

SEC Number 152249
File Number

ARANETA PROPERTIES INCORPORATED

Company's Full Name

21st 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 1st Quarter

Form Type

Amended Designation (If Applicable)

March 31, 2021

Period Ended Date

Registered and Listed

Secondary License Type and File Number

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended March 31, 2021
2. SEC Identification No. 152249 3. BIR Tax Identification No. 050-000-840-355
4. Exact name of issuer as specified in its charter: ARANETA PROPERTIES, INC.
5. _____
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. 21st Floor Citibank Tower, Paseo de Roxas, Makati City
Address of issuer's principal office Postal Code
8. (632) 848-1501
Registrant's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	1,951,387,570

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes No

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

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 First Quarter of 2021

The performance of the Company in terms of revenue decreased by 22.20% Sales for the quarter is P14.037 million as compared to P18.043 million of the same period of year 2020. This performance is directly attributed to the effect of the CoVid-19 pandemic or commonly known as the new normal in all business aspect, and the 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 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, As of March 31, 2021 there are already forty two (42) buyers with a total lot area of 8,034 square meters of subdivided lot with average selling price of P16,987.83 per square meter (before 12% VAT), much more higher than the P7,500.00 per square meter, 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% & 100% respectively complete, while the Country Club is 98.00% complete as of March 31, 2021. 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 revenue for the three (3) months period ending March 31, 2021 with comparative figures of year 2020 and 2019 for the same three (3) months period

In millions (Php)	For three (3) months Period			% Change	
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2020 vs 2021
Income from Real Estate	11.493	18.043	14.038	36.302%	(28.510%)
Accretion of Interest Income	3.575	5.754	1.591	37.869%	(261.659%)
Total revenue	15.068	23.797	15.629	36.681%	(52.362%)

Table II – The comparative figures of the results of operations and other operating income for the three (3) months period ending March 31, 2021 with comparative figures of year 2020 and 2019 for the same three (3) months period

<i>In millions (Php)</i>	For three (3) months Period			% Change	% Change
	Year 2019	Year 2020	Year 2021	2019 vs 2020	2020 vs 2021
Revenue	11,493	18,043	14,038	36.302%	(28.530%)
Expenses	22,749	14,839	13,436	(53.099%)	(10.591%)
Net Income	(11,256)	3,184	6,602	453.518%	(39.121.%)
Add: Other Income	3,561	5,754	1,591	37.869%	(261.659%)
Net Income (before tax)	(7,695)	8,938	2,193	183.936%	(300.780%)

On March 13, 2020, in a move to contain a possible effect of SARS-CoV-2 or commonly known as COVID-19, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. This measure has resulted massive disruptions of almost all businesses in the Country.

The Company implemented compliance measures to the Enhanced Community Quarantine (ECQ) protocols in conjunction with the National Government's strategy to flatten the curve and/or to combat the outbreak:

- Full-shutdown of Makati Offices started on March 16, 2020. All employees received their salaries for the period March 16 to 31, 2020 in full;
- After March 31, 2020, employees were encouraged to utilize their available leave credits;
- Other measures are being implemented to ease the impact of the ECQ to employees, e.g. the early release of the prorated 13th month pay, extend cash advances to regular employees in the event that the ECQ is extended.

The significant impact on business operations of the Company caused by the extension of ECQ Luzon-wide, have totally been paralyzed, specifically the cash inflows. Presently, the Company concentrates on Cash Management to be able to rationalize and insure availability of funds. The Company considers the measure taken by the government as a non-adjusting subsequent event, which does not have material impact from financial position and performance for the quarter ended March 31, 2021. However, it could have a material impact on its subsequent quarter following the extension the ECQ or the so called Modified Enhance Community Quarantine (MECQ), and on May 5, 2021 the National Government put the National Capital Region Plus (NCR/Bubbles) into Modified and Enhance Community Quarantine (MECQ) a bright signal that sooner a new normal shall be considered but positively it has material impact from the financial position and the results of operation in the subsequent periods thereafter. Considering the evolving nature of this outbreak, the Company cannot measure at this time the material impact to its financial position, performance and cash flows. [CAN OPT TO DISCLOSE THE MEASURES IT HAS TAKEN TO MANAGE THE RISKS/UNCERTAINTIES BROUGHT ABOUT BY THE OUTBREAK.]

