

SEC Number **152249**  
File Number

**ARANETA PROPERTIES INCORPORATED**

Company's Full Name

**21<sup>st</sup> Floor Citibank Tower, Paseo de Roxas, Makati City**

Company's Address

**(632) 848-1501**

Telephone Number

**December 31**

Fiscal Year Ending

(Month & Day)

**17-Q 2<sup>nd</sup> Quarter**

Form Type

Amended Designation (If Applicable)

**June 30, 2020**

Period Ended Date

**Registered and Listed**

Secondary License Type and File Number



# **PART I - FINANCIAL INFORMATION**

## **Item 1. Financial Statements**

The financial statements of Araneta Properties Incorporated (ARA) are filed as part of this Form 17-Q.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Plan of Operation**

### **Plan of Operation**

#### **During the Second Quarter of 2020**

The CoVid-19 has spread all over the world, even improved countries suffered the same fate and/or was hit hard by the pandemic. The spread of CoVid-19 virus has an abrupt and widespread impact not only in real estate business but all types of businesses from commercial, industrial, banking, financial institution, and shipping industry had been affected not only in the country but globally.

In compliance with the National Government's strategy to flatten the curve and/or to combat the spread of virus, the Company implemented compliance measures to the community quarantine (CQ) protocols as follows:

- Full shutdown of Makati Offices which started on March 16, 2020. All employees received their salaries for the period March 16 to 31, 2020 in full, and after March 31, 2020, employees were encouraged to utilize their available leave credits and work on a skeletal basis.
- Other measures are being implemented to ease the impact of the CQ on the employees, e.g. the early release of the prorated 13th month pay, extend cash advances to regular employees in the event that the CQ is extended.
- After the announcement of the National Government allowing certain industries to operate, the Company re-open its Makati office with a limited and staggered reporting of employees at a maximum of 50% workforce. Employees with vulnerable condition are not permitted to report for work but allowed to work on a "work-from-home" basis.
- Business opportunity is paralyzed such as cash inflows. Presently, the Company concentrates on cash management to be able to rationalize and ensure availability of funds to sustain payments of employees' payroll.

The CQ's effect on new/future land sales and collection of the Company's receivables depends on the capacity of buyers to meet future payments. The Company will continue to monitor the situation and should the CQ be further prolonged, the BOD has formed a Crisis Management Team/Committee that will focus on the impact on the Company's revenue and operations, or formulate assessment tools and other resilient measures to be able to operate under the "new normal" to measure and/or benchmark costs and expenses or anticipate scenario beyond "COVID-19", upon resumption of work and "normal or full" operation.

There were no sales during the second quarter of 2020 due to the effect of CQ, the activity of the Company focused only on collection of receivables. Financial performance in terms of revenue during the period are as follows:

**Table I** – The comparative figures of the results of operations for the three (3) months period ending June 30, 2020 with comparative figures of year 2019 and 2018 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period Ended June 30			% Change	% Change
	Year 2018	Year 2019	Year 2020	2018 vs 2019	2019 vs 2020
Revenue	15.809	11.288	0	(40.051%)	None
Less Expenses	19.080	21.243	10.262	10.182%	(107.107%)
Net before other income	(3.271)	(9.955)	(10.262)	67.142%	(107.107%)
Add :Other Income	11.850	3.734	.0591	(217.354%)	(537.201%)
Net Income	8.579	(6.221)	(9.671)	(56.083)	(644.309%)

**Table II** – The comparative figures of the results of operations for the six (6) months period ending June 30, 2020 with comparative figures of year 2019 and 2018 for the same six (6) months period

<i>In millions (Php)</i>	For six (6) months Period Ended June 30			% Change	% Change
	Year 2018	Year 2019	Year 2020	2018 vs 2019	2019 vs 2020
Revenue	23.756	22.781	18.043	(4.280%)	(26.259%)
Less: Expenses	39.484	43.992	26.043	10.247%	(68.921%)
Net before other income	(15.728)	(21.211)	(8.000)	25.850%	(165.138%)
Add : Other Income	34.731	7.295	6.345	(376.093%)	(14.972%)
Net Income	19.003	(13.916)	(1.655)	236.555%	(740.846%)

**Table III** – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2020 with comparative figures of year 2019 for the same period

<b>In Millions (Php)</b>	For the quarter ending June 30		% Change
	Year 2019	Year 2020	2019 vs 2020
Income from Real Estate Business	11.288	-0-	-0-
Accretion of Interest from Installment Sales	3.734	0.586	(537.201%)
Total Revenue	15.022	0.586	(237.201%)

**Table IV** – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2020 with comparative figures of year 2019 for the same period

<b>In Millions (Php)</b>	For the six (6) months ending June 30		% Change
	Year 2019	Year 2020	2019 vs 2020
Income from Real Estate Business	22.781	18.043	(26.259%)
Accretion of Interest from Installment Sales	7.294	6.331	(15.211%)
Total Revenue	30.075	24.374	(23.390%)

## During the Second Quarter of 2019

The performance of the Company in terms of revenue decreased by 45.687%, Sales for the quarter is P15.022million as compared to P27.658 million of the year 2019. This performance is directly attributed to marketing strategies implemented in Year 2014, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies are already conclusive in April 2017, As of June 30, 2019 there are more or less Thirty one (31) buyers have already reserved more or less 5,381 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the company implemented its strategy in year 2014 to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68%, respectively complete, while the Country Club is 98.00% complete as of June 30, 2019. The Company uses the project percentage of completion (**PPOC for brevity**) in determining sales during the period.

**Table I** – The comparative figures of the results of operations for the three (3) months period ending June 30, 2019 with comparative figures of year 2018 and 2017 for the same three (3) months period

	For three (3) months Period Ended June 30			% Change	% Change
	Year 2017	Year 2018	Year 2019	2017 vs 2018	2018 vs 2019
<i>In millions (Php)</i>					
Revenue	35.418	27.691	15.190	(21.817)	(45.145%)
Expenses	29.075	19.112	21.411	(34.267)	(12.029%)
Net Income	6.343	8.579	(6.221)	(56.083)	(33.116%)

**Table II** – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2019 with comparative figures of year 2018 for the same period

In Millions (Php)	For the quarter ending June 30		% Change
	Year 2018	Year 2019	2017 vs 2018
Income from Real Estate Business	15.808	11.288	(28.593%)
Accretion of Interest from Installment Sales	11.850	3.734	(68.489%)
Total Revenue	27.658	15.022	(45.687%)

**Table III** – The comparative figures of the results of operations and other operating income for the three (3) months period ending June 30, 2019 with comparative figures of year 2018 and 2017 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period			% Change	
	Year 2017	Year 2018	Year 2019	2017 vs 2018	2018 vs 2019
Revenue	35.418	27.691	15.022	(21.817%)	(45.751%)
Expenses	31.791	19.145	21.411	(39.779%)	11.836%
Net Income	3.627	8.546	(6.389)	135.622	(174.760%)
Add: Other Income	0.056	0.033	0.168	(41.071%)	409.091%
Net Income (before tax)	3.683	8.579	(6.221)	132.935%	172.514%

