 20)		
Attributable to equity holders of the Parent Company		
Capital stock	**₱3,487,727,331**	₱3,487,727,331
Additional paid-in capital	**15,260,664**	15,260,664
Appropriated retained earnings	**13,719,000,000**	10,396,000,000
Unappropriated retained earnings	**5,658,918,153**	7,171,047,120
Remeasurement gain on defined benefit plans – net of tax (Note 24)	**116,841,237**	268,012,187
	22,997,747,385	21,338,047,302
Non-controlling interest in consolidated subsidiaries	**99,886,668**	99,242,236
Total Equity	**23,097,634,053**	21,437,289,538
	₱71,066,054,761	₱59,920,736,884

See accompanying Notes to Consolidated Financial Statements.

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUE (Note 29)			
Real estate sales (Note 19)	**₱18,073,946,611**	₱20,237,273,611	₱19,474,940,484
Hotel services	**255,705,698**	142,597,929	248,697,279
Property management services	**190,091,425**	134,359,035	123,700,142
Elevator and maintenance services	**67,050,739**	56,564,512	46,720,818
	18,586,794,473	20,570,795,087	19,894,058,723
COSTS (Note 29)			
Real estate sales (Notes 9, 10 and 14)	**12,949,936,292**	14,526,936,082	12,143,612,549
Hotel services (Note 14)	**139,729,409**	80,327,379	147,469,415
Property management services	**79,540,709**	67,107,096	59,756,017
Elevator and maintenance services	**37,288,062**	23,531,817	19,882,863
	13,206,494,472	14,697,902,374	12,370,720,844
GROSS PROFIT	**5,380,300,001**	5,872,892,713	7,523,337,879
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 23 and 29)	**2,427,645,906**	2,431,757,885	3,314,435,104
OPERATING INCOME	**2,952,654,095**	3,441,134,828	4,208,902,775
OTHER INCOME (EXPENSE)			
Finance income (Notes 6, 7 and 21)	**463,765,997**	365,015,856	225,365,149
Finance costs (Notes 16, 17 and 25)	**(132,603,745)**	(148,001,552)	(105,712,432)
Equity in net earnings of associates and joint venture (Note 11)	**57,871,060**	59,740,086	52,731,893
Other income (Notes 9, 12 and 22)	**1,118,044,130**	1,975,542,007	746,823,191
	1,507,077,442	2,252,296,397	919,207,801
INCOME BEFORE INCOME TAX	**4,459,731,537**	5,693,431,225	5,128,110,576
PROVISION FOR INCOME TAX (Note 26)	**1,364,762,658**	1,729,927,919	1,551,759,230
NET INCOME	**₱3,094,968,879**	₱3,963,503,306	₱3,576,351,346
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱3,086,484,447**	₱3,952,525,189	₱3,567,580,972
Non-controlling interests	**8,484,432**	10,978,117	8,770,374
	₱3,094,968,879	₱3,963,503,306	₱3,576,351,346
BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Note 32)	**₱0.885**	₱1.133	₱1.023

See accompanying Notes to Consolidated Financial Statements.

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
NET INCOME	**₱3,094,968,879**	₱3,963,503,306	₱3,576,351,346
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans (Note 24)	**(210,760,212)**	120,187,899	44,869
Income tax effect (Note 26)	**59,589,262**	(36,056,369)	751,709
	(151,170,950)	84,131,530	796,578
TOTAL COMPREHENSIVE INCOME	**₱2,943,797,929**	₱4,047,634,836	₱3,577,147,924
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱2,935,313,497**	₱4,036,656,719	₱3,568,377,550
Non-controlling interests	**8,484,432**	10,978,117	8,770,374
	₱2,943,797,929	₱4,047,634,836	₱3,577,147,924

See accompanying Notes to Consolidated Financial Statements.

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2019

	Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 20)	**Additional Paid-in Capital (Note 20)**	**Remeasurement Gain on Defined Benefit Plans (Note 24)**	**Retained Earnings Unappropriated (Note 20)**	**Retained Earnings Appropriated (Note 20)**	**Total**	**Non-controlling Interest**	**Total Equity**
Balances as at January 1, 2019	**₱3,487,727,331**	**₱15,260,664**	**₱268,012,187**	**₱7,171,047,120**	**₱10,396,000,000**	**₱21,338,047,302**	**₱99,242,236**	**₱21,437,289,538**
Net income	–	–	–	3,086,484,447	–	3,086,484,447	8,484,432	3,094,968,879
Other comprehensive loss	–	–	(151,170,950)	–	–	(151,170,950)	–	(151,170,950)
Total comprehensive income	–	–	(151,170,950)	3,086,484,447	–	2,935,313,497	8,484,432	2,943,797,929
Appropriation for project development (Note 20)	–	–	–	(4,500,000,000)	4,500,000,000	–	–	–
Reversal of appropriation (Note 20)	–	–	–	1,177,000,000	(1,177,000,000)	–	–	–
Dividends declared (Note 20)	–	–	–	(1,275,613,414)	–	(1,275,613,414)	(7,840,000)	(1,283,453,414)
Balances as at December 31, 2019	**₱3,487,727,331**	**₱15,260,664**	**₱116,841,237**	**₱5,658,918,153**	**₱13,719,000,000**	**₱22,997,747,385**	**₱99,886,668**	**₱23,097,634,053**

For the year ended December 31, 2018

	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Remeasurement Gain on Defined Benefit Plans (Note 24)	Retained Earnings Unappropriated (Note 20)	Retained Earnings Appropriated (Note 20)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2018, as previously reported	₱3,487,727,331	₱15,260,664	₱183,880,657	₱5,779,906,056	₱8,379,000,000	₱17,845,774,708	₱93,164,119	₱17,938,938,827
Effect of adoption of PFRS 15 (Notes 9 and 10)	–	–	–	670,615,875	–	670,615,875	–	670,615,875
Balances at January 1, 2018, as restated	3,487,727,331	15,260,664	183,880,657	6,450,521,931	8,379,000,000	18,516,390,583	93,164,119	18,609,554,702
Net income	–	–	–	3,952,525,189	–	3,952,525,189	10,978,117	3,963,503,306
Other comprehensive income	–	–	84,131,530	–	–	84,131,530	–	84,131,530
Total comprehensive income	–	–	84,131,530	3,952,525,189	–	4,036,656,719	10,978,117	4,047,634,836
Appropriation for project development (Note 20)	–	–	–	(6,000,000,000)	6,000,000,000	–	–	–
Reversal of appropriation (Note 20)	–	–	–	3,983,000,000	(3,983,000,000)	–	–	–
Dividends declared (Note 20)	–	–	–	(1,215,000,000)	–	(1,215,000,000)	(4,900,000)	(1,219,900,000)
Balances as at December 31, 2018	₱3,487,727,331	₱15,260,664	₱268,012,187	₱7,171,047,120	₱10,396,000,000	₱21,338,047,302	₱99,242,236	₱21,437,289,538

For the year ended December 31, 2017

	Capital Stock (Note 20)	Additional Paid in Capital (Note 20)	Remeasurement Gain on Defined Benefit Plans (Note 24)	Retained Earnings Unappropriated (Note 20)	Retained Earnings Appropriated (Note 20)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2017	₱3,487,727,331	₱15,260,664	₱183,084,079	₱4,841,325,084	₱7,000,000,000	₱15,527,397,158	₱87,333,745	₱15,614,730,903
Net income		–	–	3,567,580,972	–	3,567,580,972	8,770,374	3,576,351,346
Other comprehensive loss	–	–	796,578	–		796,578	–	796,578
Total comprehensive income	–	–	796,578	3,567,580,972	–	3,568,377,550	8,770,374	3,577,147,924
Appropriation for project development (Note 20)	–	–		(1,500,000,000)	1,500,000,000	–	–	–
Reversal of appropriation (Note 20)	–	–	–	121,000,000	(121,000,000)	–	–	–
Dividends declared (Note 20)	–	–	–	(1,250,000,000)	–	(1,250,000,000)	(2,940,000)	(1,252,940,000)
Balances as at December 31, 2017	₱3,487,727,331	₱15,260,664	₱183,880,657	₱5,779,906,056	₱8,379,000,000	₱17,845,774,708	₱93,164,119	₱17,938,938,827

See accompanying Notes to Consolidated Financial Statements

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,459,731,537**	₱5,693,431,225	₱5,128,110,576
Adjustments for:			
Depreciation and amortization (Notes 12, 13, 14 and 23)	**440,425,897**	425,090,528	379,578,262
Interest expense (Notes 16, 17 and 25)	**123,896,394**	141,751,162	97,249,803
Net movement in net pension liability (Note 24)	**6,105,798**	(41,689,946)	23,375,452
Unrealized foreign exchange gain	**(30,627)**	(75,210)	(110,782)
Equity in net earnings of associates and joint venture (Note 11)	**(57,871,060)**	(59,740,086)	(52,731,893)
Finance income (Notes 6, 7 and 21)	**(463,765,997)**	(365,015,856)	(225,365,149)
Gain on sale of undeveloped parcel of land (Notes 9 and 22)	**–**	(1,021,762,875)	–
Operating income before changes in working capital	**4,508,491,942**	4,771,988,942	5,350,106,269
Decrease (increase) in:			
Receivables and contract assets (Note 7)	**(2,530,893,582)**	(1,173,208,337)	(5,568,966,684)
Real estate inventories (Notes 7, 9 and 16)	**(6,285,527,254)**	(779,855,205)	436,442,343
Other current assets (Note 10)	**(380,543,726)**	1,840,982,406	571,684,610
Increase (decrease) in:			
Accounts and other payables (Note 18)	**683,544,980**	(348,724,042)	928,430,708
Liabilities for purchased land (Notes 17 and 25)	**(105,980,727)**	(226,182,069)	690,373,035
Contract liabilities and customers' advances and deposits (Note 19)	**1,514,025,903**	1,942,526,852	2,372,273,021
Payables to related parties	**18,479,755**	3,055,842	71,651,618
Net cash generated from (used in) operations	**(2,578,402,709)**	6,030,584,389	4,851,994,920
Interest received	**463,765,997**	365,015,856	225,365,149
Income tax paid	**(1,106,790,574)**	(1,315,334,479)	(1,567,146,525)
Interest paid and capitalized as cost of inventory (Notes 9 and 16)	**(1,186,166,054)**	(1,023,271,343)	(1,082,951,148)
Net cash provided by (used in) operating activities	**(4,407,593,340)**	4,056,994,423	2,427,262,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend from an associate (Note 11)	**25,500,000**	40,500,000	35,000,000
Proceeds from disposals of:			
Property and equipment (Notes 7 and 14)	**–**	98,227	254,849
Undeveloped land (Notes 7 and 9)	**–**	1,516,075,277	–
Additions to:			
Investment properties (Note 12)	**–**	–	(86,892)
Software cost (Note 13)	**(36,856,399)**	(39,600,985)	(46,679,118)
Investments in associates and joint venture (Note 11)	**(500,000,000)**	–	–
Property and equipment (Note 14)	**(724,376,509)**	(460,073,194)	(430,333,926)
Net decrease (increase) in other noncurrent assets	**(289,855,885)**	(2,449,602,591)	20,305,064
Net cash used in investing activities	**(1,525,588,793)**	(1,392,603,266)	(421,540,023)

(Forward)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES (Note 33)			
Proceeds from loans (Note 16)	**₱8,970,240,000**	₱87,935,000	₱3,073,515,000
Payments of loans (Note 16)	**(1,990,803,598)**	(1,591,123,826)	(1,201,333,243)
Dividends paid (Note 20)	**(1,288,843,414)**	(1,215,000,000)	(1,352,940,000)
Interest paid	**(36,711,923)**	(66,660,610)	(97,249,803)
Net cash provided by (used in) financing activities	**5,653,881,065**	(2,784,849,436)	421,991,954
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**30,627**	75,210	110,782
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(279,270,441)**	(120,383,069)	2,427,825,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,176,441,815**	6,296,824,884	3,868,999,775
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱5,897,171,374**	₱6,176,441,815	₱6,296,824,884

See accompanying Notes to Consolidated Financial Statements.

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

DMCI Project Developers, Inc. (the Parent Company) was incorporated and domiciled in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on April 27, 1995. The Parent Company is organized to deal and engage in the development of residential subdivisions and construction of condominium and housing units. The Parent Company offers range of products from middle-income to high-end housing and condominium projects.

The Parent Company is majority-owned by DMCI Holdings, Inc. (DMCI-HI), its ultimate parent company, partially-owned by D.M. Consunji, Inc. (also a subsidiary of DMCI-HI), and the rest by its directors and officers.

The Parent Company has four (4) wholly owned subsidiaries namely: Hampstead Gardens Corporation, DMCI Homes, Inc., DMCI Homes Property Management Corporation and DMCI-PDI Hotels, Inc., and two (2) majority owned subsidiaries namely: Riviera Land Corporation and Zenith Mobility Solutions Services, Inc.

The Parent Company's registered office and principal place of business is at DMCI Homes Corporate Center, 1321 Apolinario Street, Bangkal, Makati City.

The consolidated financial statements of the Group as of December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 were approved and authorized for issue by the Board of Directors (BOD) on February 24, 2020.

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest Peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular No. 14, Series of 2018, Memorandum Circular No. 3, Series of 2019 and Memorandum Circular No. 4, Series of 2020.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019.

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Group's voting rights and potential voting rights.

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any noncontrolling-interests and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated and domiciled in the Philippines). The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	Percentage of ownership		
Subsidiaries	**2019**	2018	2017
Hampstead Gardens Corporation (HGC)	**100.00**	100.00	100.00
DMCI Homes, Inc. (DHI)	**100.00**	100.00	100.00
DMCI Homes Property Management Corporation (DPMC)	**100.00**	100.00	100.00
DMCI-PDI Hotels, Inc. (DPHI)	**100.00**	100.00	100.00
Riviera Land Corporation (RLC)	**62.62**	62.62	62.62
Zenith Mobility Services Solutions, Inc. (ZMSSI)	**51.00**	51.00	51.00

All of Parent Company's subsidiaries have started commercial operations. The related principal activity of these subsidiaries is summarized below:

a) HGC – real estate developer
b) DHI – real estate brokerage
c) RLC – real estate developer
d) DPMC – property management
e) DPHI – hotel operator
f) ZMSSI – mobility services provider of the Group

Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Non-controlling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results to the non-controlling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized in equity of the parent in transactions where the non-controlling interest are acquired or sold without loss of control.

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements which became effective January 1, 2019.

- PFRS 16, *Leases*
  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

A lessee may elect not to apply PFRS 16 to (a) short-term leases and (b) leases for which underlying asset is of low value. The lease arrangements of the Group for its sales office and printer have remaining lease term of one (1) year, thus, qualified as short-term lease recognition exemption criteria under PFRS 16 as of January 1 and December 31, 2019. Accordingly, the adoption of PFRS 16 has no significant impact on the consolidated financial statements of the Group.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The Interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately;
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and,
  - How an entity considers changes in facts and circumstances.

  The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

  Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that it is probable that its tax treatments will be accepted by the taxation authorities. The adoption of the Interpretation did not have a significant on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  Upon adoption, the amendment did not have an impact on the Group's consolidated financial statements.

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

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. The Group does not expect the amendments to have significant impact to the consolidated financial statements.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint

venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of adopting these amendments.

- *PIC updates on PFRS 15 implementation issues*
  On August 27, 2019, the real estate industry sent a position paper to PIC requesting the latter to revisit its position on certain issues relating to the adoption of PFRS 15 and some other industry issues. In line with this, the PIC issued two (2) response letters to the industry dated September 13 and 27, 2019. While the PIC finalizes its position on the matters raised by the industry, PIC has provided the following options for accounting treatment or financial statement presentation on the following:

  - Conclusion of PIC Q&A 2018-12H, *Accounting for Common Usage Service Area (CUSA),* recommends the industry to consider an alternative presentation wherein CUSA may be presented outside of topline revenues if these are not considered as main source of revenue and are not material. This is not applicable to the Group as the entity does not earn revenues from CUSA.

- *March 2019 IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry*
  In March 2019, the IFRIC issued an Agenda Decision clarifying the criteria for the capitalization of borrowing costs in relation to the construction of residential multi-unit real estate development which are sold to customers prior to the start of construction or completion of the development.

  Paragraph 8 of PAS 23 allows the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Paragraph 5 of PAS 23 defines a qualifying asset as an asset that takes a substantial period of time to get ready for its intended use or sale. The IFRIC Agenda Decision clarified that the related assets namely, installment contracts receivable, contract asset or real estate inventory, are not considered qualifying assets and therefore the corresponding borrowing cost may not be capitalized.

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

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

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of real estate sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings.

4. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in consolidated statement of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or,
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

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

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

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

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

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

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

The Group's management determined the policies and procedures for both recurring and nonrecurring fair value measurement.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Recognition and Measurement of Financial Instruments (Effective January 1, 2018)</u>

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

a. Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets comprise of financial assets at amortized cost.

b. Subsequent measurement – 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 a business model, the objective of which is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Receivables from sale of real estate inventories relate to "Installment contracts receivable" account under consolidated statement of financial position caption "Receivables". The Group entered with various purchase agreements with financial institutions whereby the related installment contracts receivable are sold on a with recourse basis. The risk and rewards associated with the asset retains with the Group.

The Group classified cash in banks, cash equivalents, receivables, deposit in escrow fund under "Other current assets" and recoverable deposits under "Other noncurrent assets" as financial assets at amortized costs (see Notes 6, 7, 10, 15 and 31).

c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

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

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

For cash in banks, cash equivalents and deposit in escrow fund, the Group 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 Group'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 will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

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

For its contract assets and installment contracts receivable (ICR), the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof. The Group considers contract assets and installment contracts receivable in default when sales are cancelled and supported by a notarized cancellation letter executed by the Group and unit buyer. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For other receivables, the Group uses a provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and change in gross domestic product (GDP). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For receivables from related parties, 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).