The Company will continue to monitor the situation, and should the MECQ is further prolonged, the Board may at anytime form a Crisis Management Team/Committee that will focus on the impact both to Revenue and Operation, or implement assessment tools to measure and/or benchmark costs and expenses or anticipate scenario beyond "Covid-19", upon assumption of work and "Normal" operation.

During the First Quarter of 2020

The performance of the Company in terms of revenue increased by 36.30% Sales for the quarter is P18.043 million as compared to P11.493 million of the same period of 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 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, As of March 31, 2020 there are already thirty seven (37) buyers with a total lot area of 6,828 square meters of subdivided lot with average selling price of P13,634.00 per square meter (before 12% VAT), much more higher than the P7,500.00 per square meter, 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% & 100% respectively complete, while the Country Club is 98.00% complete as of March 31, 2020. 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 revenue for the three (3) months period ending March 31, 2020 with comparative figures of year 2019 and 2018 for the same three (3) months period

In millions (Php)	For three (3) months Period			% Change	% Change
	Year 2018	Year 2019	Year 2020	2018 vs 2019	2019 vs 2020
Income from Real Estate	7.947	11.493	18.043	30.834%	36.302%
Accretion of Interest Income	22.881	3.561	5.745	(542.544%)	38.016%
Total revenue	30.828	15.054	23.788	(104.783%)	36.710%

Table II – The comparative figures of the results of operations and other operating income for the three (3) months period ending March 31, 2020 with comparative figures of year 2019 and 2018 for the same three (3) months period

In millions (Php)	For three (3) months Period			% Change	% Change
	Year 2018	Year 2019	Year 2020	2017 vs 2018	2018 vs 2019
Revenue	7.947	11.493	18.043	30.834%	36.302%
Expenses	18.961	22.749	14.859	16.651%	(53.099%)
Net Income	(11.014)	(11.256)	3.184	2.150%	453.518%
Add: Other Income	22.881	3.561	5.754	(542.544%)	38.113%
Net Income (before tax)	11.867	(7.695)	8.938	254.217%	186.093%

On March 13, 2020, in a move to contain a possible effect of SARS-CoV-2 or commonly known as COVID-19, the Office of the President of the Philippines issued a Memorandum directive to impose

stringent social distancing measures in the National Capital Region effective March 15, 2020. This measure has resulted massive disruptions of almost all businesses in the Country.

The Company implemented compliance measures to the Enhanced Community Quarantine (ECQ) protocols in conjunction with the National Government's strategy to flatten the curve and/or to combat the outbreak:

- a) Full-shutdown of Makati Offices started on March 16, 2020. All employees received their salaries for the period March 16 to 31, 2020 in full;
- b) After March 31, 2020, employees were encouraged to utilize their available leave credits;
- c) Other measures are being implemented to ease the impact of the ECQ to employees, e.g. the early release of the prorated 13th month pay, extend cash advances to regular employees in the event that the ECQ is extended.

The significant impact on business operations of the Company caused by the extension of ECQ Luzon-wide, have totally been paralyzed, specifically the cash inflows. Presently, the Company concentrates on Cash Management to be able to rationalize and insure availability of funds. The Company considers the measure taken by the government as a non-adjusting subsequent event, which does not have material impact from financial position and performance for the quarter ended March 31, 2020. However, it could have a material impact on its subsequent quarter following the extension of the ECQ or the so called Modified Enhance Community Quarantine (MECQ), and on June 01, 2020 the National Government put the National Capital Region (NCR) into General Community Quarantine (GCQ) a bright signal that sooner a new normal shall be considered but positively it has material impact from the financial position and the results of operation in the subsequent periods thereafter. Considering the evolving nature of this outbreak, the Company cannot measure at this time the material impact to its financial position, performance and cash flows. [CAN OPT TO DISCLOSE THE MEASURES IT HAS TAKEN TO MANAGE THE RISKS/UNCERTAINTIES BROUGHT ABOUT BY THE OUTBREAK.]