**Table IV** – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2019 with comparative figures of year 2018 for the same period

<b>In Millions (Php)</b>	For the six (6) months ending June 30		% Change
	Year 2018	Year 2019	2018 vs 2019
Income from Real Estate Business	23.756	22.781	(4.104%)
Accretion of Interest from Installment Sales	5.18	7.127	37.587%
Total Revenue	28.936	29.9082	3.359%

### During the Second Quarter of 2018

The performance of the Company in terms of revenue decreased by 21.72%, Sales for the quarter is P27.658 million as compared to P35.334 million of the year 2017. This performance is directly attributed to marketing strategies implemented in Year 2014, specifically the holding on of some Inventory for a much better price. This strategy will create a favorable momentum for the company's operation activities while awaiting for the right timing on the implementation of sales forecast. The Company focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies is already conclusive in April 2017, As of June 30, 2018 there are more or less twenty three (23) buyers have already reserved more or less 3,919 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, which is the average selling price when the company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68% respectively complete, while the Country Club is 98.00% complete as of June 30, 2018. The Company uses the project percentage of completion (**PPOC for brevity**) in determining sales during the period.

**Table I** – The comparative figures of the results of operations for the three (3) months period ending June 30, 2018 with comparative figures of year 2017 and 2016 for the same three (3) months period

	For three (3) months Period Ended June 30			% Change	% Change
	Year 2016	Year 2017	Year 2018	2016 vs 2017	2017 vs 2018
<i>In millions (Php)</i>					
Revenue	30.599	35.334	27.658	(15.474%)	(21.724%)
Expenses	18.141	28.991	19.079	(74.781%)	(34.190%)
Net Income	12.458	6.343	8.579	(70.886%)	35.251

**Table II** – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2018 with comparative figures of year 2017 for the same period

	For the quarter ending June 30		% Change
	Year 2017	Year 2018	2017 vs 2018
<i>In Millions (Php)</i>			
Income from Real Estate Business	31.607	15.809	(49.983%)
Accretion of Interest from Installment Sales	3.727	1.998	(46.391%)
Total Revenue	35.334	17.807	(49.604%)

**Table III** – The comparative figures of the results of operations and other operating income for the three (3) months period ending June 30, 2018 with comparative figures of year 2017 and 2016 for the same three (3) months period

	For three (3) months Period			% Change	% Change
	Year 2016	Year 2017	Year 2018	2016 vs 2017	2017 vs 2018
<i>In millions (Php)</i>					
Revenue	30.599	35.334	17.807	15.474%	(49.604%)
Expenses	18.141	28.991	19.079	59.842%	(33.611%)
Net Income	12.458	6.343	(1.272)	(44.368%)	(15.993%)
Add: Other Income	3.738	1.632	9.851	56.173%	3793.68%
Net Income (before tax)	8.720	4.711	8.579	11.81%	3777.68%

The detail of increase in other income in the 2<sup>nd</sup> quarter of 2018 is the collection of proceeds from sales of metal scrap recovered from the Manticao Smelter Plant.

**Table IV** – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2018 with comparative figures of year 2017 for the same period

	For the six (6) months ending June 30		% Change
	Year 2017	Year 2018	2017 vs 2018
<i>In Millions (Php)</i>			
Income from Real Estate Business	52.086	23.756	(54.391%)
Accretion of Interest from Installment Sales	6.900	5.213	(24.449%)
Total Revenue	58.986	28.969	(50.888%)

## **Management's Discussion and Analysis /Plant of Operation**

### **Results of Operation (April 01 – June 30, 2019 vs April 01–June 30, 2020)**

During the quarter, reeling from the effect of global turmoil brought about by the CoVid-19 pandemic which affected all nations, the operation was thriving as no sales have been generated. The Company concentrates on cash management to be able to rationalize and ensure availability of funds to sustain payments of employees' payroll and other contractual obligation.

With the CQ, the management has to refocus to other business aspects under the new normal working conditions and continue to monitor the situation. With the CQ contemplated to be further prolonged, the Board of Director has formed a Crisis Management Team/Committee that will focus on the impact of the crises to the Company's revenue and operations, to formulate assessment tools and other resilient measures to be able to operate under the "new normal" with measures and/or benchmarking of costs and expenses or anticipate scenario beyond "COVID-19", without compromising health and safety of employees.

The percentage of revenues for the quarter ending June 30, 2020with comparative figures for2019 and 2018with the same period

<b>Particulars</b>	<b>Year 2018</b>	<b>Year 2019</b>	<b>Year 2020</b>
Sale from Real Estate	15,808,814.23	11,288,146.88	-0-
Cost of Land	4,111,858.92	4,634,846.98	-0-
Percentage to Revenue	26.01%	41,061%	-0-

The percentage of revenues during the last two (2) quarters ending June 30, 2020are as follows:

<b>Particulars</b>	<b>Year 2018</b>	<b>Year 2019</b>	<b>Year 2020</b>
Sale from Real Estate	23,756,117.35	22,781,024.33	18,042,750.00
Cost of Land	8,504,331.70	6,473,707.37	2,752,919.01
Percentage to Revenue	35.798%	28.417%	15.258%

The Company has posted a net loss after tax of (P9.683) Million at end of second quarter of 2020 as compared with the P14.242 million in 2019, and P13.302 million in 2018 of that same period.

The deficit stands at P393.999 million and P397.914 million as of June 30, 2019 and 2018, respectively.

#### **For the Quarter Ended**

	<b>June 30, 2019 (In Millions)</b>	<b>June 30, 2020 (In Millions)</b>
Revenue	P11.288	-0-
Direct Costs	4.634	-0-
Gross Profit Margin	6.654	-0-
Operating Expenses	16.215	10.262
Net Income (before other Income )	(9.561)	(10.262)
Add: Other Income	3.340	0.591
Net income before tax	(6.221)	(9.683)

Revenue generated during the second quarter of 2020 represents shares from accretion of interest from installment sales, No new sales during quarantine period from the Joint Venture Project with SLRDI.

Other Income represents interest income from installment and as well as interest income from savings account with banks.

### **Liquidity and Capital Resources**

The company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer incharge of the development has reported to be (almost) 100% complete as at end of June 30, 2019.

Particulars	June 30, 2019 (In Million)	June 30, 2020 (in Million)
Total assets as at end of	P1,997.935	P2,020.201
Total liabilities as at end of	237.916	257.717
Ratio of assets to liabilities	11.908%	12.757%
<b><i>Financial Condition</i></b>		
Cash and cash equivalent	11.859	6.606
Receivable	348.557	352.913
Prepaid Taxes	8.303	4.422
Real estate Inventories	499.188	883.457
Property and equipment	9.054	6.004
Investment property	1,042.868	693.383
Recoverable Tax	73.873	67.734
Other assets	4.232	5.682
Current liabilities	123.739	192.838
Noncurrent liabilities	114.177	64.879
Stockholders' equity	P1,760.019	P1,762.484

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The decrease in the real estate Inventories is attributable to the accounting of cost of land sold during the accounting period. The company is using the Percentage of Project Completion (PPOC).

