

MANAGEMENT REPORT

BUSINESS AND FINANCIAL INFORMATION

BRIEF DESCRIPTION OF GENERAL NATURE AND SCOPE OF BUSINESS

OVERVIEW

Araneta Properties, Inc. (the “Company” or “ARA”), is a publicly listed corporation in the Philippine Stock Exchange with real estate development as its primary purpose of business. The Company was formerly known as Integrated Chrome Corporation (INCHROME) organized on June 15, 1988 and its principal business was to mine chrome ore and produce ferro silicon metal or commonly known as ferrochrome. Inchrome stopped its smelting operations in January 1996 because of the depressed ferrochrome market and increasing production costs. In September 1996, the stockholders and the Board of Directors approved the following changes in the Company’s business and structure:

- a.1) Changed the corporate name from INCHROME to Araneta Properties, Inc.
- a.2) Amended the primary purpose of business to land and property development *and* maintained the smelting operations as a secondary purpose;
- a.3) Removal of stockholders’ pre-emptive right;
- a.4) Changed the par value from P0.30 to P1 per share;
- a.5) Increased the authorized capital stock from P300,000,000 (divided into 1 billion shares with a par value of P0.30 per share) to P5,000,000,000 (divided into 5 billion shares with a par value of P1 per share); and
- a.6) Removed the classification of shares of stock.

Since its inception, the Company has not gone through any bankruptcy, receivership or similar proceeding.

Since its inception, the Company has not gone through any bankruptcy, receivership or similar proceeding. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

On November 29, 2019, the Company entered into an agreement with Sta. Lucia Land, Inc. (SLand for brevity) to develop a parcel of land owned by the Company. Under the agreement, SLand will develop the parcel of land into a residential subdivision with complete facilities and amenities, upon turnover of the property and upon securing required clearance and permit to develop, and in which the property shall be free and clean from any lien and encumbrance. The agreement further states that the Company shall compensate SLand, in the form of lots consisting 60% of the net saleable area. The remaining 40% shall be the share of Araneta Properties, Inc.

On August 30, 2019, Sta. Lucia Land, Inc., paid in advance the outstanding amount of the liability to Insular Life Insurance Company amounting to ₱115.31 million in behalf of the Company. The said advances is a non-interest bearing and is payable either by way of Company's shares from sales proceeds or by way of direct payments within a period of two years upon issuance of license to sell.

On November 12, 2015 Board of Directors meeting the board unanimously approved the private placement of Gregorio Araneta Inc. The use of the proceeds from said placement is to boost the Company’s land banking activity

On November 17, 2015 Gregorio Araneta, Inc., a corporation duly registered with Securities and Commission and with business address located at 6th Floor, Suite A, Adamson Center Centre, 121 LP Leviste Streets, Salcedo Village, Makati City, subscribed and paid three hundred ninety million two hundred seventy seven thousand five hundred (390,277,500) shares at P1.12 per share for the aggregate

amount of Philippine Pesos: Four hundred thirty seven million one hundred ten thousand eight hundred (P437,110,800.00).

There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business

Araneta Properties, Inc. (ARA), is listed in the Philippine Stock Exchange. It is now primarily engaged in the fine-tuning of a master plan for the development of approximately 248.113 hectares of prime real estate located in San Jose del Monte, Bulacan.

The major components of the master plan consist of upper-middle to high-end residential lots and townhouses complemented by a leisure center, principal of which, is a country club, a commercial center and university center. Additional components of the plan include a nature park, corporate business center and mass housing.

The aforesaid project is the first big property development project in the northern portion of Metro Manila. Thus, there is no major industry or geographic competition.

The distribution method of the products or real property is being handled by Orchard Property Marketing.

No problems are foreseen as far as suppliers are concerned, since all the materials needed for property development are 100% available locally.

An integral part of the master plan is the planned joint venture project which would enable the Company to work together with foreign and local companies with expertise in land development projects.