The Company will continue to monitor the situation, and should the GCQ is further prolonged, the Board may at anytime form a Crisis Management Team/Committee that will focus on the impact both to Revenue and Operation, or implement assessment tools to measure and/or benchmark costs and expenses or anticipate scenario beyond "Covid-19", upon assumption of work and "Normal" operation.

During the First Quarter of 2019

The performance of the Company in terms of revenue increased by 44.61% Sales for the quarter is P11.493 million as compared to P7.947 million of the same period of year 2018. 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 March 31, 2019 there more or less twenty nine (29) buyers have already reserved more or less 4,077 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% & 100% respectively complete, while the Country Club is 98.00% complete as of March 31, 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 revenue for the three (3) months period ending March 31, 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	% Change
	Year 2017	Year 2018	Year 2019	2017 vs 2018	2018 vs 2019
Income from Real Estate	20.479	7.947	11.493	(61.194%)	44.621%
Accruals of Interest Income	3.198	22.881	3.561	615.478%	(84.437%)
Total revenue	23.677	30.828	15.054	30.202%	(51.168%)

Table II – The comparative figures of the results of operations and other operating income for the three (3) months period ending March 31, 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	% Change
	Year 2017	Year 2018	Year 2019	2017 vs 2018	2018 vs 2019
Revenue	20.479	7.947	11.493	(61.195%)	44.621%
Expenses	18.237	18.961	22.749	30.970%	19.978%
Net Income	2.242	(11.014)	(11.256)	(591.238%)	2.197%
Add: Other Income	3.198	22.881	3.561	615.478%	(84.437%)
Net Income (before tax)	5.440	11.867	(7.695)	118.143%	(164.844%)

Management's Discussion and Analysis/ Plan of Operation

Results of Operation

(January 01 – March 31, 2020 vs January 01–March 31, 2021)

The quarter of 2021 continue to be a challenging period, the operation was thriving in all business aspects, but no matter how hard life hits these challenges has taught a lessons especially the importance and value of unity in times of great disaster. These obstacle cling us together as one solid entity and community ready to strive to be able to overcome the huddles.

The percentage of revenues for the quarter ending March 31, 2021 with comparative figures for 2020 and 2019 with the same period

Particulars	Year 2019	Year 2020	Year 2021
Sale from Real Estate	11.493	18.043	14.038
Cost of Land	1.839	1.831	1.807
Percentage to Revenue	16.000%	10.147%	12.875%

The Company has posted a net income (after tax) of P2.923 Million for the quarter ended March 31, 2021 as compared with the P8.938 million net in 2020, and (P7.681) million net loss in 2019 of that same period.

For the three (3) months ended,

Particulars	Year 2019 (in Million)	Year 2020 (in Millions)	Year 2021 (in Millions)
Revenue	11.493	18.043	14.038
Less: direct cost	1.839	1.831	1.807
Gross Margin	9.654	16.212	12.231
Less: Operating expenses	20.910		11.628
Net profit before other income	(11.256)	3.184	0.603
Add: other income	3.575		1.590
Net profit before income tax	(7.681)	8.938	2.193

The deficit stands at P405.574 million, P380.865 million and P387.716 million as at end of March 31, 2021, 2020 and 2019, respectively.

Revenue generated during the first quarter of 2021 represents shares from sales from Joint Venture Project with SLRDI. Increased 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 March 31, 2021.

Particulars	As of March 31, 2019 (in millions)	As of March 31, 2020 (in millions)	As of March 31, 2021 (in millions)
Total assets as at end of	1,984,197	2,031,394	2,006,881
Total liabilities as at end of	217,896	258,305	256,501
Ratio of assets to liabilities	10.982%	12.716%	12.781%
Financial Condition			
Cash and cash equivalent	12,001	12,511	4,161
Receivable	348,000	353,314	353,884
Prepaid Taxes	9,304	8,842	8,037
Real estate Inventories	503,223	883,457	901,843
Property and equipment	9,593	6,605	4,259
Investment property	1,023,069	693,383	674,056
Available for sale AFS investment	4,232	5,682	5,682
Recoverable Tax	74,778	67,601	65,960
Current liabilities	104,048	194,170	75,805
Noncurrent liabilities	113,848	64,135	180,696
Stockholders' equity	1,766,302	1,773,089	1,750,380

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 movement in real estate land for sale & development is the result of the accounting of cost land sold during the period.