The decrease in Recoverable tax (Input VAT) is attributable to accounting of output vat from collection of accretion of interest income from installment sales.

The decrease in Investments property is the result of reclassification of cost of more or less 58 hectares parcel of land that have been classified under Real estate inventory account in accordance with PAS 16.

The Company started land banking in year 2012 with total land acquisitions as of June 30, 2020 details of which are as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
<b><i>All in San Jose Del Monte Bulacan</i></b>				
GASDF Property	47,976	6,618,779.27	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	261,672,633.06	261,672,633.06	Fully paid
Marga Capital Holdings, Inc.	360,000	104,671,995.50	104,671,995.50	Fully paid
Insular Life Insurance Co.,	580,154	403,678,405.13	403,678,405.13	Fully paid
Paramount Finance Corp.	10,000	3,520,000.00	3,520,000.00	Fully paid
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<b><i>Subtotal</i></b>	<b><i>2,385,151</i></b>	<b><i>870,887,230.17</i></b>	<b><i>870,887,230.17</i></b>	<b><i>-0-</i></b>
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<b><i>Subtotal</i></b>	<b><i>841,243</i></b>	<b><i>262,584,600.00</i></b>	<b><i>-0-</i></b>	<b><i>262,584,600.00</i></b>
<b>Total (San Jose Del Monte)</b>	<b>3,226,394</b>	<b>1,133,471,830.17</b>	<b>870,887,230.17</b>	<b>262,584,600.00</b>
Add: Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et. al	292,921	63,558,910.00	62,286,696.00	1,272,214.00
Hugo Nat d. Juan	13,186	4,615,100.00	4,615,100.00	Fully paid
	<b><i>363,318</i></b>	<b><i>99,354,013.00</i></b>	<b><i>98,081,799.00</i></b>	<b><i>1,272,214.00</i></b>
<b>Total Land Banking</b>	<b>3,589,712</b>	<b>1,232,825,843.17</b>	<b>968,969,029.17</b>	<b>263,856,814.00</b>

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Advances to officers and employees which are deductible from their salaries and are due within one year.

No movement in available for sale investments account during the period

Increased in payables is result of accounting and payment of accounts including land banking activity.

The decrease in Stockholder's Equity is attributed to normal operational income in real estate business.

### **Capital Expenditure**

There was no capital expenditure for the period.

### **Key Performance Indicators**

The company operates in one business segment the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the three-month period ending	June 30, 2019	June 30, 2020
Current Ratio (1)	6.145 : 1	5.938 : 1
Debt to Equity Ratio (2)	1 : 0.148	1 : 0.148
Earnings per Share (3)	(1 : 0.00322)	(1 : 0.00223)
Earnings before Income Taxes (4)	(P6.221) million	(P1.655) million
Return on Equity	(0.00357)	(0.00247)

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

#### Stockholders' Equity

- Total Stockholders' Equity in 2020 is P1,762,484,174.30 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity in 2019 is P1,760,018,572.67 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

### **Results of Operation (April 01 – June 30, 2018 vs April 01–June 30, 2019)**

During the quarter, the operation was thriving in all business aspects. This includes the real estate aspect as there were reputable real estate companies that already started development and marketing operations in San Jose Del Monte Bulacan. More so, the ongoing Government projects, specifically the "MRT7" for the rail transit connecting Quezon City to Norzagaray Bulacan, created a positive scenario in the real estate business that eventually benefited the Company's land banking activity for the previous period and holding on of some inventory for a much better price.

The percentage of revenues for the quarter ending June 30, 2019 with comparative figures for 2018 and 2017 with the same period

Particulars	Year 2017	Year 2018	Year 2019
Sale from Real Estate	31,607,154.61	15,808,814.23	11,288,146.88
Cost of Land	4,898,712.19	4,111,858.92	4,634,846.98
Percentage to Revenue	15.499%	26.010%	41.059%

The percentage of revenues during the last two (2) quarters ending June 30, are as follows:

Particulars	Year 2017	Year 2018	Year 2019
Sale from Real Estate	52,086,284.18	23,756,117.35	22,781,024.33
Cost of Land	8,913,537.08	8,504,331.70	6,473,707.37
Percentage to Revenue	17.113%	35.798%	28.417%

The Company has posted a net loss (after tax) of (P14.242) Million at end of second quarter of 2019 as compared with the P13.302 million in 2018, and P6.403 million in 2017 of that same period.

The deficit stands at P393.999 million and P397.914 million as of June 30, 2019 and 2018, respectively.

### For the Quarter Ended

	June 30, 2018 (In Millions)	June 30, 2019 (In Millions)
Revenue	P15.808	P11.288
Direct Costs	4.112	4.634
Gross Profit Margin	11.696	6.654
Operating Expenses	14.967	16.215
Net Income (before other Income )	(3.271)	(9.561)
Add: Other Income	11.850	3.340
Net income before tax	8.579	(6.221)

Revenue generated during the second quarter of 2019 represents shares from sales from Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company with some inventory put on-hold to sell market awaiting for a much better price.

Other Income represents interest income from installment and as well as interest income from savings account with banks.

### Liquidity and Capital Resources

The company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer in-charge of the development has reported to be (almost) 100% complete as at end of June 30, 2019.

Particulars	June 30, 2018 (In Million)	June 30, 2019 (in Million)
Total assets as at end of	P2,011.988	P1,997.935
Total liabilities as at end of	P259.043	237.916
Ratio of assets to liabilities	12.875%	11.908%
<b><i>Financial Condition</i></b>		
Cash and cash equivalent	P36.067	11.859
Receivable	P335.528	348.557
Prepaid Taxes	P9.916	8.303
Real estate Inventories	P852.903	499.188
Property and equipment	P11.696	9.054
Investment property	P684.640	1,042.868
Recoverable Tax	P76.249	73.873
Other assets	P4.988	4.232
Current liabilities	P105.064	123.739
Noncurrent liabilities	P153.979	114.177
Stockholders' equity	P1,752.944	P1,760.019

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The decrease in the real estate Inventories is attributable to the accounting of cost of land sold during the accounting period. The company is using the Percentage of Project Completion (PPOC).

The increase in Investments property is the result of the accounting of cost of land acquired during the period and as well as reclassification of accounts previously recorded as “Land Held for Future Development account”.

The Company started land banking in year 2012 with total land acquisitions as of June 30, 2019 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment Made	Balance payable
<b><i>All in San Jose Del Monte Bulacan</i></b>				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
Marga Capital Holdings, Inc.	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	257,515,856.75	172,958,411.25
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<b><i>Subtotal</i></b>	<b><i>2,346,497</i></b>	<b><i>912,457,551.05</i></b>	<b><i>739,499,139.80</i></b>	<b><i>172,958,411.25</i></b>
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<b><i>Subtotal</i></b>	<b><i>841,243</i></b>	<b><i>262,584,600.00</i></b>	<b><i>-0-</i></b>	<b><i>262,584,600.00</i></b>
<b>Total (San Jose Del Monte)</b>	<b>3,217,770</b>	<b>1,175,042,151.05</b>	<b>739,499,139.80</b>	<b>435,543,011.25</b>
Add: Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et. al	225,752	61,032,240.00	55,100,000.00	5,932,240.00
	<b>282,963</b>	<b>89,637,740.00</b>	<b>53,705,500.00</b>	<b>5,932,240.00</b>
<b>Total Land Banking</b>	<b>3,500,703</b>	<b>1,264,679,891.05</b>	<b>823,206,639.80</b>	<b>441,475,251.25</b>

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payments and liability from installment purchase of land.