In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

a. *Initial recognition and measurement*
   Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

   All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Transaction costs are deducted against loans payable and are amortized over the terms of the related borrowings using the effective interest method.

   The Group's financial liabilities comprise of loans and borrowings (financial liabilities at amortized cost).

b. *Subsequent measurement*
   After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

   The Group's loans and borrowings include accounts and other payables, payables to related parties, loans payable and liabilities for purchased land (see Notes 16, 17, 18, 27 and 31).

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Financial Instruments - initial recognition and subsequent measurement prior to adoption of PFRS 9

Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The Group classifies its financial liabilities into the following categories: financial liabilities at FVPL and as other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. The Management determines the classification of its investments at initial recognition and re-evaluates such designation, where allowed and appropriate, at every financial reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group's financial instruments prior to January 1, 2018 are classified as loans and receivable and other financial liabilities.

'Day 1' difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in the consolidated statement of income. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

Receivables from sale of real estate inventories relate to "Installment contracts receivable" account under consolidated statement of financial position caption "Receivables". The Group entered with various purchase agreements with financial institutions whereby the related installment contracts receivable are sold on a with recourse basis. The risk and rewards associated with the asset retains with the Group.

This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables", deposit in escrow fund under "Other current assets" and recoverable deposits under "Other noncurrent assets".

Other Financial Liabilities

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial asset to the holder, or to settle the obligation other than through the exchange of a fixed amount of cash or another financial asset for fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process. This accounting policy applies primarily to "Accounts and other payables", "Payables to related parties", "Loans payable", "Liabilities for purchased land" and "Other noncurrent liability".

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issuance Costs

Debt issuance costs are deducted against loans payable and are amortized over the terms of the related borrowings using the effective interest method.

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost;
- Land improvement cost;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units; and,
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads, capitalized borrowing costs and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Valuation allowance is provided for real estate held for sale and development when the NRV of the properties are less than their carrying amounts.

Investments in Associates and Joint Venture
An associate is an entity in which the Group has significant influence and which is neither a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investment in associates and joint venture are accounted for using equity method.

The investments in associates and joint venture are accounted for in the consolidated financial statements using the equity method. Under the equity method, an investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in the other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and joint venture is shown on the face of the consolidated statement of income outside of operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate and joint venture. If the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Investment Properties
Investment properties comprise of completed properties that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group.

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred.

Depreciation of investment properties are computed using the straight line method over the estimated useful lives (EUL) of assets of 20 years. The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future 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 income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or for disclosure purposes.

Property and Equipment
Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value.

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

Depreciation of property and equipment commences once the property and equipment are available for use and is calculated on a straight-line basis over the EUL of the assets, as follows:

	Years
Building and leasehold improvements	20
Office machines and equipment	3
Office furniture and fixtures	3
Transportation equipment	5
Construction machinery and equipment	5

The residual values, EUL and the depreciation method are reviewed at each financial reporting date to ensure that the period and the method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to the consolidated statement of income.

An item of property and equipment 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 the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income in the year the item is derecognized.

Intangible Assets

Software cost

Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one (1) year, are recognized as intangible assets to be measured at cost less accumulated amortization and accumulated impairment, if any. Otherwise, such costs are recognized as expense as incurred.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software. System development costs, recognized as assets, are amortized using the straight-line method over three (3) years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Other Assets

Other current and noncurrent assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Advances to contractors and suppliers

Advances to contractors and suppliers are carried at cost less impairment losses, if any. These are classified based on the actual realization of such advances determined with reference to usage/realization of the asset to which it is intended for (e.g., real estate inventories, investment properties, property and equipment).

Deposit in escrow fund

Deposit in escrow pertains to cash deposited in a local bank that is restricted from being exchanged or used to settle a liability. Deposit in escrow is classified as current asset if it is expected to be used and released from restriction within 12 months after the reporting period. Otherwise, this is presented as part of noncurrent assets.

Value-added tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount. The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other current assets" and "Accounts and other payables", respectively, in the consolidated statement of financial position.

The net amount recoverable from, or payable to, the taxation authority within 12 months from end of reporting period is presented as current; otherwise the amount is presented as noncurrent.

Prepaid expenses
Prepaid expenses include prepayments for taxes and licenses and insurance and are carried at cost less amortized portion.

Impairment of Nonfinancial Assets
The Group assesses at each financial reporting date whether there is an indication that its nonfinancial asset (e.g., investment properties, property and equipment, software costs, investments in associates and joint venture, other current and noncurrent nonfinancial assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Property and Equipment, Investment Properties, Software Costs and Other Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that these assets may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Investments in associates and joint venture
For investments in associates and joint venture, after application of the equity method, the Group

determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or jointly controlled entity is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the carrying value and the recoverable amount of the investee company and recognizes the difference in the consolidated statement of income.

Liabilities for Purchased Land

Liabilities for purchase of land represent unpaid portion of the acquisition costs of raw land for future development, including other costs and expenses incurred to effect the transfer of title of the property. Noncurrent portion of the carrying amount is discounted using the applicable interest rate for similar type of liabilities at the inception of the transactions.

Equity

Capital stock

The Group records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings

Retained earnings represent accumulated earnings of the Group, less dividends declared and adjustments resulting from adoption of new accounting policy/standard. Appropriated retained earnings are set aside for future business expansions.

Dividends on common shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Revenue Recognition (Effective January 1, 2018)

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to their customers. The following specific recognition criteria must also be met before revenue is recognized:

Revenue recognized over time using output method

- *Real estate sales*

  The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period using the percentage of completion (POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by project engineers, and reviewed and approved by area managers under construction department which integrates the surveys of performance to date of the construction activities for both subcontracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contracts receivable, under "Receivables", is included in the "Contract assets" account in the asset section of the consolidated statement of financial position.

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

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

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

On February 14, 2018, the PIC issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14-2018 and 3-2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of three (3) years:

- Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A 2018-12-E
- Accounting for significant financing component discussed in PIC Q&A 2018-12-D
- Accounting for CUSA charges discussed in PIC Q&A 2018-12-H

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

On February 11, 2020, SEC issued Memorandum Circular No. 4, Series of 2020 provided relief to the real estate industry by deferring the mandatory implementation of the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for the real estate industry until December 31, 2020.

The Group availed of the deferral of adoption of the accounting for significant financing component, cancellation of real estate sales and capitalization of borrowing costs.

- *Revenue from hotel services*
  Revenue from hotel services such as room use, food and beverage sales and other departments are recognized when the related sales and services are rendered.

  The Group sells food and beverage that are either sold separately or bundled together with the room accommodation services to a guest. The sale of food and beverage can be obtained from other providers and do not significantly customize or modify the room accommodation services. Contracts for bundled sale of food and beverage and room accommodation services are comprised of two (2) performance obligations because the promises to sell food and beverage and provide room accommodation services are capable of being distinct and separately identifiable.

  The performance obligation for room accommodation and food and beverage services are expected to be recognized within one (1) year. The Group has applied the practical expedient not to disclose remaining performance obligations for contracts with original expected duration of less than one (1) year.

  Cost of hotel services include expenses incurred by the Group for the generation of revenue from room rentals, food and beverage sales, transportation services and other hotel income. This amount also includes plates, utensils, drinking vessels and bed linens. Departmental costs and expenses are expensed as incurred.

- *Revenue from property management services*
  Revenue from property management services are derived from management and reimbursable fees charged to condominium corporations and homeowners' associations.

  Revenue from management services is recognized over time as the customers receives and consumes the benefit from the management services provided by the Group to the condominium corporations and homeowners' association over the contract period. Reimbursable fees are charges for the directly employed personnel in condominium corporations and homeowners' association such as property manager, facilities officer, property accountant and other administrative officers to manage and operate the condominium corporation.

  The customers are billed for a fixed fee every month for the management services provided and each personnel deployed with the related statement of account for the charges. As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount to which the Group has a right to invoice since the right to the consideration from customer corresponds directly with the value of the entity's completed performance to date. The Group also availed of the practical expedient in PFRS 15 on the disclosure of information about the transaction price allocated to remaining performance obligations given that the entity recognizes revenue directly with the value of entity's performance completed to date.

  Cost of property management pertains to actual cost incurred from salaries, wages and benefits paid out to manpower deployed by the Group to condominium corporations and homeowners' associations.

- *Revenue from elevator maintenance services*
  Service revenue is recognized over time, as the customers receives and consumes the benefit from the performance of the related elevator and maintenance services. The customers are billed for a fixed fee every month upon submission of the invoice together with the related service report by the Group. As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount to which the Group has a right to invoice since the Group bills a fixed amount of maintenance fee as stipulated in the contract.

Revenue recognized at a point in time

- *Revenue from elevator and installation services*
  Sales revenue pertains to the delivery and installation of spare parts and equipment. The installation required is performed only by the Group as agreed with the customers and is not allowed of being performed by several alternative service providers. Given this, the customer cannot benefit from the equipment on its own. Accordingly, management determines that the equipment and installation are not separable and represent one (1) performance obligation. Revenue from the sale of equipment and installation service is recognized at a point in time because the equipment has no design specifications that are unique to the customer. Revenue is recognized when control of the asset is transferred to the customer upon acceptance by the customer and installation of the asset. The performance obligation for the delivery of spare parts and equipment and installation are expected to be recognized within one (1) year.

Contract Balances

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

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. This is reclassified as installment contracts receivable when the monthly amortization of the customer is already due for collection.

Contract liabilities
A contract liability is the 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 a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs (generally measured through POC) under the contract.

Contract liability arises when the payment is made or the payment is due (whichever is earlier) from customers before the Group transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Group performs (generally measured through POC) under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Using the practical expedient in PFRS 15 (except for customer contracts related to real estate sales where the Group opted to defer the accounting for significant financing component), the Group does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised service to the customers and when the customer pays for that service will be one (1) year or less.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group's commission payments to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to "Cost of real estate sales" account in the consolidated statement of income in the period in which the related revenue is recognized as earned. Capitalized cost to obtain a contract is included in "Other current and noncurrent assets" account in the consolidated statement of financial position.

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

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, particularly when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs included in the "Real Estate Inventories" account in the consolidated statement of financial position.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of real estate sales over the expected construction period using POC, following the pattern of real estate revenue recognition.

A contract fulfillment asset or capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive, less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Revenue recognition prior to adoption of PFRS 15

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales and cost of real estate sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial payment (buyer's equity) and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller.

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as "Real estate held for sale and development" under "Inventories" account and the related liability as deposits under "Customers' advances and deposits".

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical engineers.

Revenue from hotel operations
Revenue from hotel operations is recognized when services are rendered. Revenue from food and beverage are recognized when these are served. Other income from transport, laundry and other related services are recognized when services are rendered.

Revenue from property management services
Revenue from management fee are derived from management and administrative services rendered to condominium corporations and are recognized when the related services are rendered. Reimbursable revenues earned from directly deployed personnel in the condominium corporations are recognized as the related services are rendered.

Revenue from elevator and maintenance services
Elevator and maintenance service include sales revenue and service revenue. Sales revenue pertains to the delivery and installation of spare parts and equipment. This is recognized as revenue upon delivery, acceptance of the customer and installation of the equipment. Service revenue is recognized as the related maintenance services are rendered.

Other Revenue and Income Recognition
Forfeitures and cancellation of real estate contracts
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment*

Buyer Protection Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Finance income
Interest income is recognized as it accrues (using the EIR method, i.e, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income
Dividend income is recognized when the Group's right as a shareholder to receive payment is established, which is generally when BOD approve the dividend.

Management fees
Revenue from management fees is recognized when earned and is included in the "Other income" account under the consolidated statement of income.

Rental income
Rental income from investment properties is recognized in profit or loss on a straight-line basis over the lease term for non-cancellable lease or based on the terms of the lease contract for cancellable lease. This is included under "Other income" account in the consolidated statement of income.

Other income
Other income is recognized when the related services have been rendered.

General, Administrative and Other Expenses
These are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statement of income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Costs and expenses are generally recognized as they are incurred and measured at the amount paid or payable.

Foreign Currency Translations and Transactions
The Group's consolidated financial statements are presented in Philippine Peso, which is its functional and presentation currency. Each entity within the Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. All differences are taken to the consolidated statement of income for the year.

Pension Costs
The Group has a noncontributory defined benefit multiemployer retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and,
- Remeasurements of net defined benefit liability or asset.

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

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

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" account in the consolidated statement of financial position). All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion.

Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs are also capitalized on the purchased cost of a site property acquired specially for development but only where activities necessary to prepare the asset for development are in progress.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the financial reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in associates and joint ventures.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term and is included as other income in the consolidated statement of income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rent is recognized as revenue in the period it is earned.

Effective January 1, 2019 (upon adoption of PFRS 16)

Group as Lessee

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

i) Right-of-use assets

   The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the EUL of the asset. The right-of-use asset are also subject to impairment.

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable.

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

iii) Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of sales office space and printer (i.e., those leases that have a remaining lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Effective before January 1, 2019 (prior to adoption of PFRS 16)

Operating Lease – Group as a Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the consolidated net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares, if any. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and, (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group generally accounts for intersegment revenues and expenses at agreed transfer prices. Financial information on business segments is presented in Note 29 to the consolidated financial statements.

Events After the Reporting Period
Post year-end events up to the date of the auditor's report that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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

Revenue recognition (Effective January 1, 2018)
Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use, and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The Group also considers the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project. In determining whether the sales prices are collectible, the Group considers that initial and continuing investments of the buyer reaching a certain level of payment which would demonstrate the buyer's commitment to pay. Collectability is also assessed by considering factors such as history with the buyer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before allowing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

Revenue recognition (Prior to January 1, 2018)
Selecting an appropriate revenue recognition method for a real estate sale transaction requires certain judgments about the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project. The buyers' commitment is evaluated based on collections, credit standing and historical collection from buyers.

In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer reaching a certain level of collection would demonstrate the buyer's commitment to pay. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before allowing revenue recognition.

Assessment of significant influence
The Group classifies its investee companies as an associate if the Parent Company has significant influence in the investee company. Significant influence is presumed to exist if the Parent Company has a holding of 20.00% or more of the voting power of the investee. Holding of less than 20.00% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of December 31, 2019 and 2018, the Parent Company holds 4.62% interest in Celebrity Sports Plaza, Inc. (CSPI). The Parent Company exercises significant influence in CSPI due to the presence of the Parent Company's Chairman and Treasurer in the Board of CSPI. Hence, the Chairman and Treasurer of the Parent Company, effectively, have a participation in the policy-making processes of CSPI (see Note 11).

Operating lease classification - Group as lessor
The Group has entered into property lease agreements on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties as the Group and thus accounts for the contracts as operating leases. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price, and the lease term is not for the major part of the asset's economic life.

Impairment of nonfinancial assets
The Group assesses the impairment of nonfinancial assets (e.g., investment properties, property and equipment, software costs, investments in associates and joint venture and other nonfinancial assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and,
- significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use or its net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

As of December 31, 2019 and 2018, no indicators of impairment have been identified for the Group's nonfinancial assets. See Notes 10, 11, 12, 13, 14 and 15 for the carrying values of these nonfinancial assets.

Contingencies
The Group is involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 28).

Management's Use of Estimates
The key assumptions concerning the future and other sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revenue and cost recognition on real estate projects
The assessment process for the POC and the estimated project development costs requires technical determination by management's specialists (project engineers). The Group applies POC method in determining real estate revenue. The POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of the internal project engineers.

In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue from real estate sales amounted to ₱18,073.95 million, ₱20,237.27 million and ₱19,474.94 million in 2019, 2018 and 2017, respectively (see Note 29).

Provision for expected credit losses (upon adoption of PFRS 9)
The Group uses the vintage approach for installment contracts receivable and contract assets and provision matrix for other receivables to calculate ECLs.

(i) Installment contracts receivable and contract assets
Vintage analysis calculates the vintage default rate of each period through a ratio of default occurrences of each given point in time in that year to the total number of receivable issuances or occurrences during that period or year. The rates are also determined based on the default occurrences of customer segments that have similar loss patterns (i.e., by payment scheme).

The vintage analysis is initially based on the Group's historical observed default rates. The Group adjusts the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., bank lending rates and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(ii) Other receivables
The Group uses a provision matrix to calculate ECLs for other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and change in gross domestic product (GDP). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. No resulting expected credit losses resulted from the analysis.

Receivables of the Group that were impaired and fully provided with allowance through specific identification amounted to ₱10.52 million and ₱2.05 million as of December 31, 2019 and 2018, respectively (see Note 7).

Evaluation of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories carried at cost amounted to ₱36,901.43 million and ₱29,429.74 million as of December 31, 2019 and 2018, respectively (see Note 9).

Estimating useful lives of property and equipment, software costs and investment properties
The Group estimates the useful lives of its property and equipment, software costs, investment properties based on the period over which the assets are expected to be available for use. The EUL of property and equipment, software costs and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the EUL of investment properties, software costs and property and equipment would increase the recorded depreciation and amortization expense and decrease the related asset accounts.

The carrying value of the Group's property and equipment amounted to ₱1,605.55 million and ₱1,264.32 million as of December 31, 2019 and 2018, respectively (see Note 14). The carrying value of software amounted to ₱57.04 million and ₱64.56 million as of December 31, 2019 and 2018, respectively (see Note 13). The carrying value of investment properties amounted to ₱116.51 million and ₱129.41 million as of December 31, 2019 and 2018, respectively (see Note 12).

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

The deferred tax assets recognized amounted to ₱119.98 million and ₱297.41 million as of December 31, 2019 and 2018, respectively. The unrecognized deferred tax assets of the Group amounted to ₱12.66 million and ₱9.65 million as of December 31, 2019 and 2018, respectively (see Note 26).

Estimation of defined benefit obligation and other retirement benefits
The determination of the obligation and cost of retirement and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates, salary increase rates and pension increases (see Note 24). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The Group also estimates other employee benefits obligation and expense, including the cost of paid leaves based on historical leave availment of employees, subject to the Group's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year. The net pension liabilities as at December 31, 2019 and 2018 amounted to ₱131.40 million and ₱16.11 million, respectively (see Note 24). Net pension assets amounted to ₱101.58 million as at December 31, 2018 (nil as at December 31, 2019; see Note 24).

6. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand and in banks	**₱2,846,205,804**	₱3,330,555,634
Cash equivalents	**3,050,965,570**	2,845,886,181
	₱5,897,171,374	₱6,176,441,815

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates ranging from 2.00% to 7.00% in 2019, 1.13% to 6.00% in 2018 and 0.13% to 3.50% in 2017.

Interest income earned on bank deposits and cash equivalents amounted to ₱186.11 million, ₱111.70 million and ₱56.03 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 21).

7. Receivables

This account consists of:

	2019	2018
Trade		
Installment contracts receivable	**₱2,361,747,510**	₱1,774,649,817
Receivables from buyers	**889,554,775**	919,063,938
Property management services	**115,124,851**	78,802,725
Hotel operations	**40,413,516**	20,592,342
Elevator and maintenance	**15,246,991**	13,523,351
Receivables from:		
Condominium corporations	**316,973,531**	303,570,690
Related parties (Note 27)	**33,584,125**	11,240,965
Employees	**27,886,955**	17,335,268
Rental	**23,612,897**	99,187,252
Others	**137,673,799**	143,040,204
	3,961,818,950	3,381,006,552
Less allowance for expected credit losses (Note 5)	**10,515,751**	2,051,939
	₱3,951,303,199	₱3,378,954,613

Installment contracts receivable
Installment contracts receivable consists of accounts collectible in equal monthly principal installments with various terms up to a maximum of 10 years. These are recognized at amortized cost using the effective interest method with an annual interest rates ranging from 9.00% to 19.00%. The corresponding titles to the residential units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Installment contracts receivable are collateralized by the related property sold. The Group records any excess of progress of work over the right to an amount of consideration that is unconditional as contract assets (see Note 8). Interest income from installment contracts receivable amounted to ₱277.66 million, ₱253.31 million and ₱169.33 million in 2019, 2018 and 2017, respectively (see Note 21).

The Group entered into various receivable purchase agreements with various local banks whereby the Group sold its installment contracts receivable on a "with recourse basis" in the aggregate credit facility agreement amounting to ₱6,696.26 million and ₱8,427.55 million as of December 31, 2019 and 2018, respectively (see Note 16).

The Group retains the assigned receivables in the "Installment contracts receivable" account and records the proceeds from these sales as loans payable. The carrying value of installment contracts receivable sold on a with recourse basis and the corresponding outstanding loan obligation amounted to ₱118.91 million and ₱372.44 million as of December 31, 2019 and 2018, respectively (see Note 16).

Receivables from buyers
Receivable from buyers pertain to advances for real estate taxes, deposits and other chargeable expenses to buyers which are normally collectible within one (1) year. This also includes receivable on the unpaid consideration from the sale of undeveloped land amounting to ₱124.73 million and ₱274.06 million as of December 31, 2019 and 2018, respectively (see Note 9).

Receivables from property management services
Receivables from property management services arise from reimbursable and management fees charged to various condominium corporations and homeowners association for the administration and management of condominiums for the benefit of the unit owners and the occupants. These are collectible from various condominium corporations within one (1) year.

Receivables from hotel operations
Receivables from hotel operations pertain to unpaid customer billings for charges from room accommodations, sale of food and beverage, and transportation services.

Receivables from elevator and maintenance services
Receivables from elevator and maintenance services refers to outstanding billings for services rendered arising from maintenance of elevators. This account is noninterest-bearing and generally collectible within one (1) year.

Receivable from condominium corporations
Receivables from condominium corporations are due and demandable.

Receivable from rental
Receivables from rental arising from lease of investment properties are due and demandable.

Receivable from employees
Receivables from employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction, are noninterest-bearing and has various maturity dates and advances for liquidation to be used for operations.

Others
Others include advances to brokers which are expected to be collected within one (1) year.

The Group recognized provision for expected credit loss amounting to ₱8.46 million and ₱1.52 million in 2019 and 2018, respectively, for individually impaired receivables from property management services (nil in 2017). The Group has also written-off previously unimpaired receivables amounting to ₱0.41 million in 2018 (nil in 2019 and 2017). These expected credit losses are recognized under "General and administrative expenses" account in the consolidated statements of income (see Note 23).

Movements in the allowance for expected credit losses are as follows:

	2019				
	Receivables				
	Developer	**Hotel**	**Property Management**	**Others**	**Total**
At January 1	**₱–**	**₱–**	**₱1,515,218**	**₱536,721**	**₱2,051,939**
Provision (Note 23)	**–**	**–**	**8,463,812**	**–**	**8,463,812**
At December 31	**₱–**	**₱–**	**₱9,979,030**	**₱536,721**	**₱10,515,751**

	2018				
	Receivables				
	Developer	Hotel	Property Management	Others	Total
At January 1	₱–	₱–	₱–	₱536,721	₱536,721
Provision (Note 23)	–	–	1,515,218	–	1,515,218
At December 31	₱–	₱–	₱1,515,218	₱536,721	₱2,051,939

8. Contract Assets

This account consists of:

	2019	2018
Current portion	**₱11,140,903,240**	₱6,703,642,815
Noncurrent portion	**5,104,620,980**	7,583,336,409
	₱16,245,524,220	₱14,286,979,224

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. These are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as installment contracts receivable.

The movement in contract assets is mainly due to new real estate sales recognized during the period, increase in percentage of completion of projects, less reclassification of installment contracts receivable.

9. Real Estate Inventories

This account consists of:

	2019	2018
Condominium units and subdivision land for sale	**₱21,496,011,733**	₱20,099,109,976
Land - at cost	**15,405,417,086**	9,330,625,535
	₱36,901,428,819	₱29,429,735,511

Real estate inventories are carried at cost which is lower than their respective net recoverable value.

Inventories recognized as costs of real estate sales amounted to ₱12,116.53 million, ₱13,407.01 million and ₱12,143.61 million in 2019, 2018 and 2017, respectively, and are shown as "Costs of real estate sales" in the consolidated statements of income. Costs of real estate sales include acquisition cost of land, cost of land improvements, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real state inventories to its intended condition.

Borrowing costs capitalized in 2019, 2018 and 2017 amounted to ₱1,186.17 million, ₱1,023.27 million and ₱1,082.95 million, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2019, 2018 and 2017 are 5.59%, 5.76% and 5.87%, respectively (see Notes 3 and 16).

No provision for impairment and reversal were recognized in 2019, 2018 and 2017. There are no real estate inventories used as collateral or pledged as security to secure liabilities.

A summary of the movement in real estate inventories is set out below:

	2019	2018
Balance at beginning of year	**₱29,429,735,511**	₱27,408,826,113
Construction/development cost incurred	**11,752,403,718**	12,301,007,225
Land acquired	**6,649,655,052**	2,872,016,700
Borrowing costs capitalized (Note 16)	**1,186,166,054**	1,023,271,343
Cost of undeveloped land sold	**–**	(768,378,402)
Cost of real estate sales	**(12,116,531,516)**	(13,407,007,468)
Balance at end of year	**₱36,901,428,819**	₱29,429,735,511

The Group sold undeveloped parcels of land in 2018 at a gain of ₱1,021.76 million, respectively (nil in 2019 and 2017). The gain on sale of land is presented under "Other income" account in the consolidated statements of income (see Note 22). Receivable from the unpaid consideration included under receivables from buyers amounted to ₱124.73 million and ₱274.06 million as of December 31, 2019 and 2018, respectively (see Note 7).

The adoption of PFRS 15 on January 1, 2018 resulted to increase in real estate inventories and retained earnings by ₱1,254.41 million and ₱878.09 million (net of related tax), respectively, in the consolidated statement of financial position and consolidated statement of changes in equity (see Note 26).

10. Other Current Assets

This account consists of:

	2019	2018
Advances to contractors and suppliers	**₱1,237,594,768**	₱1,085,156,481
Cost to obtain a contract - current portion (Note 15)	**798,667,885**	754,024,663
Deposit in escrow fund (Note 31)	**181,177,931**	48,043,350
Creditable withholding tax	**111,028,951**	107,003,742
Prepaid expenses	**34,512,548**	20,333,851
Input VAT - net	**22,733,194**	–
Others	**23,873,040**	14,482,504
	₱2,409,588,317	₱2,029,044,591

Advances to contractors and suppliers
Advances to contractors and suppliers are advance payments in relation to the Group's project development (part of real estate inventories).

Cost to obtain a contract
Following the adoption of PFRS 15 starting January 1, 2018, the Group recognized as an asset the costs to obtain a contract with customer. These pertain to commissions paid to brokers and marketing agents on the sale of real estate units.

The balance below pertains to the cost to obtain contracts included in the other current and noncurrent assets:

	2019	2018
Balance at beginning of the year	**₱3,203,788,854**	₱2,460,274,289
Additions	**969,725,405**	1,753,159,956
Amortization	**(751,696,058)**	(1,009,645,391)
Balance at end of the year	**3,421,818,201**	3,203,788,854
Less noncurrent portion (Note 15)	**2,623,150,316**	2,449,764,191
	₱798,667,885	₱754,024,663

Amortization of capitalized commission and advance commissions which are expensed as incurred totaling to ₱833.41 million and ₱1,119.93 million are presented under "Costs of real estate sales" account in the consolidated statements of income for the year ended December 31, 2019 and 2018, respectively (nil in 2017).

Upon adoption of PFRS 15, the resulting effect as of January 1, 2018 of accounting commission expense as a cost of obtaining a contract increased other current and noncurrent assets by ₱259.89 million and ₱1,688.92 million, respectively; increased accounts and other payables and other noncurrent liability by ₱895.27 million and ₱1,349.92 million, respectively, and decreased retained earnings by ₱207.47 million, net of related tax, for the sales commissions related to uncompleted contracts obtained in prior years (see Notes 15, 18 and 26).

Deposit in escrow fund
Deposit in escrow fund pertains to fund deposits for securing license to sell (LTS) of the Group's real estate projects.

Creditable withholding tax
Creditable withholding tax is attributable to taxes withheld by third parties arising from the real estate sales and will be applied against future taxes payable. The amounts as of December 31, 2019 and 2018 represent the residual after application as credit against income tax payable.

Prepaid expenses
Prepaid expenses consist mainly of prepayments for taxes and insurance.

Input VAT
Input VAT represents taxes imposed to the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is applied against output VAT.

Others
Others include various types of advances and other charges which will be recovered within one (1) year.

11. Investments in Associates and Joint Venture

The details of the Group's investments in associates and joint venture are as follow:

	2019					
	CSN	**Subic Water**	**Acotec**	**CSPI**	**RDPVI**	**Total**
Acquisition cost						
Balance at beginning of year	**₱1,752,265**	**₱27,467,400**	**₱4,485,715**	**₱16,900,000**	**₱–**	**₱50,605,380**
Additions	**–**	**–**	**–**	**–**	**500,000,000**	**500,000,000**
Balance at end of year	**1,752,265**	**27,467,400**	**4,485,715**	**16,900,000**	**500,000,000**	**550,605,380**
Accumulated equity in net earnings:						
Balance at beginning of year	**–**	**333,136,944**	**–**	**662,580**	**–**	**333,799,524**
Equity in net earnings (losses)	**–**	**59,300,837**	**–**	**(65,561)**	**(1,364,216)**	**57,871,060**
Dividends	**–**	**(25,500,000)**	**–**	**–**	**–**	**(25,500,000)**
Balance at end of year	**–**	**366,937,781**	**–**	**597,019**	**(1,364,216)**	**366,170,584**
Subtotal	**1,752,265**	**394,405,181**	**4,485,715**	**17,497,019**	**498,635,784**	**916,775,964**
Allowance for impairment loss	**(1,752,265)**	**–**	**(4,485,715)**	**–**	**–**	**(6,237,980)**
	₱–	**₱394,405,181**	**₱–**	**₱17,497,019**	**₱498,635,784**	**₱910,537,984**

	2018				
	CSN	Subic Water	Acotec	CSPI	Total
Acquisition cost	₱1,752,265	₱27,467,400	₱4,485,715	₱16,900,000	₱50,605,380
Accumulated equity in net earnings:					
Balance at beginning of year	–	314,372,042	–	187,396	314,559,438
Equity in net earnings	–	59,264,902	–	475,184	59,740,086
Dividends	–	(40,500,000)	–	–	(40,500,000)
Balance at end of year	–	333,136,944	–	662,580	333,799,524
Subtotal	1,752,265	360,604,344	4,485,715	17,562,580	384,404,904
Allowance for impairment loss	(1,752,265)	–	(4,485,715)	–	(6,237,980)
	₱–	₱360,604,344	₱–	₱17,562,580	₱378,166,924

Details of the Group's acquisition of investments in associates and joint venture and the corresponding percentages of ownership are shown below:

	2019		2018	
	Percentages of Ownership	**Acquisition Cost**	Percentages of Ownership	Acquisition Cost
Associates:				
Subic Water and Sewerage Company (Subic Water)	**30.00%**	**₱27,467,400**	30.00%	₱27,467,400
CSPI	**4.62%**	**16,900,000**	4.62%	16,900,000
Contech Products South (Acotec)	**33.00%**	**4,485,715**	33.00%	4,485,715
CSN Properties, Inc. (CSN)	**45.00%**	**1,752,265**	45.00%	1,752,265
		50,605,380		50,605,380
Joint venture:				
RLC DMCI Property Ventures, Inc. (RDPVI)	**50.00%**	**500,000,000**	–	–
Total investment		**550,605,380**		50,605,380
Less allowance for impairment losses		**(6,237,980)**		(6,237,980)
		₱544,367,400		₱44,367,400

CSPI

In 2015, the Group made investments to CSPI amounting ₱13.40 million.

In 2016, the Group disposed two (2) shares of CSPI with par value of ₱100,000 per share at ₱0.14 million and ₱0.12 million. The Parent Company acquired additional 37 shares of CSPI with par value of ₱100,000 per share at ₱3.70 million. These transactions resulted to increase of percentage of ownership in the associate to 4.62% in 2016 from 3.94% in 2015. No additional acquisition or disposal was made subsequent to 2016.

Subic Water
On January 22, 1997, the Group subscribed to 3,662,320 shares for an aggregate value of ₱36.62 million in Subic Water, a then joint venture company with Subic Bay Metropolitan Authority (a government-owned corporation), Olongapo City Water District and Cascal Services Limited (a company organized under the laws of England). The agreement executed by the parties on November 24, 1996 stipulated, among others, that the Group shall have an equity participation equivalent to 40% in Subic Water amounting ₱74.80 million (based on the initial subscribed and paid-up capital of ₱187.00 million). The balance of the Group's committed subscription to Subic Water of ₱38.00 million (net of additional subscription payment of ₱4.00 million in 1998) is expected to be paid on or before the second anniversary of the date of effectivity. As of December 31, 2019 and 2018, such committed subscription has not yet been paid.

On April 1, 2016, the Group disposed its 915,580 shares of Subic Water with par value of ₱10.00 per share at ₱190.70 million, net of capital gains tax of ₱20.14 million, with a gain on sale of ₱181.28 million. This resulted to decrease in Parent Company's percentage of ownership in the associate to 30%. In 2019, 2018 and 2017, dividends received from Subic Water amounted to ₱25.50 million, ₱40.50 million and ₱35.00 million, respectively.

CSN and Acotec
In previous years, allowance for impairment losses was provided for the Group's investments in CSN and Acotec amounting ₱1.75 million and ₱4.49 million, respectively.

RDPVI
In October 2018, the Group and Robinsons Land Corporation (RLC) entered into a joint venture agreement to develop a condominium project. Each party will hold a 50% ownership interest in the joint venture.

In March 2019, RDPVI, the joint venture entity, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Piñas City and to operate, manage, sell and/or lease the resulting condominium units and parking spaces therein. The Group contributed ₱500.00 million for the capital of RDPVI.

The following table summarizes the significant financial information on the Group's investments in associates and joint venture that are material to the Group:

	December 31, 2019			
	Subic Water	**CSPI**	**RDPVI**	**Total**
Assets				
Current assets	**₱427,301,490**	**₱94,790,049**	**₱1,989,930,461**	**₱2,512,022,000**
Noncurrent assets	**1,522,476,223**	**1,301,152,834**	**43,184,564**	**2,866,813,621**
	₱1,949,777,713	**1,395,942,883**	**₱2,033,115,025**	**₱5,378,835,621**
Liabilities				
Current liabilities	**₱275,302,232**	**₱58,428,275**	**₱53,162,175**	**₱386,892,682**
Noncurrent liabilities	**252,504,705**	**354,203,551**	**992,681,286**	**1,599,389,542**
	₱527,806,937	**₱412,631,826**	**₱1,045,843,461**	**₱1,986,282,224**
Equity	**₱1,421,970,776**	**₱983,311,057**	**₱987,271,564**	**₱3,392,553,397**
Revenue	**₱784,978,383**	**₱96,532,703**	**₱–**	**₱881,511,086**
Net income (loss)	**₱197,669,456**	**(₱1,419,074)**	**(₱2,728,433)**	**₱193,521,949**

	December 31, 2018		
	Subic Water	CSPI	Total
Assets			
Current assets	₱284,518,373	₱85,746,873	₱370,265,246
Noncurrent assets	1,522,078,636	1,208,665,588	2,730,744,224
	₱1,806,597,009	₱1,294,412,461	₱3,101,009,470
Liabilities			
Current liabilities	₱197,409,714	₱50,201,553	₱247,611,267
Noncurrent liabilities	186,748,621	321,648,231	508,396,852
	₱384,158,335	₱371,849,784	₱756,008,119
Equity	₱1,422,438,674	₱922,562,677	₱2,345,001,351
Revenue	₱707,405,477	₱111,207,453	₱818,612,930
Net income	₱197,549,673	₱10,285,335	₱207,835,008

The reconciliation of the net assets to the carrying amounts of the interests in associates and joint venture are recognized in the consolidated financial statements as follows:

	2019			
	Subic Water	**CSPI**	**RDPVI**	**Total**
Net assets of associates and joint venture	**₱1,421,970,776**	**₱983,311,057**	**₱987,271,564**	**₱3,392,553,397**
Proportionate ownership in the associates and joint venture	**30.00%**	**4.62%**	**50.00%**	
Share in net identifiable assets of common control	**426,591,233**	**45,428,971**	**493,635,782**	**965,655,986**
Notional goodwill and other adjustments	**(32,186,052)**	**(27,931,952)**	**5,000,002**	**(55,118,002)**
Carrying value of investments	**₱394,405,181**	**₱17,497,019**	**₱498,635,784**	**₱910,537,984**

	2018		
	Subic Water	CSPI	Total
Net assets of an associate	₱1,422,438,674	₱922,562,677	₱2,345,001,351
Proportionate ownership in the associate	30.00%	4.62%	
Share in net identifiable assets of common control	426,731,602	42,622,396	469,353,998
Notional goodwill and other adjustments	(66,127,258)	(25,059,816)	(91,187,074)
Carrying value of investments	₱360,604,344	₱17,562,580	₱378,166,924

12. Investment Properties

The rollforward analysis on this account follows:

	2019	2018
Cost at December 31	**₱209,584,207**	₱209,584,207
Accumulated Depreciation		
At January 1	**80,173,065**	67,270,667
Depreciation (Note 23)	**12,902,398**	12,902,398
At December 31	**93,075,463**	80,173,065
Net Book Value	**₱116,508,744**	₱129,411,142

Investment properties mostly consist of condominium units and office space held for rental.