There are no other transactions with and/or dependence on related parties, except for the advances made from stockholders for the Company's working capital requirements.

Since the primary business of the Company is to develop and sell real properties, it needs the following governmental approvals:

- (1) Locational Clearance Certificate (LCC-Issued and Approved)
- (2) License to Sell (HLURB-Issued and Approved)

As the Company's master plan is almost complete, the amount or the actual value of the research and actual development cost shall be determined in the final phase of the master plan. As of June 30, 2021, the engineering department reported percentage completion detailed below:

Percentage of Completion	As of Dec. 31, 2020	As of June 30, 2021
Phase I	100.00%	100.00%
Phase II	100.00%	100.00%
Phase III	98.00%	98.00%
Club House / Sports Center	99.00%	99.00%

Cost and effects of the compliance with environmental laws:

- a) Total project cost shall be accounted upon completion of the master plan.
- b) Locational Clearance has already been approved/issued by the local government.

Recent Sales of unregistered securities

- (a) Securities sold—No unregistered securities have been sold during the fiscal year last ended.

- (b) Underwriter and other purchases – Not applicable
- (c) Exemption from registration claimed – None/not applicable

The total number of officers, managers, consultants and regular employees as of June 30, 2021 are as follows:

Officers & Managers -----	6
Consultants -----	6
Supervisors, Rank and File -----	<u>18</u>
Total number of employees -----	30

Employees & consultants described above does not include stock-transfer agent and as well as auditors.

FINANCIAL *and* OTHER INFORMATION

Management’s Discussion *and* Analysis of Plan of Operation

Basis of Presentation

The financial statement of Araneta Properties, Inc. has been prepared using the historical cost basis and are presented in Philippine Peso (₱).

Statement of Compliance

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

Financial Condition 2019-2020

The Company’s total assets decrease posted at ₱1,997,432,480 in year 2020, as compared with ₱ 2,004,359,808 in 2019. The movement in cost of total assets is attributable to the cost of lots inventory sold during the year.

The cash balance of ₱6.117 million as at end of December 31, 2020 as compared with that ₱4.074 million in 2019. The cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank amounted to ₱0.02 million ₱0.19 million, and ₱0.21 million for the years ended December 31, 2020, 2019 and 2018 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

The receivables decrease by 5.492% from ₱333.335 million in 2020 as compared to ₱351.641 Million in 2019. Trade receivables mainly represent the Company’s outstanding balance in its share from sale of real estate project with a joint venture with SLRDI. Collections of interests and penalties arising from late payment of these receivables are recognized as part of “Others” in the “Revenue and Other Income” section in the statements in comprehensive income.

Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted to an effective interest rate of 9.45%. Interest income from accretion recognized in 2020, 2019 and 2018 amounted to ₱6.108 million, ₱27.551 million and ₱56.108 million, respectively.

The Investments property and real estate inventory increased from ₱1,575,796.494 in 2020 as compared with ₱1,558,442,058 in 2019. The movement in the Investments property and Real estate inventory is attributable to the registration cost of land acquired net of cost of real estate inventory sold during the

year. As of June 30, 2021, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decreased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱2.406 million partially offset by acquisition of additional property and equipment in the amount of ₱0.004 million.

The company's liability posted at ₱247.390 million in 2020, as compared with ₱237.527 million in 2019, the increase in payable and accrued expenses account pertains accounting of fees and taxes due from the registration of land acquired.

The movement of Output VAT account represents normal recording of Input and Output VAT.

The Company has recorded a Net Gain (Loss) before income tax of (₱20.098) million in 2020, (₱5.009) million in 2019 and ₱47.287 million in 2018.

There was no movement in the number of issued shares as at end of June 30, 2021.

Status of Operation

Due to the effect of CoVid-19 pandemics the Company's performance in terms of sales and collection have totally dropped to a very low level and the same is expected to continue until the rest of the year 2021. The effort of the National Government in slowly allowing businesses both Large and Small-Medium Enterprise to operate but due to the surges victims of the new CoVid-variant the National Capital Region has been put into another Enhance Community Quarantine (new-ECQ) with a heightened category.