The Company started land banking in year 2012 with total land acquisitions as of March 31, 2021 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
<i>AF in San Jose Del Monte Balcon</i>				
GIASDF Property	47,976	6,618,779.27	6,618,779.27	Fully paid
Dee Mamef Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	261,675,633.06	261,675,633.06	Fully paid
Marga Capital Holdings, Inc.	360,000	104,671,995.50	104,671,995.50	Fully paid
Instar Life Insurance Co.,	586,154	403,678,465.13	403,678,465.13	Fully paid
Paramount Finance Corp	10,000	3,520,000.00	3,520,000.00	Fully paid
Reddio M. Cuevas	50,894	12,523,500.00	12,523,500.00	Fully paid
Subtotal	2,985,151	#76,887,200.17	#76,887,200.17	-#
Rodia Dev'l Corporation	118,543	32,912,600.00	Under negotiation	32,912,600.00
Papel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Aperta Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Subtotal	#47,243	262,584,600.00	-#	262,584,600.00
Total (San Jose Del Monte)	3,226,294	1,133,471,836.17	#76,887,200.17	262,584,600.00
Add: Northern Luzon Area				
Manuel Bonzon	57,211	31,180,003.00	31,180,003.00	-#
Almazan et. al	286,480	80,550,106.61	73,925,936.61	6,624,170.00
Genoa Almazan	11,802	2,526,670.00	1,254,456.00	1,272,214.00
Hugo Nat D. Juan	13,186	4,615,100.00	4,615,100.00	-#
Subtotal	368,779	118,868,779.61	118,867,493.61	7,895,384.00
Total Land Banking	3,595,073	1,252,340,615.78	985,754,693.78	270,480,984.00

The decreased in property and equipment is brought about by the accounting for the cost of depreciation (estimated) 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.

Related party transactions consist mainly of advances made by Company officers for the payment of liability from purchased of land on installment, the said advances issued by Company officers without interest charges.

Decreased in payables, is result of accounting and payment of accounts including land banking activity, recognition of cost of transfer of ownership from the seller to the name of Araneta Properties, Inc. name and as well as accrual of other trade payables

The decreased in Stockholder's Equity is attributed to normal operational income and expenses in the real estate business and other miscellaneous income during the period.

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 (3) months ended	March 31, 2019	March 31, 2020	March 31, 2021
Current Ratio (1)	7.361 : 1	5.951 : 1	15.207 : 1
Debt to Equity Ratio (2)	1 : 0.12336	1 : 0.14568	1 : 0.14654
Earnings per Share (3)	1 : (0.00294)	1 : 0.00458	1 : 0.00112
Earnings before Income Taxes (4)	(P7.681) million	P8.938 million	P2.193 million
Return on Equity	(0.00435)	0.00504	0.00125

- 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 as at end of March 31, 2021 is P1,750,380,137.49 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity as at end of March 31, 2020 is P1,773,089,213.53 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity as at end of March 31, 2019 is P1,766,301,793.64 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

Results of Operation
(January 01 – March 31, 2019 vs January 01–March 31, 2020)

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 years and holding on of some inventory for a much better price.

The percentage of revenues for the quarter ending March 31, 2020 with comparative figures for 2019 and 2018 with the same period

Particulars	Year 2018	Year 2019	Year 2020
Sale from Real Estate	7,947	11,493	18,043
Cost of Land	1,589	1,839	1,831
Percentage to Revenue	19.995%	16.001%	10.148%

The Company has posted a net income (after tax) of P6,257 Million for the quarter ended March 31, 2020 as compared with the (P7.959) million net loss in 2019, and P8,307 million net Income in 2018 of that same period.