Rental income on investment properties amounted to ₱21.77 million, ₱124.77 million and ₱43.98 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 22).

The fair value of investment properties, which has been determined using discounted cash flow model with discount rates ranging from 3.42% to 4.06% and 6.78% to 7.04% in 2019 and 2018, respectively, exceeds its carrying cost. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The aggregate fair value at the date of valuation amounted to ₱160.87 million and ₱144.47 million as of December 31, 2019 and 2018, respectively.

There are no investment properties as of December 31, 2019 and 2018 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.

13. Software Cost

The rollforward analysis on this account follows:

	2019	2018
Cost		
At January 1	**₱296,518,069**	₱256,917,084
Additions	**36,856,399**	39,600,985
At December 31	**333,374,468**	296,518,069
Accumulated Amortization		
At January 1	**231,955,734**	185,035,397
Amortization (Note 23)	**44,376,661**	46,920,337
At December 31	**276,332,395**	231,955,734
Net Book Value	**₱57,042,073**	₱64,562,335

The total costs of fully amortized software cost that are still in use amounted to ₱211.99 million and ₱168.44 million as of December 31, 2019 and 2018, respectively.

14. Property and Equipment

The rollforward analysis of this account follows:

	2019					
	Land, building and building improvements	Office machines and equipment	Office furniture and fixtures	Transportation equipment	Construction machinery and equipment	Total
Cost						
Balance at beginning of year	₱569,280,485	₱254,709,849	₱117,199,026	₱252,994,734	₱2,005,686,368	₱3,199,870,462
Additions	49,673,999	44,464,151	1,533,558	2,106,286	626,598,515	724,376,509
Balance at end of year	618,954,484	299,174,000	118,732,584	255,101,020	2,632,284,883	3,924,246,971
Accumulated Depreciation						
Balance at beginning of year	257,999,961	212,319,313	113,720,537	174,063,647	1,177,442,060	1,935,545,518
Depreciation (Notes 9 and 23)	27,629,996	29,118,439	2,341,069	26,469,467	297,587,867	383,146,838
Balance at end of year	285,629,957	241,437,752	116,061,606	200,533,114	1,475,029,927	2,318,692,356
Net Book Value	₱333,324,527	₱57,736,248	₱2,670,978	₱54,567,906	₱1,157,254,956	₱1,605,554,615

	2018					
	Land, building and building improvements	Office machines and equipment	Office furniture and fixtures	Transportation equipment	Construction machinery and equipment	Total
Cost						
Balance at beginning of year	₱569,280,485	₱231,550,675	₱114,204,238	₱240,174,888	₱1,584,791,330	₱2,740,001,616
Additions	–	23,333,522	3,024,788	12,819,846	420,895,038	460,073,194
Disposals	–	(174,348)	(30,000)	–	–	(204,348)
Balance at end of year	569,280,485	254,709,849	117,199,026	252,994,734	2,005,686,368	3,199,870,462
Accumulated Depreciation						
Balance at beginning of year	230,197,189	185,579,266	110,664,379	144,617,554	899,314,374	1,570,372,762
Depreciation (Notes 9 and 23)	27,802,772	26,832,584	3,058,658	29,446,093	278,127,686	365,267,793
Disposals	–	(92,537)	(2,500)	–	–	(95,037)
Balance at end of year	257,999,961	212,319,313	113,720,537	174,063,647	1,177,442,060	1,935,545,518
Net Book Value	₱311,280,524	₱42,390,536	₱3,478,489	₱78,931,087	₱828,244,308	₱1,264,324,944

Depreciation expense included under general and administrative expenses amounted to ₱85.83 million, ₱86.40 million and ₱312.81 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 23).

Depreciation expense attributable to direct costs for hotel and elevator and maintenance services rendered in 2019, 2018 and 2017 amounted to ₱1.40 million, ₱2.19 million and ₱1.58 million, respectively.

Depreciation expense attributable to direct costs for real estate sales amounted to ₱295.92 million and ₱276.68 million in 2019 and 2018, respectively (nil in 2017).

In 2018, the Group disposed property and equipment for ₱0.11 million. Receivable from the disposals as of December 31, 2018 amounted to ₱0.01 million (nil as of December 31, 2019; see Note 7).

The total costs of fully depreciated property and equipment that are still in use amounted to ₱1,182.45 million and ₱812.78 million as of December 31, 2019 and 2018, respectively.

There are no property and equipment items that are pledged as security to liabilities as of December 31, 2019 and 2018.

15. Other Noncurrent Assets

This account consists of:

	2019	2018
Cost to obtain a contract – net of current portion (Note 10)	**₱2,623,150,316**	₱2,449,764,191
Recoverable deposits (Note 31)	**348,245,100**	231,775,340
	₱2,971,395,416	₱2,681,539,531

Recoverable deposits pertain to bill and guaranty deposits for the installation of utilities to residential condominium units, and houses and lots to be covered upon transfer of title to buyers. Such deposits are necessary for the development of real estate projects of the Group.

16. Loans Payable

This account consists of:

	2019	2018
Term loans and corporate notes	**₱25,456,713,468**	₱17,979,008,548
Liabilities on installment contracts receivable sold to banks with recourse (Note 7)	**118,910,294**	372,443,892
HomeSaver Bonds	**210,505,000**	420,035,000
	25,786,128,762	18,771,487,440
Less current portion of bank loans	**8,262,019,417**	1,787,470,921
	₱17,524,109,345	₱16,984,016,519

The current portion of bank loans consists of:

	2019	2018
Term loans and corporate notes	**₱8,203,536,656**	₱1,462,580,232
Liabilities on installment contracts receivable	**30,507,761**	89,680,689
HomeSaver Bonds	**27,975,000**	235,210,000
	₱8,262,019,417	₱1,787,470,921

Term Loans and Corporate Notes

Movement of the term loans and corporate notes follows:

	2019	2018
Balance as of January 1	**₱17,979,008,548**	₱18,676,609,696
Availments	**9,000,000,000**	–
Payments	**(1,557,500,000)**	(729,166,666)
Amortization of bank loans transaction costs (Note 25)	**35,204,920**	31,565,518
Balance as of December 31	**25,456,713,468**	17,979,008,548
Less current portion	**8,203,536,656**	1,462,580,232
	₱17,253,176,812	₱16,516,428,316

Philippine Peso 7.5-Year Term Loans due in 2026
In 2019, the Group entered into three (3) term loan facilities with local banks totaling to ₱16,000.00 million, of which ₱9,000.00 million was availed during the year. The proceeds from the loan shall be used to fund the capital expenditures such as acquisition of land and other general corporate expenditures in relation to the construction of ongoing projects.

Term Loan	Quarter from Issue Date	Total
1st Term Loan	10th to 29th Quarter	10.00% (.50% per quarter)
	Final Maturity	90.00%
2nd Term Loan	10th to 29th Quarter	10.00% (.50% per quarter)
	Final Maturity	90.00%
3rd Term Loan	11th to 29th Quarter	9.50% (.50% per quarter)
	Final Maturity	90.50%

1st Term Loan
The first term loans with aggregate principal of ₱5,000.00 million were issued on March 22, 2019 and June 10, 2019, with principal amount of ₱2,500.00 million each. As of December 31, 2019, the carrying value of the first term loan amounted to ₱4,965.67 million.

The term loans shall bear interest from Philippine (PHP) BVAL reference rate with a tenor of three (3) months and every three (3) months thereafter. The interest rate shall initially be the PHP BVAL reference rate for 90-day treasury securities on banking day immediately preceding an Issue Date, plus the margin (75 basis points) for each of the Tranche, gross any applicable withholding taxes. Interest is payable quarterly and is equivalent to 4.00% to 6.58% in 2019.

2nd Term Loan
On September 4, 2019, the first drawdown amounting to ₱3,000.00 million out of the ₱9,000.00 million loan facility was released. As of December 31, 2019, the carrying value of the first drawdown of the second term loan amounted to ₱2,978.38 million.

The second term loan shall bear interest of 5.00% payable quarterly from the date of drawdown.

3rd Term Loan
On September 17, 2019, the first drawdown amounting to ₱1,000.00 million out of the ₱5,000.00 million loan facility was released. As of December 31, 2019, the carrying value of the first drawdown of the third term loan amounted to ₱992.79 million.

The interest rate of the third term loan of 5.08% is fixed for five (5) years and payable every quarter from date of drawdown. The interest is subject to repricing after five (5) years for the remaining two (2) years of the loan term.

Philippine Peso 5-Year and 7-Year Corporate Notes due in 2020 to 2024
In December 2015, the Group signed a corporate notes facility agreement on the issuance of Peso-denominated notes in the aggregate principal amount of ₱10,000.00 million with local banks. Proceeds of the note facility were used to fund its acquisition of real estate properties, fund its project development costs, refinance its existing indebtedness and fund other general corporate expenditures.

The notes will be issued in six (6) tranches and payments shall be made in each tranche as follows:

Series	Quarter from Issue Date	Payment for Each Quarter; Computed Based on Aggregate % of Issue Amount of each Series	Total
Series F	4th to 19th Quarter	0.5%	(8% + 92%)
	Final Maturity	92.0%	100%
Series H	4th to 19th Quarter	0.5%	(8% + 92%)
	Final Maturity	92.0%	100%
Series J	4th to 19th Quarter	0.5%	(8% + 92%)
	Final Maturity	92.0%	100%
Series G	4th to 27th Quarter	0.5%	(12% + 88%)
	Final Maturity	88.0%	100%
Series I	4th to 27th Quarter	0.5%	(12% + 88%)
	Final Maturity	88.0%	100%
Series K	4th to 27th Quarter	0.5%	(12% + 88%)
	Final Maturity	88.0%	100%

Tranches 1 (Series F) and 2 (Series G) of the ₱10,000.00 million were issued on December 18, 2015 with principal amount of ₱1,000.00 million each. Tranches 3 (Series H) and 4 (Series I) were issued

in January 2016 with principal amount of ₱2,500.00 million each. Tranches 5 (Series J) and 6 (Series K) were issued in February 2017 with principal amount of ₱1,500.00 million each.

In February 2017, Tranches 5 (Series J) and 6 (Series K) were issued in the aggregate principal amount of ₱1,500.00 million each. As of December 31, 2019, the outstanding balance of Tranches 5 (Series J) and 6 (Series K) amounted to ₱1,431.42 million and ₱1,428.46 million, respectively. As of December 31, 2018, the outstanding balance of Tranches 5 (Series J) and 6 (Series K) amounted to ₱1,457.68 million and ₱1,455.79 million, respectively.

In January 2016, Tranches 3 (Series H) and 4 (Series I) were issued in January 2016 in the aggregate principal amount of ₱2,500.00 million each. As of December 31, 2019, the outstanding balance of Tranches 3 (Series H) and 4 (Series I) amounted to ₱2,344.32 million and ₱2,338.31 million, respectively. As of December 31, 2018, the outstanding balance of Tranches 3 (Series H) and 4 (Series I) amounted to ₱2,389.23 million and ₱2,384.80 million, respectively.

In December 2015, Tranches 1 (Series F) and 2 (Series G) of the ₱10,000.00 million were issued in the aggregate principal amount of ₱1,000.00 million each. As of December 31, 2019, the outstanding balance of Tranches 1 (Series F) and 2 (Series G) amounted to ₱932.98 million and ₱930.53 million, respectively. As of December 31, 2018, the outstanding balance of Tranches 1 (Series F) and 2 (Series G) amounted to ₱950.93 million and ₱949.13 million, respectively.

The note is issued in registered form in the minimum denominations of ₱75.00 million and multiples of ₱25.00 million each. The interest rate shall be the PDST-R2 rate for five (5)-year (Tranche 1) and seven (7)-year treasury securities on banking day immediately preceding an Issue Date plus the Margin (150 basis points) for each of the Tranche, gross any applicable withholding taxes. Interest is payable quarterly.

Philippine Peso 7-year Corporate Notes due in 2020
In October 2012, the Group signed corporate notes facility agreement on the issuance of 7-year peso-denominated notes in the aggregate amount of ₱10,000.00 million with local banks. Proceeds of the notes facility were used to fund land acquisition, general operations and project development and construction.

The notes will be issued in three (3) tranches and payments shall be made in each tranche as follows:

Quarter from Issue Date	Based on aggregate % of issue amount of each Series (Equally divided over the applicable quarters)
7th to 10th Quarter	2%
11th to 14th Quarter	4%
15th to 18th Quarter	5%
19th to 27th Quarter	12%
Final Maturity	77%
Total	100%

Tranche 2 (Series D) and 3 (Series E) were issued on April 10, 2013 and July 30, 2013 in the aggregate principal amount of ₱4,000.00 million and ₱5,000.00 million, respectively. As of December 31, 2019, the outstanding balance of Tranche 2 (Series D) and 3 (Series E) amounted to ₱3,132.56 million and ₱3,981.29 million, respectively. As of December 31, 2018, the outstanding balance of Tranche 2 (Series D) and 3 (Series E) amounted to ₱3,343.05 million and ₱4,244.40 million, respectively.

Tranche 1 of the ₱10,000.00 million Series C was issued on October 31, 2012 in the aggregate amount principal amount of ₱1,000.00 million. The tranche was settled in full on October 31, 2019. As of December 31, 2018, the outstanding balance of Tranche 1 (Series C) amounted to ₱804.00 million.

The note is issued in registered form in the minimum denominations of ₱100.00 million and multiples of ₱10.00 million each. The interest rate shall be the PDST-F rate for seven-year treasury securities on banking day immediately preceding an Issue Date plus the Margin (125 basis points) for each of the Tranche, gross any applicable withholding taxes. Interest is payable quarterly.

Debt Issue Costs
Unamortized debt issuance costs included in term loans and corporate notes as of December 31, 2019 and 2018 amounted to ₱109.95 million and ₱77.66 million, respectively.

The rollforward analysis of unamortized debt issuance cost follows:

	2019	2018	2017
Balance as of January 1	**₱77,658,119**	₱109,223,637	₱116,305,002
Availments	**67,500,000**	–	23,025,000
Amortization of debt issue cost (Note 25)	**(35,204,920)**	(31,565,518)	(30,106,365)
Balance as of December 31	**₱109,953,199**	₱77,658,119	₱109,223,637

Interest
In 2019, 2018 and 2017, interest expense incurred amounted to ₱1,274.86 million, ₱1,131.09 million and ₱1,150.09 million, of which capitalized interest amounted to ₱1,186.17 million, ₱1,023.27 million and ₱1,082.95 million, respectively (see Notes 3, 9 and 25). The average capitalization rates used are 5.59%, 5.76% and 5.44% of the average expenditures in 2019, 2018 and 2017, respectively.

Liabilities on Installment Contracts Receivable
Movement of the liabilities on installment contracts receivable notes follows:

	2019	2018
Balance as of January 1	**₱372,443,892**	₱797,656,052
Payments	**(253,533,598)**	(425,212,160)
Balance as of December 31	**118,910,294**	372,443,892
Less current portion	**30,507,761**	89,680,689
	₱88,402,533	₱282,763,203

As discussed in Note 7, the installment contracts receivable under the receivable purchase agreements are used as collaterals for the related loans availed. These amounted to ₱118.91 million and ₱372.44 million as of December 31, 2019 and 2018, respectively, and these represent net proceeds from sale of portion of Group's installment contracts receivable to local banks pursuant to the receivable purchase agreements entered into by Group on various dates. The agreements also provide the submission of condominium certificates of title and their related postdated checks issued by the buyers. These loans bear interest at prevailing market rates and are payable in in equal and continuous monthly payment not exceeding 120 days commencing one (1) month from date of execution. The average effective annual interest rate ranges from 4.00% to 6.63%, 3.75% to 6.12% and 3.75% to 6.50% in 2019, 2018 and 2017, respectively.

HomeSaver Bonds

Movement of the HomeSaver Bonds follows:

	2019	2018
Balance as of January 1	**₱420,035,000**	₱768,845,000
Issuance	**37,740,000**	87,935,000
Payments	**(247,270,000)**	(436,745,000)
Balance as of December 31	**210,505,000**	420,035,000
Less current portion	**27,975,000**	235,210,000
	₱182,530,000	₱184,825,000

Philippine Peso 3-Year and 5-Year Bonds due in 2019 and 2021

On March 21, 2016, the Group offered and issued the second bonds of up to ₱500.00 million to the public through four (4) investment options, namely, Tranche D, Tranche E, Tranche F, and Tranche G.

