

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 3rd Quarter**

Form Type

\_\_\_\_\_  
Amended Designation (if applicable)

**September 30, 2017**

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 September 30, 2017
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. 21<sup>st</sup> 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>
	<b>1,951,387,570</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes [X] 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 SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [X] No [ ]

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

Yes [X] 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

#### Item 2.1 Plan of Operation

### During the Third Quarter of 2017

The performance of the Company in terms of revenue increased by 21% sales for the quarter is P42.309 million as compared to P34.966 million of the same period of year 2016. This performance is directly attributed to marketing strategies being implemented, 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 under took 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, where some buyers have already reserved more or less 2,514 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.

The Company is using "Project Percentage of Completion" (PPOC) in the recognition of revenue, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98.00% complete, while the Countryclub is 100% complete as of June 30, 2017. The Company uses the PPOC in determining sales during the period.

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

<i>In millions (Php)</i>	For the three (3) months Period			% Change	
	Year 2015	Year 2016	Year 2017	2015 vs 2016	2016 vs 2017
Revenue	37.466	34.966	42.309	(07.150%)	21.000%
Expenses	26.644	20.107	21.754	(32.511%)	8.191%
Net Income (before tax)	10.822	14.859	20.555	27.169%	38.334%



**Table II** – The comparative figures of the results of operations for the nine (9) months period ending September 30, 2017 with comparative figures of year 2017 and 2016 for the same period

<i>In millions (Php)</i>	For the nine (9) months Period			% Change	% Change
	Year 2015	Year 2016	Year 2017	2015 vs 2016	2016 vs 2017
Revenue	127.606	98.041	101.295	(30.156%)	3.319%
Expenses	85.467	61.578	71.616	(38.795%)	16.301%
Net Income (before tax)	42.139	36.463	29.679	(15.566%)	(18.605%)

**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 September 30, 2017 with comparative figures of year 2016 for the same period

<i>In Millions (Php)</i>	For the quarter ending September 30		% Change
	Year 2016	Year 2017	2016 vs 2017
Income from Real Estate Business	30.393	38.758	21.583%
Accretion of Interest from Installment Sales	4.573	3.551	(28.781%)
Total Revenue	34.966	42.309	17.356%

**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 September 30, 2017 with comparative figures of year 2016 for the same period

<i>In Millions (Php)</i>	For the nine (9) months ending September 30		% Change
	Year 2016	Year 2017	2016 vs 2017
Income from Real Estate Business	85.940	90.844	5.399%
Accretion of Interest from Installment Sales	12.101	10.451	(15.794%)
Total Revenue	98.041	101.295	3.213%

### During the 3rd Quarter of 2016

The Company's Sales output and revenue generation for the period amounting to 37.465 and P64.364 Million for 2016 and 2015 respectively, the sales output during the quarter decreased by 42.18%, This performance is directly attributed to marketing strategies being implemented by the Company, which included among others, the holding on of some its inventory to induce a more competitive price. This strategy likewise includes a price watch which shows higher forecast of demand in the real estate within the locality, evidenced by the launching of real estate projects of Ayala Land Development, Inc., Avida Land, Inc., as well as the recent opening of the SM Shoemart, in San Jose Del Monte, Bulacan area, which serves as a positive indicator of the high prospects of real estate developments within the locality in the near future.

Other key factors affecting the operational performance in terms of sales output is a result of marketing strategies being implemented creating a favorable momentum for the company's operation activities, constantly and flexibly managing and developing new high margin inventory for more operational efficiency of 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, conceptualize training



programs for the staff and management group, ensuring financial resources for the operation of the whole system without compromising low cost but effective cash flow management.

As of September 30, 2016, the residential area of Phase 1, Phase 2 & Phase 3 are 99.96%, 99.97% & 93.00% complete. while the Country club is 99.00% complete.

**Table I** – The comparative figures of the results of operations for the quarter ending June 30, 2016 with comparative figures of year 2015 and 2014 for the same period

<i>In millions (Php)</i>	For the six (6) months ending June 30			% Change	% Change
	Year 2014	Year 2015	Year 2016	2014 vs 2015	2015 vs 2016
Revenue	47.323	52.400	30.599	9.689%	(41.605%)
Cost and Expenses	35.834	31.160	18.141	(15.000%)	(41.781%)
Net Income (before tax)	11.489	21.240	12.458	45.909%	(41.347%)

**Table II** – The comparative figures of the results of operations for the six (6) months period ending June 30, 2016 with comparative figures of year 2015 and 2014 for the same six (6) months period

<i>In millions (Php)</i>	For the six (6) months ending June 30			% Change	% Change
	Year 2014	Year 2015	Year 2016	2014 vs 2015	2015 vs 2016
Revenue	83.020	90.140	63.075	7.899%	(30.026%)
Expenses	67.353	58.824	41.471	(14.499%)	(29.500%)
Net Income (before tax)	15.667	31.316	21.604	(49.971%)	(31.013%)

**Table III**– The comparative figures of the 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, 2016 with comparative figures of year 2015 for the same period

<i>In Millions (Php)</i>	For the six (6) months ending June 30		% Change
	Year 2015	Year 2016	2015 vs 2016
Income from Real Estate Business	75.966	55.547	(36.760%)
Accretion of interest from Installment sales	14.174	7.528	(88.284%)
Total Revenue	90.140	63.075	(42.909%)

### During the 3rd quarter of 2015

The Company's sales output during the period relatively slow as compared to that third quarter of the previous year. This performance is a result of marketing strategies being implemented specifically the holding of some inventory in line with price watch which shows higher market rebound in the near future in real estate within the locality. The launching of real estate projects of Ayaland Development, Inc., the Avida Land, Inc., and as well as the soon to open SM Shoemart, in San Jose Del Monte, Bulacan area. This is an added scenario of Boom Real Estate Development in the north.

The Company posted revenue during the quarter amounting P37.465 million as compared with P64.365 million of the same period last year. The decrease in sales was the effect of marketing



strategies being implemented by the Company wherein some of the inventories are temporarily put on-hold while waiting for much better price.

With the decreased in sales out-put as a result of holding-on some inventory, the company also implemented some measure to be able to protect profitability of the company by way of costing from its regular operating expenses.

As of September 30, 2015, the residential areas of Phase 1, Phase 2 and Phase 3 are 99.96%, 99.97%, and 84.70% complete, respectively, while the Country Club is 98.76% complete as of September 30, 2015, based on the physical completion report provided by the joint venture's supervising engineer.