For the three (3) months ended,

Particulars	Year 2018 (in Million)	Year 2019 (in Millions)	Year 2020 (in Millions)
Revenue	7,947	11,493	18,043
Less: direct cost	1,589	1,839	1,831
Gross Margin	6,358	9,654	16,212
Less: Operating expenses	17,372	20,910	13,028
Net profit before other income	(11,014)	(11,256)	3,184
Add: other income	22,881	3,561	5,754
Net profit before income tax	11,867	(7,695)	8,938

The deficit stands at P380,865 million, P387,716 million and P402,909 million as at end of March 31, 2020, 2019 and 2018, respectively.

Revenue generated during the first quarter of 2020 represents shares from sales from Joint Venture Project with SLRDI. Increased 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 March 31, 2020.

Particulars	As of March 31, 2018 (in millions)	As of March 31, 2019 (in millions)	As of March 31, 2020 (in millions)
Total assets as at end of	1,999,970	1,984,197	2,031,394
Total liabilities as at end of	252,021	217,896	258,305
Ratio of assets to liabilities	12.601%	10.982%	12.716%
Financial Condition			
Cash and cash equivalent	40,248	12,001	12,511
Receivable	309,071	331,193	353,314
Prepaid Taxes	11,612	9,930	8,842
Real estate Inventories	858,696	503,222	883,457
Property and equipment	10,949	9,593	6,605
Investment property	654,149	1,023,069	693,382
Available for sale AFS investment	5,444	4,232	5,682
Recoverable Tax	77,746	74,778	67,601
Other assets	7,143	-0-	-0-
Current liabilities	98,396	104,048	78,865
Noncurrent liabilities	153,625	113,848	179,441
Stockholders' equity	1,747,949	1,766,301	1,773,089

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 movement in real estate land for sale & development is the result of the accounting of cost land sold during the period.

The Company started land banking in year 2012 with total land acquisitions as of March 31, 2020 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
All in San Jose Del Monte Balance				
GASDF Property	47,976	8,618,779.27	8,618,779.27	Fully paid
Don Manuel Corporation	410,377	78,201,917.23	78,201,917.23	Fully paid
BDO Strategic Holdings, Inc.	936,350	261,672,633.06	261,672,633.06	Fully paid
Mega 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
Passavant Finance Corp	10,000	3,520,000.00	3,520,000.00	Fully paid
Rodolfo M. Cuerva	50,094	13,323,500.00	13,323,500.00	Fully paid
Subtotal	2,885,131	876,887,230.17	876,887,230.17	-0-
Rusha Dev'l Corporation	119,543	32,912,600.00		32,912,600.00
Pagpal Corporation	344,560	103,350,000.00	Under negotiation	103,350,000.00
Aperta Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Subtotal	841,303	262,584,600.00	-0-	262,584,600.00
Total (San Jose Del Monte)	3,726,394	1,139,471,830.17	899,897,230.14	262,584,600.00
Add: Northern Luzon Area				
Manuel Bonzon	57,231	31,380,003.00	31,380,003.00	-0-
Almoran et al	282,921	63,538,916.00	62,286,096.00	1,272,214.00
Hugo Nar D. Juan	13,186	4,613,100.00	4,613,100.00	-0-
Subtotal	363,338	99,531,019.00	96,681,799.00	1,272,214.00
Total Land Banking	3,589,712	1,239,002,849.17	996,578,929.17	263,856,814.00

The decreased in property and equipment is brought about by the accounting for the cost of depreciation (estimated) 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.

Related party transactions consist mainly of advances made by Company officers for the payment of liability from purchased of land on installment, the said advances issued by Company officers without interest charges.

Increased in payables, is result of accounting and payment of accounts including land banking activity, recognition of cost of transfer of ownership from the seller to the name of Araneta Properties, Inc. name and as well as accrual of other trade payables

The increased in Stockholder's Equity is attributed to normal operational income in the real estate business and other miscellaneous income during the period.