Tranche D was issued in equal monthly installments with no maximum subscription, but priority will be given to aggregate subscriptions amounting to ₱3.60 million and less over a period of 36 months, beginning on the Initial Issue Date at a fixed interest rate of 4.75% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche D has been fully paid. As of December 31, 2018, outstanding balance of Tranche D bonds amounted to ₱68.62 million.

Tranche E was issued in equal monthly installments with no maximum subscription, but priority will be given to aggregate subscriptions amounting to ₱6.00 million and less over a period of 60 months, beginning on the Initial Issue Date at a fixed interest rate of 5.25% per annum and shall mature five (5) years from the Initial Issue Date. As of December 31, 2019 and 2018, outstanding balance of Tranche E bonds amounted to ₱52.36 million and ₱35.69 million, respectively.

Tranche F was issued one-time with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱7.00 million and less on the Initial Issue Date as a single upfront investment and payable in lump sum on the Initial Issue Date at a fixed interest rate of 4.75% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche F has been fully paid. As of December 31, 2018, outstanding balance of Tranche F bonds amounted to ₱155.63 million.

Tranche G was issued one-time with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱7.00 million and less on the Initial Issue Date as a single upfront investment and payable in lump sum on the Initial Issue Date at a fixed interest rate of 5.25% per annum and shall mature five (5) years from the Initial Issue Date. As of December 31, 2019 and 2018, outstanding balance of Tranche G bonds amounted to ₱130.17 million and ₱128.36 million, respectively.

Philippine Peso 3-year and 5-year Bonds due in 2019 and 2021

On November 16, 2015, the Group offered and issued to the public deferred coupon-paying HomeSaver Bonds (the Bonds) in an aggregate principal amount of ₱1,000.00 million with an initial offering of ₱500.00 million for working capital and other general corporate purposes, such as marketing and administrative expenses. The Bonds will be offered through three investment options, namely: Tranche A, Tranche B and Tranche C.

Tranche A was issued in equal monthly installments with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱3.60 million and less over a period of 36 months, beginning November 16, 2015 (the Initial Issue Date) at a fixed interest rate of 4.5% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche A has been fully paid. As of December 31, 2018, outstanding balance of Tranche A bonds amounted to ₱1.98 million.

Tranche B was issued in equal monthly installments with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱6.00 million and less over a period of 60 months, beginning on the Initial Issue Date at a fixed interest rate of 5.00% per annum and shall mature five (5) years from the Initial Issue Date. As of December 31, 2019 and 2018, outstanding balance of Tranche B bonds amounted to ₱27.98 million and ₱20.78 million, respectively.

Tranche C was issued one-time with no maximum subscription, but priority is given to aggregate subscriptions amounting ₱7.00 million and less on the Initial Issue Date as a single upfront investment and payable in lump sum on the Initial Issue Date at a fixed interest rate of 4.50% per annum and shall mature three (3) years from the Initial Issue Date. As of December 31, 2019, Tranche C has been fully paid. As of December 31, 2018, outstanding balance of Tranche C bonds amounted to ₱8.98 million.

Covenants for term loans, corporate notes and HomeSaver bonds
The term loans, corporate notes facility agreement and HomeSaver bonds require the Group to ensure that debt-to-equity ratio will not exceed 3.2 times and current ratio is at least 1.75 times. As of December 31, 2019 and 2018, the Group is fully compliant to these requirements (see Note 20).

As of December 31, 2019 and 2018, all term loans, corporate notes and HomeSaver bonds recognized are unsecured.

17. Liabilities for Purchased Land

Liabilities for purchase of land represent the balance of the Group's obligations to various real estate property sellers for the acquisition of various parcels of land and residential condominium units. The terms of the deeds of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

The outstanding balance of liabilities for purchased land as of December 31, 2019 and 2018 are shown below:

	2019	2018
Current	**₱673,024,791**	₱478,235,757
Noncurrent	**1,223,137,775**	1,523,907,536
Balance at end of the year	**₱1,896,162,566**	₱2,002,143,293

The accretion on unamortized discount on liabilities on purchased land amounted to ₱2.36 million in 2018, respectively (nil in 2019 and 2017; see Note 25).

Liabilities for purchased land were recorded at fair value at initial recognition. These liabilities for purchased land are payable over a period of two (2) to four (4) years. The fair value is derived using discounted cash flow model using the discount rate ranging from 3.42% to 4.18% and 6.78% to 7.05% in 2019 and 2018, respectively, based on applicable rates for similar types of liabilities.

18. Accounts and Other Payables

This account consists of:

	2019	2018
Commission payable	**₱2,929,169,970**	₱3,111,851,795
Accounts payable – trade	**1,916,826,566**	1,424,390,725
Accrued expenses	**415,030,547**	255,019,344
Retention payable	**517,598,609**	348,901,453
Refundable deposits	**314,718,617**	292,309,401
Accrued interest payable (Note 16)	**256,121,816**	204,142,265
Others	**61,217,324**	43,933,935
	6,410,683,449	5,680,548,918
Less noncurrent portion of commission payable	**1,304,305,455**	1,649,083,306
	₱5,106,377,994	₱4,031,465,612

Commission payable pertains to the unpaid amount of the Group's payout to real estate sales agents for each contract that they obtain for the sale of real estate units. These are settled based on the collection from the contract with customers with various terms up to a maximum of 10 years. The noncurrent portion of commission payable is presented under "Other noncurrent liability" account in the consolidated statements of financial position.

Accounts payable - trade are mostly composed of payable to suppliers of materials, marketing supplies and services and brokers. It includes payable to contractors that pertains to unpaid progress billings for the construction and development of real estate projects and residential units. These are noninterest-bearing and are normally settled within one (1) year.

Accrued expenses pertain to VAT payable, SSS, Pag-IBIG, Philhealth, withholding tax payables and other expenses and are expected to be settled within one (1) year.

Retention payable consists of amounts withheld from every progress billing per subcontract agreement and is expected to be settled within one (1) year. The retention serves as a security from the contractor should there be defects in the project.

Refundable deposits consist of deposits which are refundable due to cancellation of real estate sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Others include dividends payable, refundable amount for security deposits, construction bond of tenants and deferred charges. Security deposits are settled upon the end of the lease term. Construction bonds are settled upon the end of the construction of the unit. These are normally settled within one (1) year. Dividends payable amounted to ₱5.39 million as of December 31, 2018 (nil as of December 31, 2019). Deferred charges pertain to deferred rentals and other deferrals which are chargeable within one (1) year amounting to ₱3.86 million as of December 31, 2019 (nil as of December 31, 2018).

19. Customers' Advances and Deposits and Contract Liabilities

	2019	2018
Contract liabilities		
Current	**₱3,554,447,551**	₱2,910,315,465
Noncurrent	**2,789,395,750**	2,298,981,182
	6,343,843,301	5,209,296,647
Customers' advances and deposits	**3,239,591,378**	2,860,112,129
	₱9,583,434,679	₱8,069,408,776

Contract Liabilities (effective beginning January 1, 2018)
The Group requires buyers of the residential condominium units and houses and lots to pay a minimum percentage of the total selling price and the project should be beyond the preliminary stage before the Group recognize a sale transaction. Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱2,851.54 million and ₱2,444.87 million in 2019 and 2018, respectively (nil in 2017).

Customers' Advances and Deposits
Other customers' advances and deposits represent collections from real estate buyers for taxes and fees payable such as documentary stamp tax and transfer tax for the transfer of title to the buyer.

20. Equity

Capital Stock
Details of the Parent Company's capital stocks as of December 31, 2019 and 2018 follow:

Common stock - ₱1 par value	
Authorized - 5,000,000,000 shares	**₱5,000,000,000**
Issued and outstanding - 3,487,727,331 shares	**3,487,727,331**
Additional paid-in capital	**15,260,664**

Retained Earnings

Movements in and outstanding appropriations of the Group for project development are as follows:

	2019	2018	2017
Balance as of the beginning of the year	**₱10,396,000,000**	₱8,379,000,000	₱7,000,000,000
Additional appropriations (a)	**4,500,000,000**	6,000,000,000	1,500,000,000
Release from appropriations (a)	**(1,177,000,000)**	(3,983,000,000)	(121,000,000)
	₱13,719,000,000	₱10,396,000,000	₱8,379,000,000

a) *Appropriation*
On January 28, 2019, the BOD approved the following resolutions:
- Reversal of appropriation amounting to ₱200.30 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the development of the Mulberry Place project;
- Reversal of appropriation amounting to ₱127.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the development of Prisma Residences project;
- Reversal of appropriation amounting to ₱551.70 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the development of Brixton Place project;
- Reversal of appropriation amounting to ₱298.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Oak Harbor Residences project;
- Appropriation of ₱2,500.00 million from retained earnings as of December 31, 2018 to fund the development and project cost of Infina Towers project located in Quezon City; and,
- Appropriation of ₱2,000.00 million from retained earnings as of December 31, 2018 to fund the development and project cost of The Celandine project located in Quezon City

On February 28, 2018, the BOD approved the following resolutions:
- Reversal of appropriation amounting to ₱3,950.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Fortis Residences project;
- Reversal of appropriation amounting to ₱10.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Mulberry Place project;
- Reversal of appropriation amounting to ₱23.00 million from previously appropriated retained earnings as of December 31, 2017 which was already utilized for the Prisma Residences project;
- Appropriation of ₱4,000.00 million from retained earnings as of December 31, 2017 to fund the development and project cost of Brixton Place project located in Pasig; and,
- Appropriation of ₱2,000.00 million from retained earnings as of December 31, 2017 to fund the development and project cost of Oak Harbor Residences project located in Parañaque.

On January 31, 2017, the BOD approved the additional appropriation of ₱1,500.00 million out of the unappropriated retained earnings to fund the development and project cost of Mulberry Place project located in Taguig City which are expected to occur in 2018.

On January 31, 2017, the BOD approved the reversal of previously appropriated funds amounting to ₱50.00 million and ₱71.00 million which was already used for the development of Fortis Garden project and Prisma Residences project, respectively.

b) *Declaration of Dividends*
On November 25, 2019, the BOD approved the additional declaration of cash dividends amounting to ₱25.50 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On September 20, 2019, the BOD approved the additional declaration of cash dividends amounting to ₱24.61 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On January 28, 2019, the BOD approved the additional declaration of cash dividends amounting to ₱1,200.00 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On January 10, 2019, the BOD approved the declaration of cash dividends amounting to ₱25.50 million to stockholders of record as of December 31, 2018. As of December 31, 2019, the dividends declared have been paid.

On April 2, 2018, the BOD approved the additional declaration of cash dividends amounting to ₱15.00 million to stockholders of record as of December 31, 2017. As of December 31, 2018, the dividends declared have been paid.

On February 8, 2018, the BOD approved the declaration of cash dividends amounting to ₱1,200.00 million to stockholders of record as of December 31, 2017. As of December 31, 2018, the dividends declared have been paid.

On May 24, 2017, the BOD approved the additional declaration of cash dividends amounting to ₱35.00 million to stockholders of record as of December 31, 2016. As of December 31, 2017, the dividends declared have been paid.

On January 31, 2017, the BOD approved the declaration of cash dividends amounting to ₱1,215.00 million to stockholders of record as of December 31, 2016. As of December 31, 2017, the dividends declared have been paid.

In 2019, 2018 and 2017, ZMSSI, a partially-owned subsidiary of the Group, declared dividends amounting to ₱16.00 million, ₱10.00 million and ₱6.00 million, respectively, of which dividends to noncontrolling interest amounted to ₱7.84 million, ₱4.90 million, and ₱2.94 million, respectively. The unpaid dividends as of December 31, 2018 amounted to ₱5.39 million (nil as of December 31, 2019).

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The management considers capital stock, additional paid-in capital and retained earnings as core capital of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return of capital to shareholders or issue new shares.

As of December 31, 2019, 2018 and 2017, the Group had the following rates:

	2019	2018	2017
Current Ratio	**2.83:1**	3.82:1	3.86:1
Debt to Equity Ratio	**2.08:1**	1.80:1	1.98:1
Asset to Equity Ratio	**3.08:1**	2.80:1	2.98:1

As at December 31, 2019, 2018 and 2017, the Group is not subject to externally imposed capital requirements other than the monitoring of the Group's debt to equity ratio and current ratio as part of its long-term debt requirements (see Note 16).

21. Finance Income

Finance income is derived from the following sources:

	2019	2018	2017
Installment contracts receivable (Note 7)	**₱277,658,703**	₱253,312,266	₱169,331,456
Bank deposits and cash equivalents (Note 6)	**186,107,294**	111,703,590	56,033,693
	₱463,765,997	₱365,015,856	₱225,365,149

22. Other Income

This account consists of:

	2019	2018	2017
Income from cancellation of real estate sales and other fees	**₱899,398,674**	₱587,526,208	₱478,986,668
Penalty and other charges	**116,221,882**	72,762,557	103,711,817
Rental income (Notes 12 and 28)	**37,488,153**	176,565,043	85,784,053
Management fees (Note 27)	**497,378**	1,008,618	2,877,651
Gain on sale of undeveloped land (Note 9)	**–**	1,021,762,875	–
Others	**64,438,043**	115,916,706	75,463,002
	₱1,118,044,130	₱1,975,542,007	₱746,823,191

Others include holding fees, restructuring fees, maintenance dues and utilities charged to tenants.

23. General and Administrative Expenses

This account consists of:

	2019	2018	2017
Salaries, wages and employee benefits	**₱632,633,249**	₱557,843,098	₱490,882,170
Taxes and licenses	**432,415,121**	518,710,399	353,396,613
Marketing	**306,528,989**	279,141,758	354,734,789
Repairs and maintenance	**282,645,270**	269,242,726	159,219,191
Outside services	**169,558,759**	179,321,852	151,792,722
Depreciation and amortization (Notes 12, 13 and 14)	**143,113,570**	146,221,574	378,000,324
Communication, light and water	**88,768,461**	106,600,616	98,308,869
Entertainment, amusement and recreation	**74,150,911**	51,212,822	41,196,367
Professional fees	**61,185,083**	65,734,338	91,952,023
Association dues	**52,708,077**	69,291,625	43,588,162
Transportation and travel	**45,998,403**	45,148,346	34,798,432
Supplies	**45,728,955**	47,004,142	36,123,402

(Forward)

	2019	2018	2017
Retirement expense (Note 24)	**₱31,334,695**	₱37,626,563	₱50,556,441
Provision for and write-off of doubtful accounts (Note 7)	**8,463,812**	1,924,369	–
Management fees (Note 27)	**1,423,575**	6,065,047	5,127,929
Commissions (Notes 10 and 15)	–	–	978,889,792
Miscellaneous	**50,988,976**	50,668,610	45,867,878
	₱2,427,645,906	₱2,431,757,885	₱3,314,435,104

Miscellaneous include rental, insurance, supplies and other expenses. In 2019, rent expense pertains to the amount incurred for short-term lease of its sales office (see Note 3).

Upon adoption of PFRS 15 as of January 1, 2018, commission expense was classified to cost of real estate sales.

24. Retirement Benefits

The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Benefits are dependent on years of service and the respective employee's final compensation. The benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation reports of the retirement plans were made as of December 31, 2019.

The Group is a member of the DMCI Multiemployer Retirement Plan (the Plan) which is administered separately by the Board of Trustees (BOT). The responsibilities of the Retirement BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries of the retirement plan and for this purpose the Retirement BOT is further authorized to designate and appoint a qualified Investment Manager with such powers as may be required to realize and obtain maximum yield on investment of the fund;
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of the pension expense recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position for the retirement plan.

Based on the actuarial valuation as of December 31, 2019 and 2018, computed using the project unit credit (PUC) method, the Group's net pension liabilities and expenses are summarized as follows:

	2019	2018
Net pension asset	**₱–**	₱101,576,254
Net pension liability	**(131,397,843)**	(16,108,087)
Net pension asset (liability)	**(₱131,397,843)**	₱85,468,167

The components of pension expense in consolidated statements of income follows:

	2019	2018	2017
Current service cost	**₱38,908,805**	₱35,353,572	₱49,040,947
Net interest on defined benefit obligation	**(7,574,110)**	2,272,991	1,515,494
Total pension expense (Note 23)	**₱31,334,695**	₱37,626,563	₱50,556,441

The funded status and amounts recognized in the consolidated statements of financial position for the retirement plan are as follows:

	2019	2018
Fair value of plan assets	**₱347,136,481**	₱424,193,051
Present value of defined benefit obligation	**(478,534,324)**	(320,366,045)
Effect of asset ceiling	**–**	(18,358,839)
Net pension asset (liability)	**(₱131,397,843)**	₱85,468,167

The reconciliation of the fair value of plan assets follow:

	2019	2018
Balance at beginning of year	**₱424,193,051**	₱362,859,248
Interest income on plan assets	**34,303,460**	23,075,196
Contributions	**25,228,897**	79,316,509
Benefits paid	**(4,095,974)**	(5,211,173)
Actuarial loss	**(132,492,953)**	(35,846,729)
Balance at end of year	**₱347,136,481**	₱424,193,051

Changes in the present value of the defined benefit obligation follow:

	2019	2018
Balance at beginning of year	**₱320,366,045**	₱439,268,926
Current service cost	**38,908,805**	35,353,572
Interest cost	**25,280,838**	25,348,187
Benefits paid	**(4,095,974)**	(5,211,173)
Actuarial (gain) loss		
Experience adjustment	**25,790,700**	20,394,576
Change in financial assumptions	**116,446,063**	(164,720,791)
Changes in demographic assumptions	**(44,162,153)**	(30,067,252)
Balance at end of year	**₱478,534,324**	₱320,366,045

Movements in the effect of asset ceiling follow:

	2019	2018
Balance at beginning of year	**₱18,358,839**	₱–
Interest on the effect of asset ceiling	**1,448,512**	–
Effect of asset ceiling	**(19,807,351)**	18,358,839
Balance at end of year	**₱–**	₱18,358,839

Below is the net pension asset for an entity within the Group with net pension asset position as of December 31, 2018 (nil as of December 31, 2019):

	2018
Fair value of plan assets	**₱420,516,763**
Present value of defined benefit obligation	**(300,581,670)**
Effect of asset ceiling	**(18,358,839)**
Net pension asset	**₱101,576,254**

Below is the net pension liability for those entities within the Group with net pension liability position as of December 31, 2019 and 2018:

	2019	2018
Fair value of plan assets	**₱347,136,481**	₱3,676,288
Present value of defined benefit obligation	**(478,534,324)**	(19,784,375)
Net pension liability	**(₱131,397,843)**	(₱16,108,087)

Movements in the net pension asset (liability) are as follows:

	2019	2018
Balance at beginning of year	**₱85,468,167**	(₱76,409,678)
Net pension expense	**(31,334,695)**	(37,626,563)
Amount to be recognized in OCI	**(210,760,212)**	120,187,899
Contributions	**25,228,897**	79,316,509
Balance at end of year	**(₱131,397,843)**	₱85,468,167

Remeasurement (gains) losses recognized in OCI:

	2019	2018
Remeasurement (gains) losses on defined benefit obligations	**₱98,074,610**	(₱174,393,467)
Remeasurement losses on plan assets	**132,492,953**	35,846,729
Effect of asset ceiling	**(19,807,351)**	18,358,839
Total remeasurements recognized in OCI	**₱210,760,212**	(₱120,187,899)

Movement of cumulative remeasurement effect recognized in OCI:

	2019	2018
Balance at beginning of year	**₱367,066,581**	₱246,878,682
Additional actuarial gain (loss):		
From plan obligation	**(98,074,610)**	174,393,467
From plan asset	**(132,492,953)**	(35,846,729)
From asset ceiling	**19,807,351**	(18,358,839)
Balance at end of year	**₱156,306,369**	₱367,066,581

As of December 31, 2019 and 2018, the major categories of the Group's plan assets as percentage of the fair value of total plan assets follow:

	2019		2018	
	Amount	**%**	Amount	%
Investments in equity	**₱176,275,905**	**50.78**	₱284,675,957	67.11
Debt instruments	**147,776,000**	**42.57**	128,869,849	30.38
Cash and cash equivalents	**20,446,339**	**5.89**	7,550,636	1.78
Other assets	**2,638,237**	**0.76**	3,096,609	0.73
	₱347,136,481	**100.00**	₱424,193,051	100.00

The carrying amounts disclosed above reasonably approximate fair values at year-end.