**Table I** – Shows a comparative figures of the results of operations for the Nine (9) months period ending September 30, 2015 with comparative figures of year 2014 and 2013 for the same six (6) months period

<i>In millions (Php)</i>	For Nine (9) months Period			% Change	
	Year 2013	Year 2014	Year 2015	2013 vs 2014	2014 vs 2015
Revenue	137.392	147.385	127.606	7.273%	(13.420%)
Expenses	110.229	123.921	85.468	(12.421%)	(31.031%)
Net Income (before tax)	27.163	23.464	42.138	-13.618%	79.590%

**Table II** – Shows the comparative figures of the revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the Nine (9) months ending September 30, 2015 with comparative figures of year 2014 for the same period

<i>In Millions (Php)</i>	For the Nine (9) months Ending September 30		% Change
	Year 2014	Year 2015	2014 vs 2015
Income from Real Estate Business	140.792	110.739	(21.346%)
Accretion of interest from installment sales	6.593	16.867	155.832%
Total Revenue	147.385	127.606	-13.420%

## Item 2.2 *Management's Discussion and Analysis or plan of operation*

### **Results of Operation**

#### **(January – September 30, 2017 vs January –September 30, 2016)**

During the quarter, the operation was considered as healthy 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 year and holding on of some inventory for a much better price.

As mentioned above, key factors affecting the Company's sales output during the period are the result of strategies being implemented by the company specifically the holding of some inventories in abeyance for a much better price considering that all indicators reveal



the boom of real estate in the near future within the locality as evidenced by the launching of real estate projects by Ayala Land Development, Inc., and that of Avida Land, Inc., not to mention the recent opening of the SM Mall in San Jose Del Monte, Bulacan. All of these show a positive scenario to trigger much higher mark-up price on real estate in San Jose del Monte, Bulacan

The percentage of revenues for the quarter ending September 30, 2017 with comparative figures for 2016 and 2015 with the same period

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	37,465,594	34,965,666	42,309,431
Cost of Land	15,735,550	8,959,686	7,939,363
Percentage to Revenue	42.00%	25.62%	18.76%

The percentage of revenues for the nine (9) months period ending September 30, 2017 with comparative figures for 2016 and 2015 with the same period

Particulars	Year 2015	Year 2016	Year 2017
Sale from Real Estate	127,605,664	98,041,004	101,295,318
Cost of Land	47,692,252	20,302,964	16,852,900
Percentage to Revenue	37.37%	20.71%	16.64%

The Company has posted a net profit (after tax) of P20.907 Million in the nine (9) months period ending September 30, 2017 as compared with the P25.524 million in 2016, and P29.497 million in 2015 of that same period.

The deficit stands at P379.649 million and P391.550 million as of September 30, 2017 and 2016, respectively.

	For the Quarter Ended	
	September 30, 2016 (In Millions)	September 30, 2017 (In Millions)
Revenue	P34.966	P42.309
Direct Costs	8.960	7.939
Gross Profit Margin	26.016	34.370
Operating Expenses	11.157	13.815
Net Income before tax	P14.859	P20.555

	For the nine (9) months Ended	
	September 30, 2016 (In Millions)	September 30, 2017 (In Millions)
Revenue	P98.041	P101.295
Direct Costs	20.303	16.853
Gross Profit Margin	77.738	84.442
Operating Expenses	41.275	54.763
Net Income before tax	P36.463	P29.679

Revenue generated during the 3<sup>rd</sup> quarter of 2017 represents shares from sales from Joint Venture Project with SLRDI. The 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.



### 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 100% complete as of September 30, 2017.

Particulars	September 30, 2016 (In Million)	September 30, 2017 (in Million)
Total assets as at end of	P2,060.362	P2,106.254
Total liabilities as at end of	P304.999	P337.245
Ratio of assets to liabilities	14.803%	16.012%
<b>Financial Condition</b>		
Cash and cash equivalent	P93.734	P91.591
Receivable	P286.325	P393.320
Prepaid Taxes	-0-	P7.830
Real Estate Inventory	P881.024	P865.831
Land held for future development	P644.840	P647.415
Property and equipment	P15.579	P12.493
Investment property	P5.444	P5.444
Recoverable Tax	P79.216	P79.930
Other assets	P76.354	P2.400
Current liabilities	P29.443	P130.927
Noncurrent liabilities	P275.556	P206.318
Stockholders' equity	P1,755.363	P1,769.009

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.

Movement in advances related parties account directly related to liquidation of land banking activity resulting to the conclusion of acquisition of 581,500 square meters land from Insular life Insurance Company, LTD

The decreased in real estate inventories is the result of the accounting of cost land sold during the period based on Percentage of Project Completion (PPOC).

Input Value-added Tax (VAT), movement of which represents uses of prepaid VAT net out-tax due during the period

Increased in prepayments is normal accounting of prepayments net of amortization of expired portion of said prepayments.

Movement in land held for future development is attributable to cost of land banking activities during the period.

The Company started land banking in year 2012 with total land acquisitions as of September 30, 2017 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
<b>All in San Jose Del Monte, Bulacan</b>				
GASDF Property	66,256	9,475,646.47	9,475,646.47	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
<b>Subtotal</b>	<b>2,344,683</b>	<b>902,213,297.52</b>	<b>729,254,886.27</b>	<b>172,958,411.25</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	226,321,200.00	Under negotiation	226,321,200.00
<b>Subtotal</b>	<b>841,243</b>	<b>362,583,800.00</b>	<b>-0-</b>	<b>362,583,800.00</b>
<b>Total (San Jose Del Monte)</b>	<b>3,185,926</b>	<b>1,264,797,097.52</b>	<b>729,254,886.27</b>	<b>535,542,211.25</b>
<b>Add; Northern Luzon Area</b>				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et. Al	225,752	62,396,520.00	52,464,280.00	9,932,240
<b>Subtotal</b>	<b>282,963</b>	<b>91,002,020.00</b>	<b>81,069,780.00</b>	<b>9,932,240.00</b>
<b>Total Land Banking</b>	<b>3,468,889</b>	<b>1,355,799,117.52</b>	<b>810,324,666.27</b>	<b>545,474,451.25</b>

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

Decreased 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 payments and liability from installment purchase of land.