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 (3) months ended	March 31, 2018	March 31, 2019	March 31, 2020
Current Ratios (1)	11.827 : 1	7.361 : 1	- : 1
Debt to Equity Ratio (2)	1 : 0.14410	1 : 0.12346	1 : 0.14568
Earnings per Share (3)	1 : 0.00426	1 : (0.00408)	1 : 0.00321
Earnings before Income Taxes (4)	P8,307 million	(P7,959) million	P6,256 million
Return on Equity	0.00475	(0.00451)	0.003531

- 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 as at end of March 31, 2020 is P1,773,089,213.53 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity as at end of March 31, 2019 is P1,766,301,793.64 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity as at end of March 31, 2018 is P1,747,949,018.21 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

Results of Operation
(January – March 31, 2018 vs January –March 31, 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 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 March 31, 2019 with comparative figures for 2018 and 2017 with the same period

Particulars	Year 2017	Year 2018	Year 2019
Sale from Real Estate	20,479	7,947	11,493
Cost of Land	4,015	1,589	1,839
Percentage to Revenue	19.605%	19.995%	16.001%

The Company has posted a net loss (after tax) of (P7.959) Million for the quarter ended March 31, 2019 as compared with the P8.307 million in 2018, and P3.808 million in 2017 of that same period.

For the three (3) months ended,

Particulars	Year 2017 (in Million)	Year 2018 (in Millions)	Year 2019 (in Millions)
Revenue	20,479	7,947	11,493
Less: direct cost	4,014	1,589	1,839
Gross Margin	16,465	6,358	9,654
Less: Operating expenses	14,222	17,372	20,910
Net profit before other income	(2,243)	(11,014)	(11,256)
Add: other income	3,197	22,881	3,561
Net profit before income tax	5,440	11,867	(7,695)

The deficit stands at P387.716 million, P402.909 million and P409.801 million as at end of March 31, 2019, 2018 and 2017, respectively.

Revenue generated during the first quarter of 2019 represents shares from sales from Joint Venture Project with SLRDI. Increased 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 March 31, 2019.

Particulars	As of March 31, 2017 (in millions)	As of March 31, 2018 (in millions)	As of March 31, 2019 (in millions)
Total assets as at end of	2,057,720	1,999,970	1,984,197
Total liabilities as at end of	305,810	252,021	217,896
Ratio of assets to liabilities	14.862%	12.601%	10.982%
Financial Condition			
Cash and cash equivalent	40,622	40,248	12,001
Receivable	379,197	309,071	166,608
Prepaid Taxes	10,270	11,612	9,930
Real estate Inventories	877,293	858,696	503,222
Property and equipment	14,105	10,949	9,593
Investment property	644,840	654,149	1,023,069
Available for sale AFS investment	5,444	5,444	4,232
Recoverable Tax	79,064	77,746	74,778
Other assets	6,883	7,143	-0-
Current liabilities	100,202	98,396	104,048
Noncurrent liabilities	205,609	153,625	113,848
Stockholders' equity	1,751,910	1,747,949	1,766,301

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 movement in real estate land for sale & development is the result of the accounting of cost land sold during the period.

The Company started land banking in year 2012 with total land acquisitions as of March 31, 2019 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
All in San Jose Del Monte Bulacan				
GIASOP Property	47,978	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.	926,590	248,183,035.71	248,183,035.71	Fully paid
Marga Capital Holdings, Inc.	360,080	135,878,439.13	135,878,439.13	Fully paid
Inmalar Life Insurance Co.,	280,154	430,474,268.00	315,168,660.50	115,305,607.50
Paramount Finance Corp	10,000	3,724,000.00	3,724,000.00	Fully paid
Redkoffs M. Caena	50,094	12,323,500.00	12,323,500.00	Fully paid
Subtotal	2,885,151	916,181,551.05	808,875,961.53	115,305,607.50
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagdel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apesa Foods Product, Inc.	377,300	126,322,000.00	Under negotiation	126,322,000.00
Subtotal	841,343	262,584,600.00	-0-	262,584,600.00
Total (San Jose Del Monte)	3,726,494	1,178,766,151.05	808,875,961.53	377,890,207.50
Add: Northern Luzon Area				
Mitsui Bussan	57,211	31,180,003.00	31,180,003.00	-0-
Almoran et al	286,480	61,032,240.00	54,399,070.00	6,633,170.00
Hugo Nat D. Juan	13,186	4,615,100.00	923,020.00	3,692,080.00
Subtotal	456,877	96,827,343.00	86,502,093.00	10,325,250.00
Total Land Banking	4,183,371	1,275,593,494.05	895,378,054.53	388,215,457.50

The decreased in property and equipment is brought about by the accounting for the cost of depreciation (estimated) 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.