The composition of the fair value of the fund includes:

- *Investment in equity* - includes investment in common and preferred shares both traded and not traded in the Philippine Stock Exchange (PSE).
- *Debt instruments* - include investment in long-term debt notes and retail bonds.
- *Cash and cash equivalents* - include savings and time deposit with banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- *Other assets* - includes interest and dividends receivable generated from investments included in the plan.

The assumptions used to determine pension benefits of the Group follow:

	2019	2018	2017
Discount rates	**5.46%**	7.90%	5.77%
Salary rate increase	**6.00%**	6.00%	7.00%

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Group's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

Sensitivity analysis on the actuarial assumptions
Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

		2019	2018
	Increase (decrease)	Effect on defined benefit obligation	
Discount rates	+100 basis points	**(₱53,867,538)**	(₱35,010,168)
	-100 basis points	**64,900,533**	42,400,854
Salary rate increases	+100 basis points	**₱63,865,680**	₱42,790,002
	-100 basis points	**(54,074,691)**	(35,884,060)

The BOT of the Plan ensures that its assets are available to fulfill its obligation of paying retirement as it falls due. This is done by ensuring that its assets are easily disposable and can easily be converted to cash.

Furthermore, the Group is not required to contribute to the fund under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Plan are at the Group's discretion. However, in the event a benefit claim arises and the Plan is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Plan.

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

Maturity	**2019**	2018
Less than 1 year	**₱120,229,012**	₱96,160,791
More than 1 year but less than 5 years	**27,127,670**	17,684,891
More than 5 years	**110,929,093**	91,174,430

The average duration of the defined benefit obligation is 14.1 years and 14.3 years in 2019 and 2018, respectively.

The Group does not expect to contribute to the fund in 2020.

25. Finance Costs

The finance costs are incurred from the following:

	2019	2018	2017
Long-term bank loans (Note 16)	**₱88,691,474**	₱107,822,259	₱67,143,438
Accretion on unamortized discount on liabilities on purchased land and unamortized bank loans transaction cost (Notes 16 and 17)	**35,204,920**	33,928,903	30,106,365
Bank and other charges	**8,707,351**	6,250,390	8,462,629
	₱132,603,745	₱148,001,552	₱105,712,432

26. Income Taxes

The provision for income tax shown in profit or loss consists of:

	2019	2018	2017
Current	**₱1,129,110,708**	₱1,292,996,663	₱1,559,164,189
Deferred	**194,081,568**	414,593,438	(18,477,084)
Final	**41,570,382**	22,337,818	11,072,125
	₱1,364,762,658	₱1,729,927,919	₱1,551,759,230

The current provision for income tax in 2019, 2018 and 2017 represents regular corporate income tax.

The components of net deferred tax liabilities follow:

	2019	2018	2017
Recognized in profit or loss			
Deferred tax assets on:			
Net pension liability	**₱97,405,773**	96,962,964	96,969,574
Provision for doubtful accounts	**21,420,700**	₱21,875,266	₱21,420,700
Unrealized rental	**1,157,770**	–	–
Unamortized discount for liabilities for purchased land	–	5,451,270	5,451,270
Provision for probable losses on other assets	–	7,648,174	7,648,174
Deferred commission	–	165,468,931	71,523,950
	119,984,243	297,406,605	203,013,668
Deferred tax liabilities on:			
Gross profit on installment real estate sales	**(3,192,118,049)**	(3,375,081,709)	(2,637,164,685)
Capitalized borrowing costs	**(380,803,987)**	(292,744,744)	(273,424,426)
Capitalized depreciation	**(91,409,721)**	(49,334,507)	–
Deferred commission	**(51,269,445)**	–	–
Unamortized transaction costs	**(32,985,960)**	(15,009,744)	(25,188,415)
Others	**(242,748)**	–	–
	(3,748,829,910)	(3,732,170,704)	(2,935,777,526)
	(3,628,845,667)	(3,434,764,099)	(2,732,763,858)
Recognized in other comprehensive income			
Deferred tax liability on:			
Remeasurement gain on pension	**(39,465,134)**	(99,054,396)	(62,998,027)
Net deferred tax liabilities	**(₱3,668,310,801)**	(₱3,533,818,495)	(₱2,795,761,885)

The adoption of PFRS 15 on January 1, 2018 resulted to increase in net deferred tax liabilities in the consolidated statements of financial position, see Notes 9 and 10.

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2019	2018	2017
Income tax at statutory income tax rate	**30.00%**	30.00%	30.00%
Adjustments for:			
Nondeductible expenses	**0.38**	0.68	0.41
Nondeductible interest expense	**0.40**	0.19	0.19
Movement in recognized deferred tax assets	**0.58**	–	–
Movement in unrecognized deferred tax assets	**0.06**	0.03	–
Interest income subject to final tax	**(0.42)**	(0.20)	(0.03)
Equity in net earnings of associates	**(0.39)**	(0.31)	(0.31)
Nontaxable income	**(0.01)**	–	–
Income tax rate	**30.60%**	30.39%	30.26%

As of December 31, 2019, 2018 and 2017, the Group has the following deductible temporary differences and NOLCO that are available for offset against future taxable income for which no deferred tax assets have been recognized as follows:

	2019	2018	2017
Provision for retirement	**₱30,196,344**	₱30,196,344	₱49,427,886
Provision for impairment losses	**10,515,751**	536,721	536,721
NOLCO	**1,498,958**	1,422,191	1,077,654
Total	**₱42,211,053**	₱32,155,256	₱51,042,261

Deferred tax assets are recognized only to the extent that taxable income will be against which the deferred tax assets can be used. The Group assesses the unrecognized deferred tax assets and will recognize previously unrecognized deferred tax assets to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

As of December 31, 2019, the Group has NOLCO which can be claimed as deduction from future taxable income and used as deductions against the income tax payable, respectively, as follow:

Year Incurred	NOLCO	Expiry Year
2019	₱76,767	2022
2018	344,537	2021
2017	1,077,654	2020
Total	₱1,498,958	

Rollforward analysis of the Group's NOLCO is as follows:

	2019	2018	2017
Balances at beginning of year	**₱1,422,191**	₱1,077,654	₱–
Additions	**76,767**	344,537	1,077,654
Balances at end of year	**₱1,498,958**	₱1,422,191	₱1,077,654

27. Related Party Transactions

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (referred herein as entities under common control).

In the regular course of business, the Group's significant transactions with related parties, which are accounted for at market prices normally charged to unaffiliated customers for similar goods and services, consist primarily of the following:

a. General and special management services rendered by DMCI-HI, the ultimate parent company, to the Group for a fee. This is effective for a period of five (5) years and renewable for another five (5) years upon mutual agreement of the contracting parties. The management contract expired in 2018 and was not renewed in 2019.

   Total management fees charged against operations under this agreement follow (nil in 2019; see Note 23):

	2018	2017
DMCI-HI	₱4,200,000	₱4,200,000
DMCI Homes, Inc.	–	927,929
	₱4,200,000	₱5,127,929

b. Contract billings by DMCI, an affiliate, amounted to ₱296.06 million and ₱260.36 million as of December 31, 2019 and 2018, respectively, for the construction of the real estate projects included in the "Payables to related parties" account in the consolidated statements of financial position.

c. The Group has outstanding balance to a condominium corporation for the association dues and utilities consumed by hotel rooms, common areas and concessionaires for its hotel operations. These are included as part of "Payables to related parties" account in the consolidated statements of financial position.

d. *Design and build agreement*
   The Group entered into an agreement with its joint venture, RDPVI, for the design and construction of a residential condominium project. Terms of payment include 15% down payment and balance payable through monthly progress billings subject to retention and recoupment.

   Management and marketing services agreement
   RDPVI has also engaged the services of the Group for the management and marketing of its project. Consideration for the management services is valued at 3% of the sum of net total contract price (NTCP) collected for each month while marketing services to provided is equivalent to 0.50% of real estate sales recorded each month.

   RLC and the Group will also act as the exclusive selling arm of RDPVI for the sale of units and parking lots of the project wherein 1.5% of the NTCP of sold units will be payable to the party who sold the units, RLC or the Group.

In 2019, RDPVI has no collections or real estate sales yet thus, no expense or payable was recognized in the books.

Reimbursement of expenses
In 2019, the Group had transactions with RDPVI consisting of noninterest-bearing operational advances such as incorporation costs and taxes and licenses, which are for and in behalf of RDPVI. As of December 31, 2019, the outstanding receivable from affiliate amounted to ₱27.03 million included in receivables from related parties under "Receivables" account in the consolidated statements of financial position.

The following table summarizes the total transactions with related parties in 2019 and 2018 and the outstanding receivable as of December 31, 2019 and 2018:

	2019					
	Relationship	Transaction	Amount	Outstanding Balance	Terms	Conditions
DMCI Mining Corporation	Under common control	Construction and rent services	₱22,140	₱6,507,501	Noninterest-bearing; due and demandable	Unsecured, unimpaired
Dacon Corporation	Under common control	Reimbursement of expenses	(1,731,133)	–	Noninterest-bearing; due and demandable	Unsecured, unimpaired
Semirara Mining Corporation	Under common control	Reimbursement of expenses	–	20,816	Noninterest-bearing; due and demandable	Unsecured, unimpaired
DMCI Holdings, Inc.	Parent	Reimbursement of expenses	26,010	26,010	Noninterest-bearing; due and demandable	Unsecured, unimpaired
DMCI Power Corporation	Under common control	Reimbursement of expenses	–	2,104	Noninterest-bearing; due and demandable	Unsecured, unimpaired
DMCI Urban Property Developers	Under common control	Reimbursement of expenses	(3,001,551)	–	Noninterest-bearing; due and demandable	Unsecured, unimpaired
RLC DMCI Property Ventures, Inc.	Joint venture in which the Parent Company is a venturer	Design and build agreement and reimbursement of expenses	27,027,694	27,027,694	Noninterest-bearing; due and demandable	Unsecured, unimpaired
				₱33,584,125		

	2018					
	Relationship	Transaction	Amount	Outstanding Balance	Terms	Conditions
DMCI Mining Corporation	Under common control	Construction and rent services	–	6,485,361	Noninterest-bearing; due and demandable	Unsecured, unimpaired
Dacon Corporation	Under common control	Reimbursement of expenses	1,126,307	1,731,133	Noninterest-bearing; due and demandable	Unsecured, unimpaired
Semirara Mining Corporation	Under common control	Reimbursement of expenses	–	20,816	Noninterest-bearing; due and demandable	Unsecured, unimpaired
DMCI Holdings, Inc.	Parent	Reimbursement of expenses	(15,135)	–	Noninterest-bearing; due and demandable	Unsecured, unimpaired
DMCI Power Corporation	Under common control	Reimbursement of expenses	–	2,104	Noninterest-bearing; due and demandable	Unsecured, unimpaired
DMCI Urban Property Developers	Under common control	Reimbursement of expenses	–	3,001,551	Noninterest-bearing; due and demandable	Unsecured, unimpaired
				₱11,240,965		

The table below summarizes the total transactions of the Group with related parties in 2019 and 2018 and the related outstanding payable as of December 31, 2019 and 2018:

	2019					
	Relationship	Transaction	Amount	Outstanding Balance	Terms	Conditions
DM Consunji, Inc.	Stockholder	Trade	35,697,923	296,055,057	Noninterest-bearing; due and demandable	Unsecured
Condo Corporation	Under common directors	Advances	(5,286,588)	25,382,354	Noninterest-bearing; due and demandable	Unsecured
DMCI Urban Property Developers	Under common control	Remittances Trade	(11,931,580)	4,549,192	Noninterest-bearing; due and demandable	Unsecured
				₱325,986,603		

	2018					
	Relationship	Transaction	Amount	Outstanding Balance	Terms	Conditions
DM Consunji, Inc.	Stockholder	Trade	₱8,717,467	₱260,357,134	Noninterest-bearing; due and demandable	Unsecured
Condo Corporation	Under common directors	Advances	(2,691,719)	30,668,942	Noninterest-bearing; due and demandable	Unsecured
DMCI Urban Property Developers	Under common control	Remittances Trade	(2,696,906)	16,480,772	Noninterest-bearing; due and demandable	Unsecured
				₱307,506,848		

The key management personnel of the Group include all directors, executive and non-executive, and senior management. The short-term employee benefits of key management personnel amounted to ₱30.54 million, ₱35.11 million and ₱31.15 million in 2019, 2018 and 2017, respectively.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

As of December 31, 2019 and 2018, the Group has not made any allowance for expected credit loss relating to amounts owed by related parties. The Group applies a general approach in calculating the ECL.

28. Leases, Commitments and Contingencies

Operating Leases - Group as Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental with an escalation of 3% to 7% annually.

Future minimum rentals receivable under non-cancellable operating leases of the Group follow:

	2019	2018
Within one (1) year	**₱31,859,528**	₱18,818,087
After one year but not more than five (5) years	**83,772,448**	36,394,955
More than five (5) years	**24,537,580**	32,604,729
	₱140,169,556	₱87,817,771

Contingencies
The Group has various collection cases or claims against or from its customers and certain administrative and civil cases, arising in the ordinary conduct which are either pending decision by the courts or are under negotiation, the outcome of which are not presently determinable. In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments. No provisions were made in 2019 and 2018 for these lawsuits and claims.

29. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of services offered, which comprises of three main groupings as follows:

Developer - focused in mid-income residential development of condominiums and subdivisions under DMCI Project Developers, Inc. and Hampstead Gardens Corporation.
Hotels - focused on hotel services of the DMCI Hotels, Inc. for the hotel operations of Alta Vista de Boracay.
Property Management - pertains to operations of DMCI Property Management Corporation which focuses on management and administrative services rendered to condominium corporations.
Others - operations of DMCI Homes, Inc., Riviera Land Corporation and Zenith Mobility Solutions Services, Inc. which focuses on management, advertising, elevator and maintenance services.

Management, through Executive Committee, monitors segment net income for the purpose of making decision about resources allocation. Segment performance is evaluated based on net income, which is accounted for differently in the consolidated statements of comprehensive income.