The increase 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 six (6) months period ending	September 30, 2016	September 30, 2017
Current Ration (1)	12.908 : 1	09.976 : 1
Debt to Equity Ratio (2)	1 : 0.1738	1 : 0.1906
Earnings per Share (3)	1 : 0.01308	1 : 0.01071
Earnings before Income Taxes (4)	P36.463 million	P29.679 million
Return on Equity	0.01454	0.01182

- 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 2017 is P1,769,009,176.68 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

- Total Stockholders' Equity in 2016 is P1,755,362,807.36 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

**Results of Operation**

(January– September 30, 2016 - vs- January - September 30, 2015)

During the quarter, operations were very healthy in all business aspects, including that of real estate as there were reputable real estate company's which already started development and marketing operations in San Jose Del Monte Bulacan, including the recent ground breaking of the Government project specifically the "MRT7" for the "Metro Rail Transit" connecting Quezon City to San Jose del Monte City, Bulacan, creating a bright future in real estate business and which eventually benefited the Company's land banking activity.

As mentioned above, key factors affecting the Company's sales output during the period are the result of strategies being implemented by the company specifically the holding of some inventories in abeyance for a much better price considering that all indicators reveal the boom of real estate in the near future within the locality as evidenced by the launching of real estate projects by Ayala Land Development, Inc., and that of Avida Land, Inc., not to mention the recent opening of the SM Mall in San Jose Del Monte, Bulacan. All of these show a positive scenario to trigger much higher mark-up price on real estate in San Jose del Monte, Bulacan

Total lot sold during the nine (9) months period is ninety five thousand fifty seven (19,057) square meter, thus the company has already sold total of nine hundred nine thousand five hundred forty three (909,543) square meter as of September 30, 2016

The percentage of revenue for the nine (9) months ending September 30, 2016 with comparative figures of 2015, and 2014 of the same period as follows:

Particulars	Year 2014	Year 2015	Year 2016
Sale from Real Estate	140,791,704	110,739,063	85,939,720
Cost of Land	69,816,938	47,692,252	20,302,963
Percentage to revenue	49.589%	43.067%	23.625%

The Company has posted a net profit (after tax) of P25.524 Million in the nine (9) months period of 2016 as compared with the P29.497 million in 2015 of that same period

The deficit stands at P390.680 million and P424.519 million as of September 30, 2016 and 2015, respectively.

In Millions	September 30, 2015	September 30, 2016
Revenue	P34.966	P37.466
Direct Costs	8.930	15.736
Gross Profit Margin	P26.036	P21.730
Operating Expenses	11.177	10.907



Net Income before tax	P14.859	P10.823
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Revenue generated during the 3rd quarter of 2016 represents share from sales of Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold to sell market awaiting for much better price

### Liquidity and Capital Resources

The company posted net profit during the quarter a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 98.87% complete as at end of September 30, 2016.

Particulars	September 30, 2015 (in Million)	September 30, 2016 (In Million)
Total assets as at end of	P1,521.417	P2,089.974
Total liabilities as at end of	P234.316	P303.739
Ratio of assets to liabilities	15.401%	14.533%
<b>Financial Condition</b>		
Cash and cash equivalent	P39.011	P93.162
Receivable	P299.289	P299.043
Real estate for sale & development	P1,126.517	P1,503.709
Property and equipment	P18.520	P15.579
Investment property	P5.444	P5.444
Recoverable tax	P29.137	P80.038
Other assets	13.650	P62.998
Stockholders' equity	P1,287.101	P1,756.235

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

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

The increase in land for sale & development is the result of land banking activity specifically the conclusion of acquisition of more or less 580,154 square meters of parcels of land located adjacent within existing property which form part of the consolidation process in preparation for the project expansion program being implemented. The movement in cost is net of cost of lots sold during the period.

The Company started land banking in year 2012, total land acquisitions as of September 30, 2016 detailed as follows:

Acquired from	Lot area (in Sq.m.)	Value of Land	Payment made	Balance payable
<b>All in San Jose Del Monte, Bulacan</b>				
GASDF Property	66,256	9,475,646	9,475,646	Fully paid
Don Manuel Corporation	410,377	78,201,917	78,201,917	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,036	248,183,036	Fully paid
Marga Capital Holdings, Inc.	360,000	135,878,430	135,878,430	Fully paid
<i>Subtotal</i>	<i>1,763,583</i>	<i>471,739,030</i>	<i>471,739,030</i>	<i>-0-</i>



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	226,321,200.00	Under negotiation	226,321,200.00
Insular Life Insurance Company	581,154	430,474,268	199,863,053	230,611,215
Philippine National Bank	1,237,000	742,200,000	742,200,000	-0-
<b>Subtotal</b>	<b>2,653,743</b>	<b>1,535,258,068</b>	<b>942,063,053</b>	<b>593,195,015</b>
<b>Total (San Jose Del Monte)</b>	<b>4,422,926</b>	<b>2,006,997,096</b>	<b>1,413,802,083</b>	<b>593,195,015.00</b>
<b>Add; Northern Luzon Area</b>				
Manuel Bonoan	57,211	28,605,500	28,605,500	-0-
Almazan et. Al	225,752	61,032,240	32,464,280	28,567,960
	<b>282,963</b>	<b>89,637,740</b>	<b>61,069,780</b>	<b>28,567,960</b>
<b>Total Land Banking</b>	<b>4,705,889</b>	<b>2,096,634,838</b>	<b>1,474,871,863</b>	<b>621,762,975</b>

The decrease in property and equipment is brought about by the normal provision for an estimated depreciation using straight line method.

The increase in other assets is attributed to the recording of Output VAT from sale of subdivided lot net of Input VAT from purchase of local goods and services during the period and as well as deposits from Land Banking Activity.

The increase in accounts payable and accruals is attributed the balance of the cost of 580,154 square meters land payable until Year 2020 amounting to P230,611 million payable into four (4) equal installment. The movement is likewise attributable to regular accrual and deferred payments.

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

The increase in Stockholder's Equity is attributed to normal operational income in the real estate business started from commercial operation in year 2007.

### **Capital Expenditure**

There were no capital expenditures for the period except for the land banking activity specifically the acquisition of land for use in project expansion.