Related party transactions consist mainly of advances made by Company officers for the payment of liability from purchased of land on installment, the said advances issued by Company officers without interest charges.

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 1.31 hectare' land from Hugo Nat D. Juan

Decreased in payables, is result of accounting and payment of accounts including land banking activity and other trade payables

The decreased in Stockholder's Equity is attributed to normal operational income (loss) 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 (3) months ended	March 31, 2017	March 31, 2018	March 31, 2019
Current Ratio (1)	12.5199 : 1	11.827 : 1	7.361 : 1
Debt to Equity Ratio (2)	1 : 0.1746	1 : 0.144	1 : 0.123
Earnings per Share (3)	1 : 0.00195	1 : 0.00426	1 : 0.00451
Earnings before Income Taxes (4)	P5,440 million	P8,307 million	(P7,979) million
Return on Equity	0.00217	0.00475	(0.00451)

- 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 P1,766,301,793.64 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

- Total Stockholders' Equity in 2018 is P1,747,949,018.21 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

-Total Stockholders' Equity in 2017 is P1,751,909,552.80 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

Other Matters

The interim financial report has been prepared in conformity with 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) No known trends, events or uncertainties with significant impact on net sales, or income, except for the abovementioned "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", this scenario gives positive signal for a much better trend in the real estate business in the northern portion of Metro Manila.
- b) Significant elements of income or loss that did not arise from the Company's continuing operations other than what was mentioned in the revenues.
- 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 cyclicity 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.
- 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.

The Company started land banking in year 2012 with total land acquisitions as of March 31, 2021 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
All in San Jose Del Monte Bulacan				
GLSDF Property	47,976	6,618,779.27	6,618,779.27	Fully paid
Don Manuel Corporation	400,377	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
Instar Life Insurance Co.,	580,154	403,678,405.13	403,678,405.13	Fully paid
Paramount Finance Corp	16,000	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
Subtotal	2,485,151	878,887,238.17	878,887,238.17	-0-
Rocha Dec'y Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagdel Corporation	344,500	103,358,000.00	Under negotiation	103,358,000.00
Apeta Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00

	Subtotal	847,243	262,584,606.00	-0-	262,584,606.00
Total (San Jose Del Monte)		3,226,394	1,133,471,836.17	870,987,230.17	262,584,606.00
Add: Northern Luzon Area					
Musael Bonzon	57,211	31,180,003.00	31,180,003.00	-0-	-0-
Almazan et. al	286,480	80,599,106.61	73,925,936.61	6,673,170.00	6,673,170.00
Ernest Almazan	11,862	2,526,670.00	1,254,456.00	1,272,214.00	1,272,214.00
Hugo Nat D. Juan	13,786	4,615,100.00	4,615,100.00	-0-	-0-
	368,739	118,880,879.61	118,875,492.61	2,903,384.00	2,903,384.00
Total Lead Banking		3,595,133	1,252,352,789.78	981,862,725.78	278,488,990.00

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.

o) There were no reclassification on Financial Instruments in the current reporting period and the previous periods.

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 March 31, 2021 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 March 31, 2021

	On demand
Accounts payable and accrued expenses	32,001,972
Advances related parties	42,720,259
Income tax payable	1,083,252
Liability for purchase of land-current	115,305,608
Retirement benefits	27,937,955
Deferred income tax liability	37,451,960
Total	256,501,005

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 on 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.

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 March 31, 2021 and 2020.

The following table pertains to the account balance the Company considers as its core capital as at end of March 31, 2021:

Capital stock P1,951,387,570

Capital surplus	201,228,674
Total	<u>2,152,616,244</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 2021 and 5.66% to 5.66% in 2020.

PART II - OTHER INFORMATION

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

Date of Report

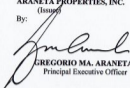
Item Reported

None

ARANETA PROPERTIES, INC.

(Issue)

By:



GREGORIO MA. ARANETA III
Principal Executive Officer



CRISANTO ROY B. ALCID
President



JOSE O. EUSTAQUIO III
Chief Financial Officer

Date signed _____, 2021