Advances to officers and employees which are deductible from their salaries and are due within one year.

No movement in available for sale investments account during the period

Increased in payables is result of accounting and payment of accounts including land banking activity.

The decrease in Stockholder's Equity is attributed to normal operational income in the real estate business.

#### **Capital Expenditure**

There was no capital expenditure for the period.

#### **Key Performance Indicators**

The company operates in one business segment – the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of

the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the three-month period ending	June 30, 2018	June 30, 2019
Current Ratio (1)	10.966 : 1	6.145 : 1
Debt to Equity Ratio (2)	1 : 0.148	1 : 0.148
Earnings per Share (3)	1 : 0.0033	(1 : 0.00322)
Earnings before Income Taxes (4)	P8.579million	(P6.221) million
Return on Equity	0.00367	0.00357

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income/Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

#### Stockholders' Equity

- Total Stockholders' Equity in 2019 is P1,760,018,572.67 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

-Total Stockholders' Equity in 2018is P1,752,944,276.86 (Issued and paid of 1,951,387,570shares with P1.00 par value)

### **Results of Operation (April 01 – June 30, 2017 vs April 01–June 30, 2018)**

During the quarter, the operation was thriving in all business aspects. This includes the real estate aspect as there were reputable real estate companies that already started development and marketing operations in San Jose Del Monte Bulacan. More so, the recent ground-breaking Government projects, specifically the "MRT7" for the rail transit connecting Quezon City to Norzagaray Bulacan, created a positive scenario in the real estate business that eventually benefited the Company's land banking activity for the previous years and holding on of some inventory for a much better price.

The percentage of revenues for the quarter ending June 30, 2018 with comparative figures for2017 and 2016 with the same period

<b>Particulars</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>
Sale from Real Estate	30,599,016	35,334,320	17,807,424
Cost of Land	6,119,803	4,898,712	4,111,859
Percentage to Revenue	20.00%	13.864%	23.09%

The percentage of revenues during the last two (2) quarter ending June 30 are as follows:

Particulars	Year 2016	Year 2017	Year 2018
Sale from Real Estate	63,075,338	58,985,887	28,969,277
Cost of Land	11,343,278	8,913,537	8,504,332
Percentage to Revenue	17.984%	15.111%	23.356%

The Company has posted a net profit (after tax) of P13.302 Million as at end of second quarter of 2018 as compared with the P6.403 million in 2017, and P15.447 million in 2016 of that same period.

The deficit stands at P397.914 million and P401.080 million as of June 30, 2018 and 2017, respectively.

### For the Quarter Ended

	June 30, 2018 (In Millions)	June 30, 2017 (In Millions)
Revenue	P17.807	P35.334
Direct Costs	4.112	4.899
Gross Profit Margin	13.695	30.435
Operating Expenses	14.967	24.119
Net Income (before other Income )	(1.272)	6.316
Add: Other Income	9.851	0.025
Net income before tax	8.579	6.341

Revenue generated during the second quarter of 2018 represents shares from sales from Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company with some inventory put on-hold to sell market awaiting for a much better price.

Other Income represents interest income from installment and as well as interest income from savings account with banks and as well as proceeds from sale of metal scrap recovered from Manticao Smelter Plant.

### Liquidity and Capital Resources

The company posted net profit during the quarter, the benefits from the construction of the Clubhouse and Sports Center, which the project engineer incharge of the development has reported to be (almost) 100% complete as at end of June 30, 2018.

Particulars	June 30, 2018 (In Million)	June 30, 2017 (in Million)
Total assets as at end of	P2,011.988	P2,061.044
Total liabilities as at end of	P259.043	306.539
Ratio of assets to liabilities	12.875%	14.873%
<b><i>Financial Condition</i></b>		
Cash and cash equivalent	P36.067	36.675
Receivable	P335.528	390.072
Prepaid Taxes	P9.916	8.859
Real estate Inventories	P852.903	872.808
Land held for future development	P679.196	646.986
Property and equipment	P11.696	13.281
Investment property	P5.444	5.444
Recoverable Tax	P76.249	79.612
Other assets	P9.916	7.307
Current liabilities	P105.064	P100.574
Noncurrent liabilities	P153.979	P205.963
Stockholders' equity	P1,752.944	P1,754.505

The movement in cash and cash equivalent is attributable to the net cash flows used by the Company in its regular operating activities.

Movement in receivable is attributable to the recognition of current and non-current receivable from sales with joint venture project and other receivables.

The increase in real estate land for sale & development is the result of the accounting of cost land acquired net of inventory sold during the period based on Percentage of Project Completion (PPOC).

The Company started land banking in year 2012 with total land acquisitions as of June 30,2018 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
<b><i>All in San Jose Del Monte Bulacan</i></b>				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
Marga Capital Holdings, Inc.	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	257,515,856.75	172,958,411.25
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<b><i>Subtotal</i></b>	<b><i>2,346,497</i></b>	<b><i>912,457,551.05</i></b>	<b><i>739,499,139.80</i></b>	<b><i>172,958,411.25</i></b>
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<b><i>Subtotal</i></b>	<b><i>841,243</i></b>	<b><i>262,584,600.00</i></b>	<b><i>-0-</i></b>	<b><i>262,584,600.00</i></b>
<b>Total (San Jose Del Monte)</b>	<b>3,217,770</b>	<b>1,175,042,151.05</b>	<b>739,499,139.80</b>	<b>435,543,011.25</b>
Add: Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et. al	225,752	61,032,240.00	55,100,000.00	5,932,240.00
	<b>282,963</b>	<b>89,637,740.00</b>	<b>53,705,500.00</b>	<b>5,932,240.00</b>
<b>Total Land Banking</b>	<b>3,500,703</b>	<b>1,264,679,891.05</b>	<b>823,206,639.80</b>	<b>441,475,251.25</b>

The decrease in property and equipment is brought about by the accounting for the estimated depreciation during the period using straight line method.

Increase in other assets account attributed to the liquidation of deposits from land banking during the period.

The movement in accounts payable and accruals is attributed to regular accruals, deferred payment and liability from installment purchase of land.

Related party transactions consist mainly of advances to officers and employees which are deductible from their salaries and are due within one year.

Decreased in other assets account is brought about by the liquidation of some fund provided in the land banking activity resulting conclusion of acquisition of more or less 5 hectare' land from Cuenca family.

Increased in payables is result of accounting and payment of accounts including land banking activity, The increase in Stockholder's Equity is attributed to normal operational income in the real estate business and other miscellaneous income.

### **Capital Expenditure**

There was no capital expenditure for the period.

### **Key Performance Indicators**

The company operates in one business segment the real estate. The following key performance indicators were adopted by the corporation in order to measure the profitability and performance of the company and to provide management with a measure on the financial strength, liquidity and ability to maximize the value of its stockholders' investments.