### **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 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 six (6) months period ending	September 30, 2015	September 30, 2017
Current Ration (1)	1.4438 : 1	1.2913 : 1
Debt to Equity Ratio (2)	1 : 0.1501	1 : 0.1557
Earnings per Share (3)	1 : 0.0189	1 : 0.0131
Earnings before Income Taxes (4)	P42.138 million	P36.430 million
Return on Equity	0.02292	0.01453

- 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 2016 is P1,756,234,693.77 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

- Total Stockholders' Equity in 2015 is P1,287,100,852.74 (Issued and paid of 1,951,387,570.00 shares with P1.00 par value)

**Results of Operation**

(January– September 30, 2015 - vs- January - September 30, 2014)

During the quarter, the Company had a very healthy operation in spite of sales slow-down being implemented by way of holding some inventory for much higher price opportunity, as it marks a 17.551% increase in net profit during the period as compared with the same period of last year.

There were reputable real estate Companies who are already developing and marketing their operations in San Jose Del Monte Bulacan. This development has created a positive signal on the real estate business and eventually benefited the Company's land banking activities from the previous year.

The Company has posted a net profit (after tax) of P29.496 Million in the nine (9) months period ending September 30, 2015 as compared with the P16.425 million in 2014 of that same period of last year. In the year 2014 financial position, the company posted a net profit of P56.838 million the nature of decrease in net profit was the effect of holding some inventory for much higher price opportunity

The percentage of revenues during each of the nine (9) months period, are as follows:

Particulars	Year 2013	Year 2014	Year 2015
Sale from Real Estate	137,392,386	147,385,277	127,605,663
Cost of Land	73,615,641	69,816,939	47,692,252
Percentage to revenue	53.581%	45.370%	37.375%

The deficit stands at P424.519 million and P497.565 million as of September 30, 2015 and 2014, respectively. As at end of December 30, 2014 deficit recorded as P454.016 million

Particulars	For the year 2014	For the nine (9) month Ending Sept 30, 2015
Sale from Real Estate	204,697,130	127,605,663
Cost of Land	34,352,430	47,692,252
Percentage to revenue	16.53%	37.37%

<b>Comparative figures for the Quarter Ending (in Millions)</b>		
Period covered	September 30, 2015	September 30, 2014
Revenue	P37.466	P64.364
Direct Costs	15.736	26.777
Gross Profit Margin	P21.730	P37.587
Operating Expenses	11.008	29.791
Net Income before tax	P10.722	P7.796



Revenue generated during the 3rd quarter of 2015 represents share from sales of Joint Venture Project with SLRDI. The decrease in sales was the effect of marketing strategy being implemented by the Company which some of inventory is put on-hold to sell market awaiting for much better price

### **Liquidity and Capital Resources**

The company posted net profit during the quarter a benefit from construction of the Clubhouse and Sports Center which the project engineer in-charge of the development has reported 98% complete as at end of September 30, 2015.

Particulars	September 30, 2015 (in Million)	September 30, 2014 (In Million)
Total assets as at end of	P1,521.417	P1,446.801
Total liabilities as at end of	P239.468	P229.611
Ratio of assets to liabilities	15.401%	15.870%
<b><i>Financial Condition</i></b>		
Cash and cash equivalent	P39.011	P35.864
Receivable	P299.289	P202.276
Real estate for sale & development	P1,126.517	P1,140.532
Property and equipment	P18.520	P18.799
Deferred income tax assets	-0-	P13.415
Investment property	P5.444	P5.444
Other assets	P29.137	P30.470
Stockholders' equity	P1,287.100	P1,217.190

### **Other related matters in operation**

The decreased in cash and cash equivalent as at end of September 30, 2015 as against balances as of December 31, 2014 is attributable to the net cash flows used by the Company in its regular operating activities.

Accounts receivable as of September 30, 2015 recorded as P299.289 million as compared with that balances as of December 31, 2014, the nature of increased is attributable to normal the recognition of current and non-current receivable from sales with joint venture project and other receivable.

The decrease in land for sale & development is the result of the accounting of cost of land banking net of cost of lots sold during the period which is P1,126.516 million as of September 30, 2015 as compared with P1,170.454 million as of December 31, 2014.

The decrease in property and equipment is brought about by the normal provision for an estimated depreciation using straight line method net of cost or assets acquired during the period.

Other assets account as of September 30, 2015 is P29.136 million as compared with P28.403 million of December 31, 2014 The increase in other assets is attributed to the recording of Output VAT from sale of subdivided lot net of Input VAT from purchase of local goods and services during the period

There is a decrease in the accounts payable from P200.287 million in September 30, 2015 as against P237.214 million in December 31, 2014

The movement in accounts payable and accruals is attributed to regular accrual and deferred payments.



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

The increase in Stockholder's Equity is attributed to normal operational income in the real estate business which started commercial operation in year 2006.

***Material Changes to the Statements of Income for the Nine (9) Months Ended September 30, 2017 Compared with the same period ended September 30, 2016 (Increase/Decrease of 5% or more)***

The Company posted an increase in the Stockholder's Equity of P1,769.009 million as of September 30, 2017 as compared with P1,755.363 million as of September 30, 2016 the same is attributed to the normal operational income in the real estate business.

Increased in the Revenue from sales of real estate was posted P101.295 million for the nine (9) month period ending September 30, 2017 as compared with P98.041 million in the same period of year 2015.

Changed in the cost of sales is brought about by the decreased in the total number of lots sold during the period.

Increased in operating cost is attributable to normal operation and as well as economic business trend The Company posted net profit (after tax) of P20.908 million in the nine (9) months period ending September 30, 2017 as compared with P25.524 million profit of that same period of 2016.

***Material Changes to the Statements of Income for the Nine(9) Months Ended September 30, 2016 Compared with the same period ended September 30, 2015 (Increase/Decrease of 5% or more)***

The Company posted an increase in the Stockholder's Equity of P1,756.234 million as of September 30, 2016 as compared with P1,287.100 million as of September 30, 2015 the same is attributed to the normal operational income in the real estate business.

Decrease in the Revenue from sales of real estate was posted P98.041 million for the nine (9) month period ending September 30, 2016 as compared with P127.606 million in the same period of year 2015.

Changed in the cost of sales is brought about by the decreased in the total number of lots sold during the period.

Decrease in operating cost is attributable to normal operation and as well as economic business trend The Company posted net profit (after tax) of P25.524 million in the nine (9) months period ending September 30, 2016 as compared with P29.497 million profit of that same period of 2016.

***Material Changes to the Statements of Income for the Nine (9) Months Ended September 30, 2015 Compared with the same period Ended September 30, 2014 (Increase/Decrease of 5% or more)***



The Company posted an increase in the Stockholder's Equity of P1,287.100 million as of September 30, 2015 as compared with P1,217.190 million as of September 30, 2014 the same is attributed to the normal operational income in the real estate business.