The financial information about the operations of these business segments is summarized below:

	December 31, 2019					
	Developer	Hotels	Property Management	Others	Elimination	Consolidated
Assets						
Current assets	₱60,025,167,733	₱135,600,087	₱230,888,575	₱400,059,250	(₱491,320,696)	₱60,300,394,949
Noncurrent assets	10,525,264,479	61,586,017	7,695,255	3,198,929	167,915,132	10,765,659,812
Total Assets	₱70,550,432,212	₱197,186,104	₱238,583,830	₱403,258,179	(₱323,405,564)	₱71,066,054,761
Liabilities						
Current liabilities	₱21,420,040,874	₱126,227,230	₱103,947,857	₱228,438,638	(₱550,890,860)	₱21,327,763,739
Noncurrent liabilities	26,615,327,515	–	29,024,206	242,748	(3,937,500)	26,640,656,969
Total liabilities	₱48,035,368,389	₱126,227,230	₱132,972,063	₱228,681,386	(₱554,828,360)	₱47,968,420,708
Revenue	₱18,073,946,611	₱255,705,698	₱190,091,425	₱67,050,739	₱–	₱18,586,794,473
Direct cost	(12,949,936,292)	(175,995,095)	(79,540,709)	(37,288,062)	36,265,686	(13,206,494,472)
General and administrative expenses	(2,321,360,330)	(44,067,146)	(56,990,446)	(5,227,984)	–	(2,427,645,906)
Finance income - net	325,879,344	2,996,183	47,733	2,238,992	–	331,162,252
Other income	1,144,661,848	7,179,078	1,536,457	57,433	(36,265,686)	1,117,169,130
Dividend income	34,535,000	–	–	–	(33,660,000)	875,000
Equity in net earnings of associates	–	–	–	–	57,871,060	57,871,060
Income before tax	4,307,726,181	45,818,718	55,144,460	26,831,118	24,211,060	4,459,731,537
Provision for income tax	(1,320,316,894)	(13,443,397)	(23,612,827)	(7,389,540)	–	(1,364,762,658)
Net income	₱2,987,409,287	₱32,375,321	₱31,531,633	₱19,441,578	₱24,211,060	₱3,094,968,879
Cash flows arising from:						
Operating activities	(₱4,473,402,334)	₱54,356,194	₱14,679,617	(₱3,226,817)	₱–	(4,407,593,340)
Investing activities	(1,438,288,640)	(60,740,864)	(4,043,084)	(541,205)	(21,975,000)	(1,525,588,793)
Financing activities	5,667,111,065	(16,000,000)	–	(10,000,000)	12,770,000	5,653,881,065
Noncash items:						
Depreciation and amortization	₱429,045,441	₱4,518,427	₱6,613,934	₱248,095	₱–	₱440,425,897

	December 31, 2018					
	Developer	Hotels	Property Management	Others	Elimination	Consolidated
Assets						
Current assets	₱47,547,430,446	₱134,114,804	₱190,303,902	₱424,003,547	(₱578,033,354)	₱47,717,819,345
Noncurrent assets	12,048,837,961	5,363,582	10,266,104	2,905,820	135,544,072	12,202,917,539
Total Assets	₱59,596,268,407	₱139,478,386	₱200,570,006	₱426,909,367	(₱442,489,282)	₱59,920,736,884
Liabilities						
Current liabilities	₱12,660,937,771	₱100,894,833	₱101,466,478	₱248,043,949	(₱633,810,810)	₱12,477,532,221
Noncurrent liabilities	25,988,528,226	–	17,386,899	–	–	26,005,915,125
Total liabilities	₱38,649,465,997	₱100,894,833	₱118,853,377	₱248,043,949	(₱633,810,810)	₱38,483,447,346
Revenue	₱20,232,291,980	₱142,597,929	₱134,359,035	₱61,546,143	₱–	₱20,570,795,087
Direct cost	(14,525,785,186)	(100,772,226)	(67,107,096)	(24,682,713)	20,444,847	(14,697,902,374)
General and administrative expenses	(2,335,589,778)	(30,602,862)	(51,180,305)	(14,384,940)	–	(2,431,757,885)
Finance income - net	213,564,187	2,335,056	29,224	1,085,837	–	217,014,304
Other income	1,990,784,496	4,171,494	140,594	15,270	(20,444,847)	1,974,667,007
Dividend income	62,475,000	–	–	–	(61,600,000)	875,000
Equity in net earnings of associates	–	–	–	–	59,740,086	59,740,086
Income before tax	5,637,740,699	17,729,391	16,241,452	23,579,597	(1,859,914)	5,693,431,225
Provision for income tax	(1,705,759,522)	(5,083,530)	(9,224,252)	(9,860,615)	–	(1,729,927,919)
Net income	₱3,931,981,177	₱12,645,861	₱7,017,200	₱13,718,982	(₱1,859,914)	₱3,963,503,306
Cash flows arising from:						
Operating activities	₱4,001,196,156	₱24,684,121	₱3,321,275	₱27,792,871	₱–	₱4,056,994,423
Investing activities	(1,385,847,907)	(1,814,389)	(4,918,331)	(22,639)	–	(1,392,603,266)
Financing activities	(2,768,849,436)	(16,000,000)	–	–	–	(2,784,849,436)
Noncash items:						
Depreciation and amortization	₱412,733,704	₱2,998,819	₱8,762,876	₱595,129	₱–	₱425,090,528

	December 31, 2017					
	Developer	Hotels	Property Management	Others	Elimination	Consolidated
Assets						
Current assets	₱44,606,706,688	₱141,079,763	₱171,746,570	₱396,723,289	(₱493,880,561)	₱44,822,375,749
Noncurrent assets	8,578,073,669	6,548,013	14,110,648	3,688,325	121,348,761	8,723,769,416
Total Assets	₱53,184,780,357	₱147,627,776	₱185,857,218	₱400,411,614	(₱372,531,800)	₱53,546,145,165
Liabilities						
Current liabilities	₱11,322,316,356	₱105,690,083	₱95,770,776	₱225,265,182	(₱549,658,016)	₱11,199,384,381
Noncurrent liabilities	24,385,909,985		21,911,972		–	24,407,821,957
Total liabilities	₱35,708,226,341	₱105,690,083	₱117,682,748	₱225,265,182	(₱549,658,016)	₱35,607,206,338
Revenue	₱19,480,483,237	₱248,697,279	₱123,700,142	₱41,178,065	₱–	₱19,894,058,723
Direct cost	(12,144,763,445)	(179,294,585)	(59,756,017)	(18,731,967)	31,825,170	(12,370,720,844)
General and administrative expenses	(3,203,660,040)	(35,224,032)	(70,780,548)	(4,770,484)	–	(3,314,435,104)
Finance income - net	117,233,395	1,456,905	44,857	917,560	–	119,652,717
Other income	744,958,573	8,464,758	18,453,153	6,771,876	(31,825,169)	746,823,191
Dividend income	53,060,000	–	–	–	(53,060,000)	–
Equity in net earnings of associates					52,731,893	52,731,893
Income before tax	5,047,311,720	44,100,325	11,661,587	25,365,050	(328,106)	5,128,110,576
Provision for income tax	(1,523,946,503)	(13,162,246)	(6,764,701)	(7,885,780)	–	(1,551,759,230)
Net income	₱3,523,365,217	₱30,938,079	₱4,896,886	₱17,479,270	(₱328,106)	₱3,576,351,346
Cash flows arising from:						
Operating activities	₱2,291,890,189	₱ 64,126,680	₱305,286	(₱12,329,696)	₱83,269,937	₱2,427,262,396
Investing activities	(445,563,941)	(6,005,249)	(4,715,585)	(255,248)	35,000,000	(421,540,023)
Financing activities	421,991,954	–	–	–	–	421,991,954
Noncash items:						
Depreciation and amortization	₱368,307,466	₱2,061,227	₱7,911,359	₱1,298,210	₱–	₱379,578,262

There were no transfers of property and equipment and investment property to real estate inventories in 2019, 2018 and 2017.

The Group has no revenue from transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Disaggregation of Revenue Information

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales

	2019	2018	2017
Type of Product			
Medium-rise condominium	**₱5,874,051,440**	₱9,507,688,841	₱6,161,244,621
High-rise condominium	**9,247,563,507**	8,926,494,148	12,663,208,963
Hybrid condominium	**2,323,824,227**	1,308,021,788	522,043,931
House and lot	**628,507,437**	495,068,834	128,442,969
	₱18,073,946,611	₱20,237,273,611	₱19,474,940,484

Real estate sales arise from its developer segment and RLC under other segments. All of the Group's real estate sales are revenue from contracts with customers recognized over time.

Hotel services

	2019	2018	2017
Type of Product			
Rooms	**₱170,662,193**	₱101,200,665	₱160,282,741
Food and beverages	**82,627,385**	40,252,181	85,767,341
Transportation services	**2,416,120**	1,145,083	2,647,197
	₱255,705,698	₱142,597,929	₱248,697,279

Revenues earned hotel services are revenue from contracts with customers recognized over time.

Property management services

	2019	2018	2017
Type of Services			
Reimbursable fees	**₱133,541,295**	₱93,665,011	₱89,736,749
Management fees	**56,550,130**	40,694,024	33,963,393
	₱190,091,425	₱134,359,035	₱123,700,142

Revenues from reimbursable and management fees are recognized over time.

Elevator and maintenance services

	2019	2018	2017
Type of Services			
Service revenue	**₱36,885,882**	₱30,143,303	₱26,942,843
Sales revenue	**30,164,857**	26,421,209	19,777,975
	₱67,050,739	₱56,564,512	₱46,720,818

Service revenue is recognized over time while sales revenue is recognized at a point in time.

Performance obligations
Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one (1) identified performance obligation which is the sale of the real estate unit. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the: (i) serviced lot; (ii) serviced lot and house, and; (iii) condominium unit. The Group concluded that there is one (1) performance obligation in each of these contracts. The Group recognizes revenue from the sale of real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Group provides two-year warranty to repair minor defects on the delivered real estate unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2019 and 2018 are as follows:

	2019	2018
Within one (1) year	**₱24,226,903,174**	₱18,073,946,611
More than one (1) year	**62,616,311,039**	105,201,670,839
	₱86,843,214,213	₱123,275,617,450

The remaining performance obligations expected to be recognized within one (1) year and in more than one (1) year relate to the continuous development of the Group's real estate projects. The Group's construction of condominium units are normally completed within three (3) to seven (7) years.

30. Financial Instruments – Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and financial liabilities recognized as of December 31, 2019 and 2018:

	2019		2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Other financial liabilities				
Loans payable	**₱25,786,128,762**	**₱26,692,879,154**	₱18,771,487,440	₱18,545,633,607
Liabilities for purchased land	**1,896,162,566**	**1,762,404,344**	2,002,143,293	1,741,076,314
Total financial liabilities	**₱27,682,291,328**	**₱28,455,283,498**	₱20,773,630,733	₱20,286,709,921

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- Due to the short-term nature of the transactions and interest earned from the deposits, the carrying amounts of cash and cash equivalents, receivables, deposit in escrow fund under "Other current assets", recoverable deposits under "Other noncurrent assets", accounts and other payables, and payables to related parties approximate their fair values.

- The fair values of loans payable and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans.

  The discount rates used for loans payable range from 3.08% to 4.25% in 2019 and 5.28% to 7.05% in 2018. Liabilities for purchased land were discounted at 3.42% to 4.18% in 2019 and 6.78% to 7.05% in 2018.

Fair Value Hierarchy
The carrying value and fair value of loans payable and liabilities for purchased land are categorized under Level 3 in the fair value hierarchy using discounted cash flow analysis. There were no transfers among Levels 1, 2 and 3 for the years ended December 31, 2019 and 2018.

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of financial asset at amortized cost, loans payable, liabilities for purchased land, accounts and other payables and payables to related parties.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities such as bank loans.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2019 and 2018, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity dates. Balances due within twelve (12) months equal their carrying amounts, as the impact of discounting is insignificant.

	2019					
	< 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	> 5 years	Total
Financial assets at amortized cost						
Cash and cash equivalents	**₱5,897,171,374**	–	–	–	–	**₱5,897,171,374**
Receivables:						
Trade:						
Installment contracts receivable	**2,361,747,510**	–	–	–	–	**2,361,747,510**
Receivables from buyers	**889,554,775**	–	–	–	–	**889,554,775**
Property management	**115,124,851**	–	–	–	–	**115,124,851**
Hotel operations	**40,413,516**	–	–	–	–	**40,413,516**
Elevator and maintenance	**15,246,991**	–	–	–	–	**15,246,991**
Receivables from:						
Condo corporations	**316,973,531**	–	–	–	–	**316,973,531**
Related parties	**33,584,125**	–	–	–	–	**33,584,125**
Rental	**27,886,955**	–	–	–	–	**27,886,955**
Employees	**23,612,897**	–	–	–	–	**23,612,897**
Others	**137,673,799**	–	–	–	–	**137,673,799**
Deposit in escrow fund	**181,177,931**	–	–	–	–	**181,177,931**
Recoverable deposits	–	**348,245,100**	–	–	–	**348,245,100**
Total financial assets	**₱10,040,168,255**	**₱348,245,100**	**₱–**	**₱–**	**₱–**	**₱10,388,413,355**
Other financial liabilities						
Loans payable*	**₱9,463,429,637**	**₱3,538,157,252**	**₱3,303,402,653**	**₱4,900,664,393**	**₱8,877,288,047**	**₱30,082,941,982**
Liabilities for purchased land	**673,024,791**	**1,037,047,369**	**19,303,120**	**60,985,451**	**105,801,834**	**1,896,162,565**
Accounts and other payables						
Commission payable	**2,929,169,970**	–	–	–	–	**2,929,169,970**
Accounts payable - trade	**1,916,826,566**	–	–	–	–	**1,916,826,566**
Retention payable	**517,598,609**	–	–	–	–	**517,598,609**
Refundable deposits	**314,718,617**	–	–	–	–	**314,718,617**
Accrued interest payable	**256,121,816**	–	–	–	–	**256,121,816**
Accrued expenses**	**66,984,749**	–	–	–	–	**66,984,749**
Others	**61,217,324**	–	–	–	–	**61,217,324**
Payables to related parties	**325,986,603**	–	–	–	–	**325,986,603**
Other financial liabilities	**₱16,525,078,682**	**₱4,575,204,621**	**₱3,322,705,773**	**₱4,961,649,844**	**₱8,983,089,881**	**₱38,367,728,801**

**Including future interest payment*
***Excluding nonfinancial liabilities amounting to ₱348.05 million*

	2018					
	< 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	> 5 years	Total
Financial assets at amortized cost						
Cash and cash equivalents	₱6,176,441,815	₱–	₱–	₱–	₱–	₱6,176,441,815
Receivables:						
Trade:						
Installment contracts receivable	1,774,649,817	–	–	–	–	1,774,649,817
Receivables from buyers	919,063,938	–	–	–	–	919,063,938
Property management	78,802,725	–	–	–	–	78,802,725
Hotel operations	20,592,342	–	–	–	–	20,592,342
Elevator and maintenance	13,523,351	–	–	–	–	13,523,351
Receivables from:						
Condo corporations	303,570,690	–	–	–	–	303,570,690
Rental	99,187,252	–	–	–	–	99,187,252
Employees	17,335,268	–	–	–	–	17,335,268
Related parties	11,240,965	–	–	–	–	11,240,965
Others	143,040,204	–	–	–	–	143,040,204
Deposit in escrow fund	48,043,350	–	–	–	–	48,043,350
Recoverable deposits	–	231,775,340	–	–	–	231,775,340
Total financial assets	₱9,605,491,717	₱231,775,340	₱–	₱–	₱–	₱9,837,267,057
Other financial liabilities						
Loans payable	₱2,464,400,819	₱8,996,029,548	₱2,818,611,413	₱4,993,528,286	₱1,340,726,751	₱20,613,296,817
Liabilities for purchased land	478,235,757	1,274,692,618	82,427,634	60,985,451	105,801,833	2,002,143,293
Accounts and other payables						
Commission payable	3,111,851,795	–	–	–	–	3,111,851,795
Accounts payable - trade	1,424,390,725	–	–	–	–	1,424,390,725
Retention payable	348,901,453	–	–	–	–	348,901,453
Refundable deposits	292,309,401	–	–	–	–	292,309,401
Accrued interest payable	204,142,265	–	–	–	–	204,142,265
Accrued expenses**	149,928,720	–	–	–	–	149,928,720
Others	43,933,935	–	–	–	–	43,933,935
Payables to related parties	307,506,848	–	–	–	–	307,506,848
Other financial liabilities	₱8,825,601,718	₱10,270,722,166	₱2,901,039,047	₱5,054,513,737	₱1,446,528,584	₱28,498,405,252

**Including future interest payment*
***Excluding nonfinancial liabilities amounting to ₱105.09 million*

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's financial instruments affected by market risk include loans payable and cash and cash equivalents.

a.) Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's bank loans with floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable debt rate debts. Out of the total bank loans, those with floating interest rates are 19.72% in 2019 and 1.98% in 2018.

The terms of the interest-bearing financial liabilities, together with its corresponding nominal amounts and carrying values are shown in the following table:

	2019		2018	
	Effective Interest Rate	**Amount**	Effective Interest Rate	Amount
Loans payable				
Term loans and corporate notes	**4.13% to 6.52%**	**₱25,456,713,468**	5.34% to 7.03%	₱17,979,008,548
Liabilities on installment contract receivables sold to banks	**4.00% to 6.63%**	**118,910,294**	3.75% to 6.12%	372,443,892
HomeSaver Bonds	**4.75% to 5.25%**	**210,505,000**	4.75% to 5.25%	420,035,000
		₱25,786,128,762		₱18,771,487,440

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Group's profit before tax as of December 31, 2019 and 2018.

		2019		2018	
	Change in basis points	**Effect on income before income tax**	**Effect on equity**	Effect on income before income tax	Effect on equity
Loans payable	**+100 bps**	**(₱50,845,803)**	**(₱35,592,062)**	(₱3,724,439)	(₱2,607,107)
	-100 bps	**50,845,803**	**35,592,062**	3,724,439	2,607,107

The assumed movement in basis points for interest rate sensitivity analysis is based on the Group's historical changes in market interest rates on unsecured bank loans.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table:

	2019						
	Interest terms (p.a.)	**Rate Fixing Period**	**Nominal Amount**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Carrying Value**
Cash in banks and cash equivalents	**Fixed at the date of investment**	**Various**	**₱5,893,944,989**	**₱5,893,944,989**	**₱–**	**₱–**	**₱5,893,944,989**
Loans payable							
Peso	**Floating at 8.12% to 11.23% over the remaining term**	**Annually**	**118,910,294**	**30,507,761**	**74,449,462**	**13,953,071**	**118,910,294**
Peso	**Floating at 4.00% to 6.58%**	**Quarterly**	**4,965,669,969**	**–**	**360,737,709**	**4,604,932,260**	**4,965,669,969**
			₱10,978,525,252	**₱5,924,452,750**	**₱435,187,171**	**₱4,618,885,331**	**₱10,978,525,252**

	2018						
	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Cash in banks and cash equivalents	Fixed at the date of investment	Various	₱6,173,365,897	₱6,173,365,897	₱–	₱–	₱6,173,365,897
Loans payable							
Peso	Floating at 8.12% to 11.23% over the remaining term	Annually	372,443,892	89,680,689	215,241,719	67,521,484	372,443,892
			₱6,545,809,789	₱6,263,046,586	₱215,241,719	₱67,521,484	₱6,545,809,789

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers and related parties. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis. The credit risk is concentrated to the following customers:

	2019	2018
Real estate buyers	**92.08%**	90.91%
Others	**7.92%**	9.09%
Total	**100.00%**	100.00%

In respect of installment contracts receivable from the sale of real estate properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. An impairment analysis is performed at each reporting date using a vintage analysis to measure expected credit losses. The default rates are based on historical credit loss experience for groupings of various customer segments with similar loss patterns (i.e., by payment scheme and collateral type) and are adjusted with forward looking information. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g., grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%). The Group evaluates the concentration of risk with respect to installment contracts receivable and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The repossessed lots and residential houses are recorded back to inventory under the "Real estate inventories" account and are held for sale in the ordinary course of business. The total of these inventories amounts to ₱227.94 million and ₱290.94 million as at December 31, 2019 and 2018, respectively. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts. The Group has availed the deferral of adoption of the accounting for cancellation of real estate sales (see Note 4).