For the three-month period ending	June 30, 2018	June 30, 2017
Current Ration (1)	12.485 : 1	10.966 : 1
Debt to Equity Ratio (2)	1 : 0.175	1 : 0.148
Earnings per Share (3)	1 : 0.00328	1 : 0.00682
Earnings before Income Taxes (4)	P6.403million	P19.004 million
Return on Equity	0.00365	0.00217

- 1) Current Assets / Current Liabilities
- 2) Total Liabilities / Stockholders' Equity
- 3) Net Income / Outstanding Shares
- 4) Net Income plus Interest Expenses and Provision for Income Tax
- 5) Net Income / Average Stockholder's Equity

#### Stockholders' Equity

- Total Stockholders' Equity in 2018 is P1,752,944,276.86 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

-Total Stockholders' Equity in 2017 is P1,7541,505,139.28 (Issued and paid of 1,951,387,57 shares with P1.00 par value)

### **Other Matters**

The interim financial report has been prepared in conformity with the generally accepted accounting principles in the Philippines.

No disclosures nor discussions were made for the following since these did not affect the past and present operations of the Company:

a) The effect of global crises brought about by the CoVid-19 pandemic has totally sent all businesses into economic uncertainties with significant impact on net sales or income due to total lockdown.

As at present, the management has formed a crisis management committee that will focus on the impact of the crises and related effect of the pandemic from operations, to formulate assessment tools and other resilient measures based on world health standard to be able to operate under the "new normal" condition

b) Significant elements of income or loss that did not arise from the Company's continuing operations was the supposed "ground-breaking project made by the National Government for the launching of the construction of MRT 7 rail road project connection from Quezon City to Norzagaray, Bulacan", which gives positive signal for a much better trend in the real estate business in the Northern portion of Metro Manila. But with the effect of worldwide crises created by the CoVid-19 pandemic, it has totally changed the trend, and the road to economic recovery depends on what adjustment and strategies the business sector and the National Government will make to restart the economy.

- c) All accounting policies and methods of computation and estimates are followed in the interim financial statement as compared with the most recent annual financial statement report.
- d) There were no seasonality or cyclical aspects that have material effect on the financial statement and the financial condition or results of operations during the period.
- e) There were no material commitments affecting assets, liabilities, equity, net income, or cash flows that are unusual during the interim financial report.
- f) There were no nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that has material effect in the current interim period except for the expected sales and receivable that have not been materialized due to community quarantine.
- g) There were no issuances, repurchases and repayments of debt and equity securities, except for the payment of non-interest bearing payable obtained for the acquisition of two (2) parcels of land classified under “real estate for sale and development account” in the 2012 statement of financial position.
- h) There were no dividends paid during the interim financial period.
- i) The company is reporting with only one (1) accounting segment.
- j) There were no material events that occurred during the subsequent to interim reporting period that have not been reflected in the financial statements, such as default or acceleration of an obligation or off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- k) There were no changes in the composition of the issuer during the interim period, No business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation during the interim period.
- l) There were no changes in contingent liabilities or contingent asset was made during the interim period as compared with the most recent annual balance sheet date.
- m) No disclosures in compliance with SEC MC No. 14, Series of 2004 specifically Certain Relationship and Related Transaction or Arrangements, as there were no such transactions during the period and or any subsequent event occurring after the close of accounting period with respect to a certain relationship or related transaction being required by SFAS/IAS No. 24.
- n) There were no reclassification on Financial Instruments in the current reporting period and the previous periods except for the Investments property which was reclassified to real estate inventory account in accordance with PAS 16.

#### ***Financial Risk Management Objectives and Policies***

The Company’s principal financial instruments comprise of cash and bank loans. The main purpose of these financial instruments is to finance the Company’s operations. The Company has other financial instruments such as receivables, accounts payable and accrued expenses which arise directly from its operations. The main risks arising from the Company’s financial instruments are liquidity risk, credit risk, and interest rate risk. As of June 30, 2020, the Company is not exposed to any significant foreign currency risk because all of its financial instruments are denominated in Philippine Peso. The BOD reviews and approves the policies for the management of each of these risks as summarized below.

### ***Liquidity Risk***

The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences and forecasts from its collection and disbursement.

#### **As of June 30, 2020**

	On demand
Accounts payable & accrued expenses	51,467,112
Advances related parties	26,065,733
Liability from purchase of land	115,305,608
Income tax payable	-0-
Retirement benefits	27,426,656
Deferred income tax liabilities	37,451,960
<b>Total</b>	<b>257,717,069</b>

### ***Credit Risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Concentrations arise when a number of counterparties are engaged in similar business activities or any activities in the same geographic region, or share similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company's principal credit risk is its dependence from one counter-party. The credit risk of the Company is controlled by the approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that credit transactions are made to parties with appropriate credit history and has internal mechanism to monitor granting of credit and management of credit exposures. The Company's maximum exposure to credit risk is equal to the carrying amount of its financial assets.

The Company sets up provision for impairment of accounts receivables equal to the balance of long-outstanding accounts receivables. The balance of long-outstanding accounts receivables subjected to the full allowance for doubtful accounts amounted to P55.301 million and P55.301 million at end of June 30, 2020 and 2019, respectively.

***Receivables*** – that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company.

***Cash with banks*** – Are deposits made with reputable banks duly approved by the BOD.

***Interest Rate Risk*** – The Company's exposure to the risk pertains to bank loans. The Company relies on budgeting and forecasting techniques to address this risk.

***Capital Management*** – The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the quarters ended June 30, 2020 and 2019.

The following table pertains to the account balance the Company considers as its core capital as at end of June 30, 2020

Capital stock . . . . .	P1,951,387,570
Capital surplus . . . . .	<u>201,228,674</u>
Total . . . . .	<u>P2,152,616,244</u>

***Fair Value of Financial Instruments*** – The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

***Cash and Receivables*** – The carrying amounts of cash and receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments. In the case of long-term receivables, the fair value is based on the present value of expected future cash flows using the applicable discount rates. The discount rates used range from 6.45% to 5.66% in 2020 and 5.66% to 5.66% in 2019.