Increased in Revenue from sales of real estate was posted P127.606 million for the nine month period ending September 30, 2015 as compared with P147.385 million in the same period of year 2014.

Changed in the cost of sales is brought about by the increased in the total number of lots sold during the period.

Decrease in operating cost is attributable to normal operation & as well as economic business trend.

The Company posted net profit (after tax) of P29.497 million in the nine (9) months period ending September 30, 2015 as compared with P16.425 million profit of that same period of 2014.

### **Item 2.3 Other related matters in operation**

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 above mentioned international economic uncertainties, or have material impact on liquidity that would trigger direct or contingent liability, including default or acceleration of obligation rather than what was mentioned in the Plan of Operation.

b) Significant elements of income or loss 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 in 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 except for the prepayment of installment purchase of land reported under Loans Payable in the Balance Sheet account fully paid.

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 have a material effect in the current interim period.

g) There were no issuances, repurchases and repayments of debt and equity securities, except for the payment non-interest bearing payable obtained for the acquisition of parcel of land classified under "Land held for future development" in the 2016, recorded as liability from purchase of land in the balance account of the financial statement.

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 relationship 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 and 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 transaction during the period and or subsequent event occur after the closed of accounting period with respect to 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 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 September 30, 2017, 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 managing each of these risks and they are 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 September 30, 2017**

Current liability	Amount
Accounts payable & accrued expenses	55,732,262
Liability from purchase of land	66,423,060
Income tax payable	8,771,421
Sub-total	130,926,744
Non-current liabilities	
Liability from purchase of land	160,232,929
Accrued retirement benefits	23,255,262
Deferred income tax liabilities	22,830,211
Sub-total	206,318,402
<b>Total liabilities</b>	<b>337,245,145</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 activities in the same geographic region, or have 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. The balance of long-outstanding accounts receivables subjected to the full allowance for doubtful accounts amounted to ₱55.252 million and ₱55.174 million as of September 30, 2017 and 2016 respectively.

Receivables that are neither past due nor impaired are due from creditworthy counterparties with good payment history with the Company, except for the receivable from the sale of non-operating assets which Company is currently in discussion with the management of Platinum Group Metal Corporation (PGMC) with respect to the existing terms of the installment receivable.

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 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 September 30, 2017 and 2016.



The following table pertains to the account balance the Company considers as its core capital as of September 30, 2017.

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

### **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 5.66% to 5.66% in 2017 and 5.66% to 5.66% in 2016.

#### **Capital Expenditure**

There was no capital expenditure for the period.



## **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**





# S I G N A T U R E S

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**  
Chairman / Executive Officer

  
**CRISANTO ROY B. ALCID**  
President

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



Date signed October 26, 2017



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

	AS OF SEPTEMBER 30, 2017 <b>un-audited</b>		AS OF DECEMBER 31, 2016 <b>audited</b>		CHANGES INCREASED (DECREASED)	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	P	91,591,399.83	P	75,947,377.24	P	15,644,022.59
Trade and other receivables		260,983,683.20		169,317,585.35		91,666,097.85
Due from related parties		(0.00)		37,028,706.08		(37,028,706.08)
Real Estate Inventories		865,831,101.26		881,024,137.13		(15,193,035.87)
Input Value-added Tax (VAT) - net		79,929,929.51		79,553,466.59		376,462.92
Prepayments		7,830,099.65		7,656,926.12		173,173.53
	P	1,306,166,213.45	P	1,250,528,198.51	P	55,638,014.94
<b>Non-current Assets</b>						
Trade and other receivables	P	132,336,494.00	P	132,336,494.00	P	-
Land held for future development		647,414,924.72		644,840,422.22		2,574,502.50
Property, plant and equipment		12,492,613.25		14,938,321.57		(2,445,708.32)
Investment Property		5,444,076.65		5,444,076.65		-
Available-for-sale (AFS) Investments		2,400,000.00		2,400,000.00		-
Other assets		(0.00)		4,483,114.76		(4,483,114.76)
	P	800,088,108.62	P	804,442,429.20	P	(4,354,320.58)
<b>TOTAL ASSETS</b>	P	2,106,254,322.07	P	2,054,970,627.71	P	51,283,694.36

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>						
Accounts Payable and Accrued Expenses	P	55,732,262.33	P	30,631,501.82	P	25,100,760.51
Liability for purchase of land		66,423,059.76		70,983,305.41		(4,560,245.65)
Income Tax Payable		8,771,421.48		0.00		8,771,421.48
	P	130,926,743.57	P	101,614,807.23	P	20,540,514.86

<b>Non-current Liabilities</b>						
Liability for purchase of land	P	160,232,928.60	P	160,232,928.60	P	-
Accrued retirement benefit obligation		23,255,262.40		22,191,012.40		1,064,250.00
Deferred Income Tax Liabilities		22,830,210.82		22,830,210.82		-
	P	206,318,401.82	P	205,254,151.82	P	1,064,250.00
		337,245,145.39		306,868,959.05		21,604,764.86

**Stockholders' Equity**

<b>Capital Stock:</b>						
Issued and Paid						
(Authorized - 5 Billion shares at P1.00 par value)		1,951,387,570.00		1,951,387,570.00		-
Capital Surplus		201,228,674.12		201,228,674.12		-
Unrealized valuation of gain AFS investments		(120,000.00)		(120,000.00)		-
Actuarial Gain (Losses) on Retirement Benefits		(3,837,580.00)		(3,837,580.00)		-
Deficit		(379,649,487.44)		(400,556,995.46)		20,907,508.02
Total		1,769,009,176.68		1,748,101,668.66		20,907,508.02
<b>TOTAL LIABILITIES and STOCKHOLDERS' EQU</b>	P	2,106,254,322.07	P	2,054,970,627.71	P	42,512,272.88

<b>Net Book Value per Share</b>	P	0.9065	P	0.8958	P	-
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**ARANETA PROPERTIES, INC.**  
STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE (9) MONTHS ENDED