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Cash and cash equivalents are placed in various banks. Material amounts are held by banks which belong to the top five (5) banks in the country. The rest are held by local banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments. The Group's maximum exposure to credit risk as of December 31, 2019 and 2018 is equal to the carrying values of its financial assets.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

	2019		2018	
	12-month ECL	Lifetime ECL Not credit impaired	12-month ECL	Lifetime ECL Not credit impaired
Cash and cash equivalents*	₱5,893,944,989	₱–	₱6,173,365,897	₱–
Trade:				
Installment contracts receivable	–	2,361,747,510	–	1,774,649,817
Receivables from buyers	–	889,554,775	–	919,063,938
Property management**	–	110,749,532	–	77,287,507
Hotel operations	–	40,413,516	–	20,592,342
Elevator and maintenance	–	15,246,991	–	13,523,351
Receivables from:				
Condo corporations**	–	313,668,433	–	303,570,690
Related parties	–	33,584,125	–	11,240,965
Employees**	–	25,051,621	–	16,798,547
Rental	–	23,612,897	–	99,187,252
Others	–	137,673,799	–	143,040,204
Deposit in escrow fund	181,177,931	–	48,043,350	–
Recoverable deposits	348,245,100	–	231,775,340	–
	₱6,423,368,020	₱3,951,303,199	₱6,453,184,587	₱3,378,954,613

**Excludes cash on hand amounting to ₱3.23 million and ₱3.08 million as of December 31, 2019 and 2018, respectively.*
***Excludes allowance for expected losses*

As of December 31, 2019 and 2018, the aging analyses per class of loan-related financial assets follow:

	2019						
	Neither Past Due Nor Impaired	Past Due But Not Impaired				Impaired Financial Assets	Total
		<30 days	30-60 days	61-90 days	>90 days		
Trade:							
Installment contracts receivable	₱–	₱1,480,479,481	₱15,929,749	₱18,976,791	₱846,361,489	₱–	₱2,361,747,510
Receivables from buyer	889,554,775	–	–	–	–	–	889,554,775
Property management	110,749,532	–	–	–	–	4,375,319	115,124,851
Hotel operations	40,413,516	–	–	–	–	–	40,413,516
Elevator and maintenance	15,246,991	–	–	–	–	–	15,246,991
Receivables from:							
Condo corporations	313,668,433	–	–	–	–	3,305,098	316,973,531
Related parties	33,584,125	–	–	–	–	–	33,584,125
Employees	25,051,621	–	–	–	–	2,835,334	27,886,955
Rental	23,612,897	–	–	–	–	–	23,612,897
Others	137,673,799	–	–	–	–	–	137,673,799
	₱1,589,555,689	₱1,480,479,481	₱15,929,749	₱18,976,791	₱846,361,489	₱10,515,751	₱3,961,818,950

	2018						
	Neither Past Due Nor Impaired	Past Due But Not Impaired				Impaired Financial Assets	Total
		<30 days	30-60 days	61-90 days	>90 days		
Trade:							
Installment contracts receivable	₱–	₱1,224,919,913	₱154,682,839	₱18,671,853	₱376,375,212	₱–	₱1,774,649,817
Receivables from buyer	919,063,938	–	–	–	–	–	919,063,938
Property management	77,287,507	–	–	–	–	1,515,218	78,802,725
Hotel operations	20,592,342	–	–	–	–	–	20,592,342
Elevator and maintenance	13,523,351	–	–	–	–	–	13,523,351
Receivables from:							
Condo corporations	303,570,690	–	–	–	–	–	303,570,690
Rental	99,187,252	–	–	–	–	–	99,187,252
Employees	16,798,547	–	–	–	–	536,721	17,335,268
Related parties	11,240,965	–	–	–	–	–	11,240,965
Others	143,040,204	–	–	–	–	–	143,040,204
	₱1,604,304,796	₱1,224,919,913	₱154,682,839	₱18,671,853	₱376,375,212	₱2,051,939	₱3,381,006,552

The table below shows the credit quality of the Group's loan-related financial assets as of December 31, 2019 and 2018.

High Quality. This pertains to a counterparty who is not expected to default in settling its obligations, thus credit risk is minimal. This normally includes large prime financial institutions and companies.

Standard Quality. Other financial assets not belonging to the high quality category are included in this category.

	2019			2018		
	High Quality	**Standard Quality**	**Total**	High Quality	Standard Quality	Total
Cash and cash equivalents*	**₱5,893,944,989**	**₱–**	**₱5,893,944,989**	₱6,173,365,897	₱–	₱6,173,365,897
Trade:						
Installment contracts receivable	**–**	**2,361,747,510**	**2,361,747,510**	–	1,774,649,817	1,774,649,817
Receivables from buyers	**–**	**889,554,775**	**889,554,775**	–	919,063,938	919,063,938
Property management	**–**	**115,124,851**	**115,124,851**	–	78,802,725	78,802,725
Hotel operations	**–**	**40,413,516**	**40,413,516**	–	20,592,342	20,592,342
Elevator and maintenance	**–**	**15,246,991**	**15,246,991**	–	13,523,351	13,523,351
Receivables from:						
Condo corporations	**–**	**316,973,531**	**316,973,531**	–	303,570,690	303,570,690
Related parties	**–**	**33,584,125**	**33,584,125**	–	11,240,965	11,240,965
Employees	**–**	**27,886,955**	**27,886,955**	–	17,335,268	17,335,268
Rental	**–**	**23,612,897**	**23,612,897**	–	99,187,252	99,187,252
Others	**–**	**137,673,799**	**137,673,799**	–	143,040,204	143,040,204
Deposit in escrow fund	**181,177,931**	**–**	**181,177,931**	48,043,350	–	48,043,350
Recoverable deposits	**348,245,100**	**–**	**348,245,100**	231,775,340	–	231,775,340
	₱6,423,368,020	**₱3,961,818,950**	**₱10,385,186,970**	₱6,453,184,587	₱3,381,006,552	₱9,834,191,139

**Excludes cash on hand amounting to ₱3.23 million and ₱3.08 million as of December 31, 2019 and 2018, respectively.*

32. Earnings Per Share

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company are computed as follows:

	2019	2018	2017
Net income attributable to equity holders of Parent company	**₱3,086,484,447**	₱3,952,525,189	₱3,567,580,972
Divided by the weighted average number of common shares	**3,487,727,331**	3,487,727,331	3,487,727,331
Basic/diluted earnings per share	**₱0.885**	₱1.133	₱1.023

There were no potential dilutive common shares for the years ended December 31, 2019, 2018 and 2017.

33. Notes to Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

2019

	January 1, 2019	**Cash flows**	**Non-cash changes**	**December 31, 2019**
Loans payable (Note 16)	**₱18,771,487,440**	**₱6,979,436,402**	**₱35,204,920**	**₱25,786,128,762**
Dividends (Note 20)	**5,390,000**	**(1,288,843,414)**	**1,283,453,414**	**–**
Interest payable (Note 18)	**204,142,265**	**(36,711,923)**	**88,691,474**	**256,121,816**
Total	**₱18,981,019,705**	**₱5,653,881,065**	**₱1,407,349,808**	**₱26,042,250,578**

2018

	January 1, 2018	Cash flows	Non-cash changes	December 31, 2018
Loans payable (Note 16)	₱20,243,110,748	(₱1,503,188,826)	₱31,565,518	₱18,771,487,440
Dividends (Note 20)	490,000	(1,215,000,000)	1,219,900,000	5,390,000
Interest payable (Note 18)	162,980,616	(66,660,610)	107,822,259	204,142,265
Total	₱20,406,581,364	(₱2,784,849,436)	₱1,359,287,777	₱18,981,019,705

Non-cash changes pertain to dividends and interest expense, excluding accretion of unamortized discount on liabilities for purchased land (see Notes 16, 17, 20 and 25).

34. Events After Reporting Period

On January 31, 2020, the BOD approved and resolved the following resolutions:

- Declaration of additional cash dividends in the amount of ₱1,200.00 million from the unrestricted retained earnings as of December 31, 2019 in favor of the current stockholders of record and payable in accordance with the scheduled payment;

- Reversal of appropriation amounting to ₱3,501.10 million from previously appropriated retained earnings as of December 31, 2018 which was already utilized in 2019 for the related projects below:

Project	Amount
Mulberry Place	₱392,500,000
Prisma Residences	684,000,000
Brixton Place	626,000,000
Oak Harbor Residences	636,200,000
Infina Towers	765,000,000
The Celandine	397,400,000
	₱3,501,100,000

- Appropriation of ₱5,200.00 million from retained earnings as of December 31, 2019 to fund the development and project cost of the following projects:

Project	Appropriation
Kai Garden Residences	₱1,500,000,000
The Orabella	1,000,000,000
The Atherton	800,000,000
Verdon Parc	600,000,000
Fairlane Residences	500,000,000
Calathea Place	400,000,000
Satori Residences	400,000,000
	₱5,200,000,000

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Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
DMCI Project Developers, Inc.
DMCI Homes Corporate Center
1321 Apolinario St., Bangkal
Makati City

We have audited the consolidated financial statements of DMCI Project Developers, Inc. (the Parent Company) and its subsidiaries as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, on which we have rendered the attached report dated February 24, 2020.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that as of December 31, 2019, the Parent Company has five (5) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125303, January 7, 2020, Makati City

February 24, 2020

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
DMCI Project Developers, Inc.
DMCI Homes Corporate Center
1321 Apolinario St., Bangkal
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DMCI Project Developers, Inc. and its subsidiaries (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and have issued our report thereon dated February 24, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
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November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
DMCI Project Developers, Inc.
DMCI Homes Corporate Center
1321 Apolinario St., Bangkal
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of DMCI Project Developers, Inc. and its subsidiaries (the Group) as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated February 24, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-2 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125303, January 7, 2020, Makati City

February 24, 2020

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Auditors' Report

Consolidated Statements of Financial Position as of December 31, 2019 and 2018

Consolidated Statements of Income for the Years Ended
December 31, 2019, 2018 and 2017

Consolidated Statements of Comprehensive Income for the Years Ended
December 31, 2019, 2018 and 2017

Consolidated Statements of Changes in Equity for the Years Ended
December 31, 2019, 2018 and 2017

Consolidated Statements of Cash flows for the Years Ended
December 31, 2019, 2018 and 2017

Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

I. Schedules required by Annex 68-J
   A. Financial Assets
   B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
   C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
   D. Long-term Debt
   E. Indebtedness to Related Parties
   F. Guarantees of Securities of Other Issuers
   G. Capital Stock

II. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)

III. Schedule of Financial Soundness Indicators (Annex 68-E)

IV. Map of the relationship of the companies within the Group

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SECURITIES REGULATION CODE (SRC) RULE 68
DECEMBER 31, 2019

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the consolidated financial statements.

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Amount shown on the balance sheet	Income accrued and received
A. Cash in banks	**₱2,842,979,419**	**₱7,195,941**
Eastwest Universal Bank		
Peso	607,132,356	
Foreign Currency	723,944	
China Banking Corporation	266,884,106	
Philippine National Bank	465,268,588	
Bank of the Philippine Islands	326,322,068	
Banco De Oro Unibank	362,677,923	
Others	813,970,434	
B. Cash equivalents	**₱3,050,965,570**	**₱178,911,353**
C. Loans and receivables	**₱4,480,726,230**	**₱277,658,703**
Receivables	3,951,303,199	277,658,703
Deposit in escrow	181,177,931	–
Recoverable deposits	348,245,100	–

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Not applicable. The Group does not have amounts receivable from directors, officers and principal stockholders above ₱1.00 million or 1% of total consolidated assets as of December 31, 2019.							

Schedule C. Amounts Receivable from/Payables to Related Parties which are eliminated during the Consolidated of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2019:

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
DMCI Project Developers, Inc.	DMCI Homes, Inc.	₱187,895,139	(₱187,895,139)
Riviera Land Corporation	DMCI Project Developers, Inc.	134,345,256	(134,345,256)
Hampstead Gardens Corporation	DMCI Project Developers, Inc.	85,447,210	(85,447,210)
DMCI Project Developers, Inc.	DMCI Homes Property Management Corporation	76,602,405	(76,602,405)
DMCI Project Developers, Inc.	DMCI PDI Hotels, Inc.	43,712,898	(43,712,898)
DMCI Project Developers, Inc.	Zenith Mobility Solutions Services, Inc.	305,855	(305,855)
DMCI PDI Hotels, Inc.	DMCI Homes, Inc.	46,327	(46,327)
DMCI Homes Property Management Corporation	DMCI PDI Hotels, Inc.	394	(394)
DMCI Homes Property Management Corporation	Zenith Mobility Solutions Services, Inc.	301	(301)

As of December 31, 2019, the balances above of due from and due to related parties are expected to be realized and settled within twelve months from the reporting date and are classified under current assets and liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt (net of unamortized debt issue cost) of the Group:

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest Rate	Maturity Date
Term loans and corporate notes	₱25,456,713,468	₱8,203,536,656	₱17,253,176,812	Various	Various
Liabilities on installment contracts receivable	118,910,294	30,507,761	88,402,533	4.00%-6.63%	Various
HomeSaver bonds	210,505,000	27,975,000	182,530,000	4.75% - 5.25%	Tranche D and F – 3 years; Tranche B, E and G – 5 years
	₱25,786,128,762	₱8,262,019,417	₱17,524,109,345		

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	5,000,000,000	3,487,727,331	–	3,487,727,324	6	1

See Note 20 of the Consolidated Financial Statements

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2019

Unappropriated Retained Earnings, beginning	₱6,798,456,531
Less adjustment on deferred tax assets, beginning	(295,889,004)
Unappropriated Retained Earnings, as adjusted, beginning	6,502,567,527
Net income actually earned/realized during the period:	
Net income during the period closed to retained earnings	2,987,409,281
Less: Non actual/unrealized income net of tax	–
Equity in net income of associate/joint venture	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Fair value adjustment of Investment Property resulting to gain	–
Adjustment due to deviation from PFRS/GAAP - gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Deferred tax asset that reduced the amount of income tax expense	178,157,853
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP - loss	–
Loss on fair value adjustment of investment property (after tax)	–
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	–
Net income actually earned during the period	3,165,567,134
Add (Less):	
Dividend declarations during the period	(1,275,613,414)
Appropriations of retained earnings during the period	(4,500,000,000)
Reversals of appropriations	1,177,000,000
Effects of change in accounting policy	–
Treasury shares	–
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	**₱5,069,521,247**

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

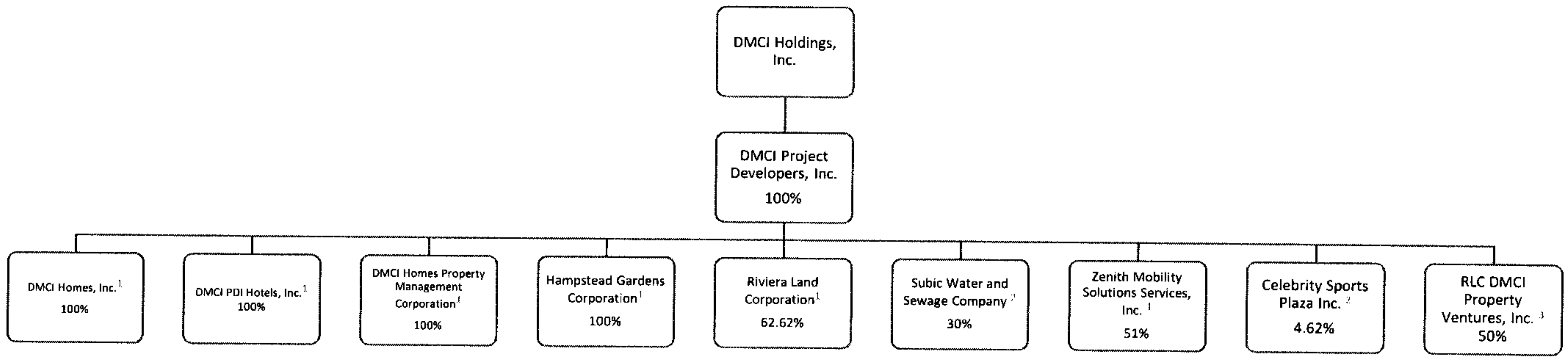
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets/Current liabilities	2.83:1	3.82:1
Acid test ratio	Quick assets/Current liabilities	0.98:1	1.30:1
Solvency ratio	Net income plus Depreciation / Total liabilities	0.07:1	0.11:1
Debt-to-equity ratio	Total interest-bearing debt/Total stockholders' equity	2.08:1	1.80:1
Asset-to-equity ratio	Total assets/Total stockholders' equity	3.08:1	2:80:1
Interest coverage ratio	EBIT/Interest paid during the year	3.13:1	4.68:1
Return on equity	Net income attributable to equity holders/Average total stockholders' equity	13.92%	20.17%
Return on assets	Net income /Average total assets	4.73%	6.99%
Net profit margin	Net income /Revenue	16.65%	19.27%

DMCI PROJECT DEVELOPERS, INC. AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group as of December 31, 2019:



[1] *Subsidiary*
[2] *Associate*
[3] *Joint Venture*

*CSN Properties, Inc. (45%) and Contech Products South (33%) which are both associates of Parent Company are provided with allowance for impairment loss.