## **PART II - OTHER INFORMATION**

**As of this date, the Company filed the following reports on SEC Form 17-C,**

Date of Report

Item Reported

**None**

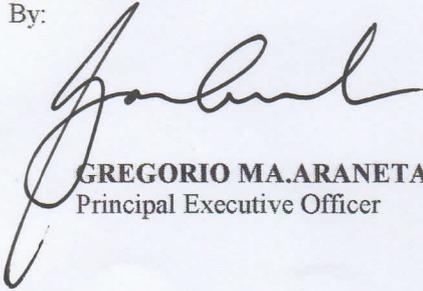
## SIGNATURES

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

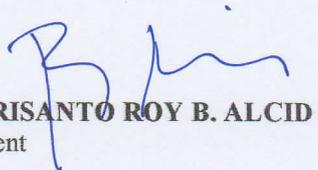
**ARANETA PROPERTIES, INC.**

(Issuer)

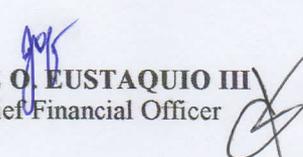
By:



**GREGORIO MA. ARANETA III**  
Principal Executive Officer



**CRISANTO ROY B. ALCID**  
President



**JOSE O. EUSTAQUIO III**  
Chief Financial Officer

Date signed August \_\_, 2020

**ARANETA PROPERTIES, INC.**  
STATEMENTS OF FINANCIAL POSITION

		AS OF JUNE 30, 2020 un-audited		AS OF DECEMBER 31, 2019 Audited		CHANGES INCREASED * (DECREASED)
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	P	6,606,270	P	4,074,862	P	2,531,408
Trade and other receivables		182,790,613		181,518,664		1,271,949
Real Estate Inventories		883,457,241		884,385,885		(928,644)
Input Value-added Tax (VAT) - net		67,734,105		70,151,947		(2,417,842)
Prepayments		4,422,175		7,151,417		(2,729,243)
	P	1,145,010,403	P	1,147,282,775	P	(2,272,372)
<b>Non-current Assets</b>						
Trade and other receivables	P	170,121,858	P	170,121,858	P	-
Property, plant and equipment		6,004,532		7,217,104		(1,212,573)
Investment Property		693,382,553		674,056,173		19,326,380
Available-for-sale (AFS) Investments		5,681,898		5,681,898		-
Other assets		-		-		-
	P	875,190,840	P	857,077,033	P	18,113,807
<b>TOTAL ASSETS</b>	P	<b>2,020,201,243</b>	P	<b>2,004,359,808</b>	P	<b>15,841,435</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Accounts Payable and Accrued Expenses	P	51,467,112	P	27,519,980	P	23,947,132
Advances from related parties		26,065,734		30,745,769		(4,680,035)
Liability for purchase of land		115,305,608		115,305,608		-
Income Tax Payable		-		812,477		(812,477)
	P	192,838,453	P	174,383,833	P	19,267,097
<b>Non-current Liabilities</b>						
Accrued retirement benefit obligation	P	27,426,656	P	25,691,340	P	1,735,316
Deferred Income Tax Liabilities		37,451,960		37,451,960		-
	P	64,878,616	P	63,143,300	P	1,735,316
		257,717,069		237,527,133		21,002,413
<b>Stockholders' Equity</b>						
<b>Capital Stock:</b>						
Issued and Paid						
(Authorized - 5 Billion shares at P1.00 par value)		1,951,387,570		1,951,387,570		-
Capital Surplus		201,228,674		201,228,674		-
Unrealized valuation of gain AFS investments		2,726,898		2,726,898		-
Actuarial Gain (Losses) on Retirement Benefits		(1,388,663)		(1,388,663)		-
Deficit		(391,470,305)		(387,121,804)		(4,348,501)
Total		1,762,484,174		1,766,832,675		(4,348,501)
<b>TOTAL LIABILITIES and STOCKHOLDERS' EQUITY</b>	P	<b>2,020,201,243</b>	P	<b>2,004,359,808</b>	P	<b>16,653,912</b>
Net Book Value per Share	P	0.9032	P	0.9054	P	-

07/31/2020

**ARANETA PROPERTIES, INC.**  
STATEMENT OF COMPREHENSIVE INCOME

	FOR THE SIX MONTHS ENDED				FOR QUARTER ENDED			
	JUNE 30, 2020		JUNE 30, 2019		JUNE 30, 2020		JUNE 30, 2019	
<b>REVENUES</b>								
Income from JV company-Net	P	18,042,750	P	22,781,024	P	-	P	11,288,147
Cost of sales		2,752,919		6,473,707		-		4,634,847
		<b>15,289,831</b>		<b>16,307,317</b>		<b>-</b>		<b>6,653,300</b>
<b>EXPENSES</b>								
Salaries & wages		10,736,145		12,436,319		4,749,932		6,271,004
Overtime pay		52,979		112,151		11,832		63,483
SSS, philhealth, EC & pag-ibig		265,997		269,267		139,416		144,985
13th month pay		1,016,804		1,429,102		508,402		714,551
Security costs		4,130,478		5,203,165		1,546,655		2,408,561
Light, water and utilities		57,085		96,587		-		49,774
Repairs & maintenance		101,737		5,334,703		63,963		1,257,774
Medical, dental & hospitalization		50,466		239,542		16,520		108,130
Professional fees		479,416		1,322,995		381,102		671,596
Representation		51,000		588,800		25,500		526,500
Rental expenses		63,000		83,600		31,500		34,100
Taxes & licenses		1,861,321		5,219,860		886,485		1,916,604
Depreciation expense		1,212,573		1,349,168		600,216		542,284
Donations		-		-		-		-
Building dues & other charges		551,165		572,399		162,689		158,517
Gasoline, oil and lubes		112,563		174,736		41,017		110,308
Meals		42,516		157,043		14,272		85,317
Postage & telecommunication		289,747		293,323		143,236		159,751
Printing and office supplies		102,167		413,687		27,249		291,770
Transportation & travelling		112,594		175,601		31,736		91,282
Contractual costs		218,835		75,000		106,395		33,000
Insurance expense		14,444		8,442		6,125		7,612
Retirement benefits		1,735,316		684,188		743,707		329,438
Miscellaneous		31,709		1,278,848		24,085		631,939
		<b>23,290,057</b>		<b>37,518,522</b>		<b>10,262,033</b>		<b>16,608,279</b>
NET LOSS BEFORE OTHER INCOME		<b>(8,000,226)</b>		<b>(21,211,205)</b>		<b>(10,262,033)</b>		<b>(9,954,980)</b>
OTHER INCOME & EXPENSES								
Accretion Interest & misc. income		6,330,810		7,294,974		585,837		3,733,597
Interest Income		14,005		-		5,011		-
		<b>6,344,815</b>		<b>7,294,974</b>		<b>590,848</b>		<b>3,733,597</b>
NET LOSS BEFORE INCOME TAX		<b>(1,655,411)</b>		<b>(13,916,231)</b>		<b>(9,671,185)</b>		<b>(6,221,383)</b>
PROVISION FOR INCOME TAX								
Current		2,693,090		326,146		11,717		61,838
Deferred		-		-		-		-
		<b>2,693,090</b>		<b>326,146</b>		<b>11,717</b>		<b>61,838</b>
NET INCOME	P	<b>(4,348,501)</b>	P	<b>(14,242,377)</b>	P	<b>(9,682,902)</b>	P	<b>(6,283,221)</b>
WEIGHTED AVERAGE NO. OF SHARE								
		<b>1,951,387,570</b>		<b>1,951,387,570</b>		<b>1,951,387,570</b>		<b>1,951,387,570</b>
NET GAIN (LOSS) PER SHARE								
		<b>(0.00223)</b>		<b>(0.00730)</b>		<b>(0.00496)</b>		<b>(0.00322)</b>