FOR THE QUARTER ENDED

	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
<b>REVENUES</b>				
Income from JV company-Net	P 90,844,647.19	P 85,939,719.69	P 38,758,363.01	P 30,392,814.07
Accretion of Interest from Receivables	10,450,670.70	12,101,284.41	3,551,067.70	4,572,852.22
	<u>101,295,317.89</u>	<u>98,041,004.10</u>	<u>42,309,430.71</u>	<u>34,965,666.29</u>
<b>EXPENSES</b>				
Cost of sales	16,852,899.60	20,302,963.59	7,939,362.52	8,959,685.94
Salaries & wages	10,266,218.59	10,403,073.37	3,403,299.52	4,264,943.70
Employees welfare & benefits	48,306.06	380,940.79	16,274.22	304,894.03
Overtime pay	128,516.89	77,508.72	43,431.19	29,485.07
SSS, philhealth, EC & pag-ibig	407,066.68	284,269.38	121,975.50	42,874.98
13th month pay	1,781,365.50	488,078.62	747,311.85	162,755.67
Per diems and allowances	7,294,029.17	5,835,043.18	2,361,050.00	1,039,357.33
Security costs	6,783,775.41	7,576,780.79	1,831,619.62	2,290,471.37
Light, water and utilities	425,643.91	501,249.09	102,446.26	179,705.87
Repairs & maintenance	5,885,746.95	343,031.78	760,264.41	143,199.90
Medical, dental & hospitalization	73,803.27	57,254.36	54,821.58	-
Professional fees	807,986.74	1,270,994.44	147,470.58	138,494.44
Representation	4,850,230.64	89,668.92	279,016.11	41,900.00
Rental expenses	78,000.00	56,000.00	26,000.00	-
Taxes & licenses	7,733,838.17	7,665,755.46	1,642,810.08	686,660.28
Depreciation expense	2,485,440.47	2,433,139.31	818,947.51	813,542.84
Donations	202,078.18	-	2,078.18	-
Building dues & other charges	1,213,853.71	1,226,643.33	415,815.73	386,145.57
Gasoline, oil and lubes	695,695.43	168,539.54	68,322.98	67,992.15
Meals	110,729.73	49,009.44	42,821.19	-
Postage & telecommunication	399,867.35	467,462.80	144,111.95	154,730.42
Printing and office supplies	849,731.90	263,416.35	65,300.98	114,826.57
Transportation & travelling	733,688.98	165,275.40	614,350.98	65,525.00
Notarial and legal fees	25,911.05	402,750.00	18,000.00	-
Penalty & other charges	430,331.41	31,263.10	-	-
Contractual costs	277,329.91	278,892.00	77,470.00	92,964.00
Insurance expense	34,631.99	51,056.98	1,645.00	-
Retirement benefits	1,064,250.00	1,064,250.00	354,750.00	354,750.00
Miscellaneous	116,278.60	34,248.15	37,443.75	-
	<u>72,057,246.29</u>	<u>61,968,558.89</u>	<u>22,138,211.69</u>	<u>20,334,905.13</u>
NET LOSS BEFORE OTHER INCOME	29,238,071.60	36,072,445.21	20,171,219.02	14,630,761.16
<b>OTHER INCOME</b>				
Interest, penalties & misc. income	440,857.90	390,321.43	384,184.09	227,985.91
	<u>440,857.90</u>	<u>390,321.43</u>	<u>384,184.09</u>	<u>227,985.91</u>
NET LOSS BEFORE INCOME TAX	29,678,929.50	36,462,766.64	20,555,403.11	14,858,747.07
<b>PROVISION FOR INCOME TAX</b>				
Current	8,771,421.48	10,938,829.99	6,051,365.71	4,457,624.12
	<u>8,771,421.48</u>	<u>10,938,829.99</u>	<u>6,051,365.71</u>	<u>4,457,624.12</u>
NET INCOME	<b>P 20,907,508.02</b>	<b>P 25,523,936.65</b>	<b>P 14,504,037.40</b>	<b>P 10,401,122.95</b>
<b>WEIGHTED AVERAGE NO. OF SHARE</b>				
	1,951,387,570	1,951,387,570.00	1,951,387,570	1,951,387,570.00
<b>NET GAIN (LOSS) PER SHARE</b>				
	0.01071	0.01308	0.00743	0.00533

10/23/2017



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

( In Ph Pesos)	FOR THE NINE (9) MONTHS ENDED		FOR THE QUARTER ENDED	
	SEPT. 30, 2017	SEPT. 30, 2016	SEPT. 30, 2017	SEPT. 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income (Loss)	29,678,929.50	26,265,916.56	40,218,299.52	11,143,102.86
Add: Back Non-cash items				
Interest Income (net)	(6,819,628.74)	314,596.41	(258,394.24)	303,526.19
Depreciation	2,485,440.47	2,433,139.31	(847,938.29)	1,620,643.97
Retirement benefits	1,064,250.00		(354,750.00)	-
Interest expenses	-		-	-
Accretion Interest Income	(6,378,770.84)	12,101,284.41	-	8,220,649.26
Provision for doubtful accounts and other losses	-		-	-
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Receivables	(91,666,097.85)	(46,544,387.77)	(30,276,452.99)	(21,216,716.52)
Input VAT	(376,462.92)		(318,334.89)	-
Prepayments	173,173.53	3,536,361.00	(1,028,700.42)	6,280,177.96
Real Estate Inventories	15,193,035.87	(70,256,411.18)	6,976,505.34	(59,141,210.58)
Other current assets			-	-
Increase (Decrease) in:				
Accounts Payable & Accruals	31,074,996.62	18,869,778.93	35,584,332.73	5,675,058.13
Net cash provided by (used in) operating activities	(25,571,134.36)	(53,279,722.33)	49,694,566.76	(47,114,768.73)
Interest received	10,450,670.70	-	3,551,067.70	-
Income Taxes paid	8,771,421.48	-	6,051,365.71	-
Net cash provided by (used in) investing activities	(6,349,042.18)	(53,279,722.33)	59,297,000.17	(47,114,768.73)
<b>CASH FLOW FROM INVESTING &amp; OPERATING ACTIVITIES</b>				
Land Held for future development	-	-	-	-
Decrease (Increase) in Property, Plant & Equipment	2,445,708.32	2,089,719.53	788,590.36	1,350,349.20
Decrease (Increase) in Real Estate for Sale & Devt	15,193,035.87	(365,124,306.91)	6,976,505.34	(370,347,781.26)
Decrease (Increase) in other assets	4,354,320.58	(27,141,562.59)	5,267,096.51	(16,026,361.99)
Net cash provided by (used in) investing activities	21,993,064.77	(390,176,149.97)	13,032,192.21	(385,023,794.05)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Advances related parties	-		-	-
Proceeds from issuance of new shares				
Net availments of short-term borrowings	-	230,611,215.00	-	230,611,215.00
Net cash provided by (used in) financing activities	-	230,611,215.00	-	230,611,215.00
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,644,022.59</b>	<b>(212,844,657.30)</b>	<b>72,329,192.38</b>	<b>(201,527,347.78)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER</b>	<b>75,947,377.24</b>	<b>306,748,769.83</b>	<b>19,262,207.45</b>	<b>295,431,460.31</b>
<b>CASH AND CASH EQUIVALENTS AT QUARTER END</b>	<b>91,591,399.83</b>	<b>93,904,112.53</b>	<b>91,591,399.83</b>	<b>93,904,112.53</b>



# ARANETA PROPERTIES, INC.

## CASH AND CASH EQUIVALENT

	AS AT END OF	
	SEPTEMBER 30, 2017	DECEMBER 31, 2016
<b>Cash on Hand</b>		
Petty Cash fund	10,437.95	10,437.95
Revolving Fund (Bulacan field office)	21,842.52	21,842.52
<i>Total</i>	<u>32,280.47</u>	<u>32,280.47</u>
<b>Cash in Banks</b>		
Cash in Bank - China Bank	5,554,089.40	9,482,699.61
Cash in Bank - CBC SFCDA	155,864.05	155,864.05
Cash in Bank - Banco de Oro	65,501,149.81	45,956,491.71
<i>Total</i>	<u>71,211,103.26</u>	<u>55,595,055.37</u>
<b>Short-term Placement</b>		
CBC Special Savings Account	5,123,410.00	5,095,435.30
BDO Peso Money Mrkt Acct#304607854576	15,224,606.10	15,224,606.10
<i>Total</i>	<u>20,348,016.10</u>	<u>20,320,041.40</u>
<b>TOTAL</b>	<u>91,591,399.83</u>	<u>75,947,377.24</u>

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## ARANETA PROPERTIES, INC.

### Receivables

	AS AT END OF	
	SEPTEMBER 30, 2017	DECEMBER 31, 2016
Accounts Receivable Trade	391,972,244.81	300,662,824.55
Installment Receivable, Discounted		
Impaired	55,074,831.60	55,074,831.60
Advances to suppliers, officers, employees & others		
Impaired	1,347,932.39	991,254.80
Unimpaired	226,457.96	226,457.96
	1,574,390.35	1,217,712.76
	448,621,466.76	356,955,368.91
Less: provision for doubtful account	55,301,289.56	55,301,289.56
	393,320,177.20	301,654,079.35
Less: noncurrent portion of trade receivable	132,336,494.00	132,336,494.00
Net	260,983,683.20	169,317,585.35

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**ARANETA PROPERTIES, INC.**  
**SCHEDULE OF RECEIVABLE**  
**As of SEPTEMBER 30, 2017**

PARTICULARS	AMOUNT	COLLECTION / LIQUIDATION				REMARKS
		1 Months	15 Days	Overdue	Others	
Receivable from Joint Venture-SLRDI	75,853,578.89	2,161,473.32	2,377,620.65		71,314,484.92	Installation sales/Monthly amortization
Receivable from Joint Venture-Stand	104,289,489.32	5,102,944.48	2,551,472.24		96,635,072.60	Installation sales/Monthly amortization
Receivable from sale of reserved lot	79,492,682.60	1,033,456.69	1,136,802.36		77,322,423.55	Installation sales/Monthly amortization
Platinum Group Metals-Impaired	55,074,831.60			55,074,831.60	-	Under negotiation
Advances for liquidation	582,082.05	582,082.05			-	For liquidation
Salary loan of various employees	391,254.78	63,942.74	31,971.37		31,971.37	Payroll deduction
Others	601,053.52				601,053.52	Advances against retirements benefits
<b>TOTAL</b>	<b>316,284,972.76</b>	<b>8,943,899.28</b>	<b>6,097,866.62</b>	<b>55,074,831.60</b>	<b>245,905,005.96</b>	
ALLOW. FOR DOUBTFUL ACCT	55,301,289.56				55,301,289.56	
<b>NET CURRENT RECEIVABLE</b>	<b>260,983,683.20</b>	<b>8,943,899.28</b>	<b>6,097,866.62</b>	<b>55,074,831.60</b>	<b>190,603,716.40</b>	

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**ARANETA PROPERTIES, INC.**

## Schedule of Prepayments

For the Year 2017

Particulars	Date	As of	As of
		SEPTEMBER 30, 2017	DECEMBER 31, 2016
<b>Taxes and Licenses</b>			
1) Business Permit-Makati City	01.24.17	195,530.63	-
2) Community Tax Certificate	01.10.17	2,625.00	-
3) Barangay Clearance	01.10.17	550.00	-
4) Business Permit-SJDB	01.23.17	642,414.89	-
5) Real Property Tax-Manticao	01.06.17	169,873.26	-
6) Real Property Tax-SJDB	12.07.16	400,191.71	1,608,847.12
7) Pre-paid Income Taxes		5,992,079.00	5,992,079.00
8) Real Property Tax-SJDB	09.18.17	340,972.14	
		<u>7,744,236.62</u>	<u>7,600,926.12</u>
<b>Other prepayment</b>			
1) Manila Polo Club, Inc.	04.27.16	-	40,000.00
2) BDO-Parkings deposits	11.28.16	85,863.03	16,000.00
		<u>85,863.03</u>	<u>56,000.00</u>
<b>Total</b>		<u>7,830,099.65</u>	<u>7,656,926.12</u>

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**ARANETA PROPERTIES, INC.**

## Real Estate Inventories

	AS OF SEPTEMBER 30, 2017	AS OF DECEMBER 31, 2016
Undeveloped land	82,522,392.00	82,522,392.00
Saleable house and lot Inventory	6,221,669.87	6,221,669.87
Investments in Land (Acquired from GASDF Property)	6,618,779.27	6,618,779.27
Investments in Land (Acquired from Universal Rightfield)	78,201,917.21	78,201,917.21
Investments in Land (acquired from BDOSHI)	248,183,035.71	248,183,035.71
Investments in Land (acquired from Marga)	104,671,995.50	104,671,995.50
Investments in Land (acquired from Insular 850,154 sq.m. )	384,352,025.00	384,352,025.00
Investments in Land (acquired from Bonoan 57,211 sq.m. )	31,180,002.50	28,605,500.00
Investments in Land (Almazan's 116,576 sq.m. )	29,600,000.00	29,600,000.00
Investments in Land (Almazan's 169,904 sq.m. )	31,432,240.00	31,432,240.00
Land for Sale & Land Development	510,261,968.92	525,455,004.79
<b>Total</b>	<b>1,513,246,025.98</b>	<b>1,525,864,559.35</b>
Less: Land held for future development	647,414,924.72	644,840,422.22
<b>Net</b>	<b>865,831,101.26</b>	<b>881,024,137.13</b>