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**ARANETA PROPERTIES, INC.**
**COMPARATIVE CASH FLOWS**

( In Ph Pesos)	FOR THE SIX (6) MONTHS ENDED		FOR THE QUARTER ENDED	
	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2020	JUNE 30, 2019 *
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income (Loss)	<b>(4,348,501)</b>	(14,242,377)	<b>(10,605,039)</b>	(6,283,221)
Add: Back Non-cash items				
Interest Income (net)	<b>14,005</b>	167,876	<b>5,011</b>	5,679
Depreciation	<b>1,212,573</b>	1,349,168	<b>600,216</b>	542,284
Retirement benefits	<b>1,735,316</b>	684,188	<b>743,707</b>	329,438
Interest expenses	-	-	-	-
Accretion Interest Income & other Income	<b>6,344,815</b>	7,127,693	<b>599,842</b>	3,728,513
Provision for doubtful accounts and other losses	-	-	-	-
Changes in operating assets and liabilities:	-	-	-	-
Decrease (Increase) in:				
Receivables	<b>(1,271,949)</b>	(5,199,508)	<b>401,781</b>	(557,568)
Input VAT	<b>2,417,842</b>	1,512,598	<b>(132,871)</b>	905,063
Prepayments	<b>(776,324)</b>	(1,776,340)	<b>914,084</b>	1,001,033
Real Estate Inventories	<b>928,644</b>	5,872,336	-	5,264,801
Increase (Decrease) in:				
Accounts Payable & Accruals	<b>6,211,779</b>	1,024,311	<b>(3,709,133)</b>	4,302,983
Net cash provided by (used in) operating activities	<b>12,468,200</b>	(3,480,054)	<b>(11,182,402)</b>	9,239,005
Miscellaneous revenue received	<b>(14,005)</b>	(7,294,974)	<b>(14,005)</b>	(10,856,352)
Income Taxes paid	<b>2,693,090</b>	326,146	<b>11,717</b>	61,838
Net cash provided by (used in) investing activities	<b>15,147,285</b>	(10,448,882)	<b>(11,184,691)</b>	(1,555,509)
<b>CASH FLOW FROM INVESTING &amp; OPERATING ACTIVITIES</b>				
Land Held for future development	-	-	-	-
Decrease (Increase) in Property, Plant & Equipment	<b>1,212,573</b>	1,319,971	<b>600,216</b>	538,534
Decrease (Increase) in Real Estate for Sale & Devt	<b>(19,326,380)</b>	(19,799,187)	-	(17,960,326)
Decrease (Increase) in liability from purchase of land	-	-	-	-
Decrease (Increase) in other assets	-	-	-	-
Net cash provided by (used in) investing activities	<b>(18,113,807)</b>	(18,479,216)	<b>600,216</b>	(17,421,792)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Advances related parties	<b>5,497,930</b>	13,706,779	<b>4,680,035</b>	18,836,078
Proceeds from issuance of new shares	-	-	-	-
Net cash provided by (used in) financing activities	<b>5,497,930</b>	13,706,779	<b>4,680,035</b>	18,836,078
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	<b>2,531,408</b>	(15,221,319)	<b>(5,904,440)</b>	(141,222)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER</b>				
	<b>4,074,862</b>	27,080,674	<b>12,510,709</b>	12,000,578
<b>CASH AND CASH EQUIVALENTS AT QUARTER END</b>				
	<b>6,606,270</b>	11,859,355	<b>6,606,270</b>	11,859,355

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## ARANETA PROPERTIES, INC.

### CASH AND CASH EQUIVALENT

	AS AT END OF	
	JUNE 30, 2020	DECEMBER 31, 2019
<b>Cash on Hand</b>		
Petty Cash fund	10,438	10,438
Revolving Fund (Bulacan field office)	21,843	21,843
<i>Total</i>	<b>32,280</b>	<b>32,280</b>
<b>Cash in Banks</b>		
Cash in Bank - China Bank	974,374	1,747,108
Cash in Bank - CBC SFCDA	165,378	165,378
Cash in Bank - Banco de Oro	5,434,237	2,130,095
<i>Total</i>	<b>6,573,989</b>	<b>4,042,582</b>
<b>TOTAL</b>	<b>6,606,270</b>	<b>4,074,862</b>

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## ARANETA PROPERTIES, INC.

### Receivables

	AS AT END OF	
	JUNE 30, 2020	DECEMBER 31, 2019
Accounts Receivable Trade	349,835,504	348,679,871
Advances to suppliers, officers, employees & others		
Impaired	-	-
Unimpaired	3,076,967	2,960,651
	<u>3,076,967</u>	<u>2,960,651</u>
	<u>352,912,471</u>	<u>351,640,522</u>
Less: provision for doubtful account	-	-
	<u>352,912,471</u>	<u>351,640,522</u>
Less: noncurrent portion of trade receivable	170,121,858	170,121,858
Net	<u>182,790,613</u>	<u>181,518,664</u>

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**ARANETA PROPERTIES, INC.**

SCHEDULE OF RECEIVABLE

As of JUNE 30, 2020

PARTICULARS	AMOUNT	COLLECTION / LIQUIDATION				REMARKS
		1 Months	15 Days	Overdue	Others	
Receivable from Joint Venture-SLRDI	60,037,820	2,161,473	2,377,621		55,498,726	Installment sales/Monthly amortization
Receivable from Joint Venture-Stand	40,176,296	3,102,944	2,551,472		34,521,880	Installment sales/Monthly amortization
Receivable from sale of reserved lot	79,499,529	1,033,457	1,136,802		77,329,270	Installment sales/Monthly amortization
Advances for liquidation	365,889	365,889			-	For liquidation
Salary loan of various employees	211,034	63,943	31,971		31,971	Payroll deduction
Others	2,500,044				2,500,044	Advances against retirements benefits
<b>TOTAL</b>	<b>182,790,613</b>	<b>6,727,706</b>	<b>6,097,867</b>	<b>-</b>	<b>169,881,892</b>	
ALLOW. FOR DOUBTFUL ACCT	-				-	
<b>NET CURRENT RECEIVABLE</b>	<b>182,790,613</b>	<b>6,727,706</b>	<b>6,097,867</b>	<b>-</b>	<b>169,881,892</b>	

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**ARANETA PROPERTIES, INC.**

Schedule of Prepayments

For the Year 2019

Particulars	Date Issued	As of JUNE 30, 2020	As of DECEMBER 31, 2019
<b><i>Taxes and Licenses</i></b>			
1 Business Permit-Makati City	01.21.19	<b>194,783</b>	-
2 Real Property Tax-Manticao	01.04.19	<b>213,194</b>	-
3 Real Property Tax-Laoag	03.18.19	<b>222,043</b>	66,473
4 Real Property Tax-SJDB	04.30.19	<b>1,018,032</b>	899,265
5 Philippine Stock Exchange	01.14.19	<b>130,500</b>	-
6 Pre-paid Income Taxes	12.31.16	<b>2,618,773</b>	6,124,340
		<b>4,397,325</b>	<b>7,090,077</b>
<b><i>Prepaid Insurance</i></b>			
7 Prepaid Insurance	02.12.19	<b>7,100</b>	-
8 TMBC Insurance for Fortuner	05.15.19	<b>(0)</b>	12,249
		<b>7,100</b>	12,249
<b><i>Other prepayment</i></b>			
9 Creba	09.30.19	<b>6,250</b>	-
10 BDO-Parkings deposits	09.30.19	<b>11,500</b>	11,500
11 Alpaland Balisen	09.30.19	-	34,856
12 Othes	09.30.19	-	2,734
		<b>17,750</b>	49,091
<b>Total</b>		<b>4,422,175</b>	<b>7,151,417</b>