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

	AS OF SEPTEMBER 30, 2017	AS OF DECEMBER 31, 2016
<b>PPE COSTS DATA</b>		
Building	46,047,003.73	46,047,003.73
Building Improvements	12,143,397.88	12,143,397.88
Building and Plant Structures	3,146,943.13	3,146,943.13
Transporation Equipment	7,065,297.12	7,065,297.12
Heavy Machinery Equipment	4,486,928.72	4,486,928.72
Other Tools & Equipment	421,001.86	421,001.86
Communication Equipment	2,811,030.30	2,811,030.30
Office Furniture & Equipment	6,287,450.33	6,247,718.18
<b>Total</b>	<b>82,409,053.07</b>	<b>82,369,320.92</b>
<b>DEPRECIATION DATA</b>		
Building	36,347,900.93	34,966,490.84
Building Improvements	11,820,595.16	11,504,203.82
Building and Plant Structures	2,233,210.96	2,138,802.67
Transporation Equipment	6,351,632.28	5,905,014.18
Heavy Machinery Equipment	4,486,928.72	4,486,928.72
Other Tools & Equipment	400,889.55	396,627.69
Communication Equipment	2,712,559.64	2,663,652.74
Office Furniture & Equipment	5,562,722.58	5,369,278.69
<b>Total</b>	<b>69,916,439.82</b>	<b>67,430,999.35</b>
<b>NET BOOK VALUE</b>		
Building	9,699,102.80	11,080,512.89
Building Improvements	322,802.72	639,194.06
Building and Plant Structures	913,732.17	1,008,140.46
Transporation Equipment	713,664.84	1,160,282.94
Heavy Machinery Equipment	-	-
Other Tools & Equipment	20,112.31	24,374.17
Communication Equipment	98,470.66	147,377.56
Office Furniture & Equipment	724,727.75	878,439.49
<b>Total</b>	<b>12,492,613.25</b>	<b>14,938,321.57</b>

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# ARANETA PROPERTIES, INC.

## SCHEDULE OF OTHER ASSETS

	AS OF SEPTEMBER 30, 2017	AS OF DECEMBER 31, 2016
<b>Investments Property (Manticao Property)</b>	5,444,076.65	5,444,076.65
<b><u>(AFS) Investments Available for Sale - Net</u></b>		
Subic Yacht Club Shares	1,500,000.00	1,500,000.00
Tagaytay Highlands	1,000,000.00	1,000,000.00
Alphaland Balesin Island Club, Inc.	1,000,000.00	1,000,000.00
Colinas Country Club, Inc.	700,000.00	700,000.00
Total	4,200,000.00	4,200,000.00
Allow for Decline AFS Investments	1,800,000.00	1,800,000.00
Net	2,400,000.00	2,400,000.00
<b>Deposits from land banking activities</b>	(0.00)	4,483,114.76

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

	AS OF SEPTEMBER 30, 2017	AS OF DECEMBER 31, 2016
<b>ACCOUNTS PAYABLE &amp; ACCRUALS</b>		
Accounts Payable to Suppliers	22,071,735.86	23,786,915.30
Advances from related parties	25,158,876.87	-
SSS Salary Loan Payable	26,971.74	23,210.92
Pag-ibig Salary Loan Payable	28,232.80	21,740.91
Pag-ibig Fund Contribution	8,900.00	8,900.00
SSS, Medicare & EC Payable	47,465.00	47,186.90
Philhealth Payable	14,850.00	14,850.00
Withholding Tax Payable	243,031.43	188,084.23
Retentions & Deposits	657,701.20	657,701.20
Accrued Operating	7,474,497.43	5,882,912.36
	<u>55,732,262.33</u>	<u>30,631,501.82</u>
<b>LIABILITY FOR PURCHASE OF LAND-current</b>	<u>66,423,059.76</u>	<u>70,983,305.41</u>
<b>LIABILITY FOR PURCHASE OF LAND-noncurrent</b>	<u>160,232,928.60</u>	<u>160,232,928.60</u>
<b>ACCRUED RETIREMENT BENEFITS</b>	<u>23,255,262.40</u>	<u>22,191,012.40</u>
<b>DEFERRED INCOME TAX LIABILITIES</b>	<u>22,830,210.82</u>	<u>22,830,210.82</u>
<b>INCOME TAX PAYABLE</b>	<u>8,771,421.48</u>	<u>0.00</u>
<b>TOTAL</b>	<u>337,245,145.39</u>	<u>306,868,959.05</u>

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

	AS AT END OF	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Balance at December 31,	1,951,387,570.00	1,951,387,570.00
Add: Capital surplus	201,228,674.12	201,228,674.12
Actuareal gain (losses) on retirement benefits	(3,837,580.00)	(5,532,573.00)
Unrealized valuation of gain on AFS Investments	(120,000.00)	(170,000.00)
Total	2,148,658,664.12	2,146,913,671.12
 Deficit as at December 31,	 (400,556,995.46)	 (416,202,914.00)
 Net Income for the nine (9) months ended September 30	 20,907,508.02	 26,265,916.56
Balances	1,769,009,176.68	1,756,976,673.68

	AS AT END OF	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Balance at December 31,	1,951,387,570.00	1,951,387,570.00
Add: Capital surplus	201,228,674.12	201,228,674.12
Actuareal gain (losses) on retirement benefits	(3,837,580.00)	(5,532,573.00)
Unrealized valuation of gain on AFS Investments	(120,000.00)	(170,000.00)
Total	2,148,658,664.12	2,146,913,671.12
 Deficit as at December 31,	 (400,556,995.46)	 (416,202,914.00)
 Net Income for the quarter ended March 31	 3,807,884.14	 6,402,239.59
 Net Income for the quarter ended June 30	 2,595,586.48	 8,720,574.11
 Net Income for the quarter ended September 30	 14,504,037.40	 11,143,102.86
Balances	1,769,009,176.68	1,756,976,673.68