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**ARANETA PROPERTIES, INC.**

## Real Estate Inventories

	AS OF JUNE 30, 2020	AS OF DECEMBER 31, 2019
<b>Real Estate Inventories</b>		
Saleable house and lot Inventory	6,221,670	6,221,670
Land for Sale & Land Development	877,235,571	493,812,190
Saleable house and lot Inventory	883,457,241	500,033,860
<b>Land Held for future development</b>		
Undevelope land	82,522,392	82,522,392
Investments in Land (Acquired from GASDF Property)	6,618,779	6,618,779
Investments in Land (Acquired from Universal Rightfield)	78,201,917	78,201,917
Investments in Land (acquired from BDOSHI)	261,672,633	261,672,633
Investments in Land (acquired from Marga)	104,671,996	104,671,996
Investments in Land (acquired from Insular 850,154 sq.m. )	403,678,405	384,352,025
Investments in Land (acquired from Bonoan 57,211 sq.m. )	31,180,003	31,180,003
Investments in Land (Almazan's Contract #1 )	29,600,000	29,600,000
Investments in Land (Almazan's Contract #2)	50,959,107	50,959,107
Paramount Finance Corp (10,000 sq.m.)	3,520,000	3,520,000
Rodolfo Cuenca (50,094 sq.m.)	12,523,500	12,523,500
Hugo Nat D. Juan (13,186 sq.m.)	4,615,100	4,615,100
Investments in Land (Almazan's Contract #3 )	2,526,670	2,526,670
Manticao Property	5,444,077	5,444,077
Total	1,077,734,578	1,058,408,198
Less: land reclassified to Inventory	384,352,025	384,352,025
	693,382,553	674,056,173

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**ARANETA PROPERTIES, INC.****PROPERTY PLANT & EQUIPMENT**

	AS OF JUNE 30, 2020	AS OF DECEMBER 31, 2019
<b>PPE COSTS DATA</b>		
Building	46,047,004	46,047,004
Building Improvements	12,143,398	12,143,398
Building and Plant Structures	-	-
Transporation Equipment	4,845,406	4,845,406
Heavy Machinery Equipment	-	-
Other Tools & Equipment	123,341	123,341
Communication Equipment	1,134,556	1,134,556
Office Furniture & Equipment	5,399,577	5,399,577
<b>Total</b>	<b>69,693,282</b>	<b>69,693,282</b>
<b>DEPRECIATION DATA</b>		
Building	41,413,072	40,492,132
Building Improvements	12,143,398	12,143,398
Building and Plant Structures	0	0
Transporation Equipment	3,987,759	3,836,413
Heavy Machinery Equipment	-	-
Other Tools & Equipment	118,703	116,014
Communication Equipment	1,076,776	1,060,169
Office Furniture & Equipment	4,949,041	4,828,051
<b>Total</b>	<b>63,688,750</b>	<b>62,476,177</b>
<b>NET BOOK VALUE</b>		
Building	4,633,931	5,554,871
Building Improvements	-	-
Building and Plant Structures	(0)	(0)
Transporation Equipment	857,646	1,008,992
Heavy Machinery Equipment	-	-
Other Tools & Equipment	4,638	7,327
Communication Equipment	57,780	74,388
Office Furniture & Equipment	450,536	571,526
<b>Total</b>	<b>6,004,532</b>	<b>7,217,104</b>

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**ARANETA PROPERTIES, INC.**  
SCHEDULE OF OTHER ASSETS

	AS OF JUNE 30, 2020	AS OF DECEMBER 31, 2019
<b>Investments Property</b>	<b>693,382,553</b>	<b>674,056,173</b>
Equity instrument at fair value through other comprehensive income (FVOCI)	<b>5,681,898</b>	<b>5,681,898</b>

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**ARANETA PROPERTIES, INC.**  
SCHEDULE OF LIABILITIES

	AS OF JUNE 30, 2020	AS OF DECEMBER 31, 2019
<b>ACCOUNTS PAYABLE &amp; ACCRUALS</b>		
Accounts Payable to Suppliers	40,963,772	15,459,940
Advances from related parties	26,065,734	30,745,769
SSS Salary Loan Payable	24,496	20,375
Pag-ibig Salary Loan Payable	21,442	25,803
Pag-ibig Fund Contribution	7,300	7,100
SSS, Medicare & EC Payable	53,460	52,860
Philhealth Payable	21,809	24,107
Withholding Tax Payable	368,193	395,794
Retentions & Deposits	5,175,287	5,175,287
Accrued Operating	4,831,353	6,358,713
	<i>77,532,845</i>	<i>58,265,749</i>
<b>LIABILITY FOR PURCHASE OF LAND</b>	<b>115,305,608</b>	<i>115,305,608</i>
<b>ACCRUED RETIREMENT BENEFITS</b>	<i>27,426,656</i>	<i>25,691,340</i>
<b>DEFERRED INCOME TAX LIABILITIES</b>	<i>37,451,960</i>	<i>37,451,960</i>
<b>INCOME TAX PAYABLE</b>	-	<i>812,477</i>
<b>TOTAL</b>	<b>257,717,069</b>	<b>237,527,133</b>

**ARANETA PROPERTIES, INC.**  
STATEMENT OF CHANGES IN EQUITY

	AS AT END OF	
	JUNE 30, 2020	JUNE 30, 2019
Balance at December 31,	1,951,387,570	1,951,387,570
Add: Capital surplus	201,228,674	201,228,674
Other components of equity	2,726,898	1,711,898
Adjustments Actuarial gain (losses) on retirement benefits	(1,388,663)	(310,430)
<b>Total</b>	<b>2,153,954,479</b>	<b>2,154,017,712</b>
Deficit as at December 31,	(387,121,804)	(379,756,762)
Net Income for the Six (6) months ended June 30,	(4,348,501)	(14,242,377)
<b>Balances</b>	<b>1,762,484,174</b>	<b>1,760,018,573</b>

	AS AT END OF	
	JUNE 30, 2020	JUNE 30, 2019
Balance at December 31,	1,951,387,570	1,951,387,570
Add: Capital surplus	201,228,674	201,228,674
Actuarial gain (losses) on retirement benefits	2,726,897	1,711,898
Unrealized valuation of gain on AFS Investments	(1,388,663)	(310,430)
<b>Total</b>	<b>2,153,954,479</b>	<b>2,154,017,712</b>
Deficit as at December 31,	(387,121,804)	(379,756,762)
Net Income for the quarter ended March 31	5,334,401	(7,959,156)
Net Income for the quarter ended June 30	(9,682,902)	(6,283,221)
<b>Balances</b>	<b>1,762,484,174</b>	<b>1,760,018,573</b>

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