At present, the Company is implementing strict measures in compliance with the new-ECQ protocols as follows:

- Full shutdown of Makati Offices which started on August 02, 2021. All employees received their salaries for the period August 1 to 15, 2021 in full, and after August 15, 2021, employees were encouraged to utilize their available leave credits and a work-from-home arrangement.
- Other measures are being implemented to ease the impact of the new-ECQ on the employees, e.g. the early release of the prorated 13th month pay, extend cash advances to regular employees in the event that the new-ECQ is extended.
- Business opportunity is paralyzed such as cash inflows. Presently, the Company concentrates on cash management to be able to rationalize and ensure availability of funds to sustain payments of employees' payroll.

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

Part of management measures to rationalize the fund flow requirements of the company during this trying time is to unload the more or less 17.3 hectares parcels of land located at Manticao Misamis Oriental which is the company considered it as Non-performing assets.

There were minimal sales during the 2nd quarter of 2021 due to the effect of new-ECQ, the activity of the Company focused only on collection of receivables, financial performance in terms of revenue during the period are as follows:

The performance of the Company in terms of revenue/Sales for the six (6) months period is P4.481 million in 2021, as compared to P0.0 in year 2020, and P11.288 million in 2019 in the same accounting period.

As mentioned in our previous report, the management implemented marketing strategies in Year 2014, specifically the holding on of some Inventory for a much better price. Based on forecast this strategy will create a favorable momentum for the Company's operation activities while waiting for the right timing on the implementation of sales forecast. The Company is focused on managing and developing a new high margin inventory, increasing efficiency on land banking, and enhancing perspective for more marketing strategies. Even further, the Company also undertook fine-tuning the whole system, maintaining and improving *Colinas Verdes*, the subdivision's brand name and position to the market, sustaining and promoting strengths and advantages of the entire system, stabilizing organizational structure, conceptualizing training programs for both staff and management groups, ensuring financial resources for the operation of the whole system without compromising low cost but promoting instead effective cash management program and fund flow management.

The above strategies are already conclusive. As of June 30, 2021 we have sold forty seven (47) subdivided lots with more or less eight thousand nine hundred eighty three 8,983 square meters of subdivided lot with price per square meter from P13,000.00 to P21,000 per square meter much more higher than the P7,500.00 per square meter, which is the average selling price when the Company implemented its strategy in year 2014 by to hold-on to market its inventory for a much higher margin.

Project Percentage of Completion (PPOC), the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 99.68% respectively complete, while the CountryClub is 98.00% complete as of June 30, 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 operations for the three (3) months period ending June 30, 2021 with comparative figures of year 2020 and 2019 for the same period

	For three (3) months Period Ended June 30			% Change	% Change
<i>In millions (Php)</i>	Year 2019	Year 2020	Year 2021	2019 vs 2020	2019 vs 2020
Revenue	11.288	-0-	4.481	NA	NA15.477%
Less: Expenses	21.243	11.184	12.915	(47.352%)	
Net before other income	(9.955)	(11.184)	(8.434)	12.346%	(24.589%)
Add :Other Income	3.734	0.591	1.132	(84.172%)	91.540%
Net Income	(6.221)	(10.593)	(7.302)	70.278%	(31.068%)

Table II – The comparative figures of the results of operations for the six (6) months period ending June 30, 2021 with comparative figures of year 2020 and 2019 for the same six (6) months period

	For six (6) months Period Ended June 30			% Change	% Change
<i>In millions (Php)</i>	Year 2019	Year 2020	Year 2021	2019 vs 2020	2020 vs 2021
Revenue	22.781	18.043	18.519	(20.798%)	2.638%
Less: Expenses	43.992	26.042	26.351	(40.803%)	1.187%
Net before other income	(21.211)	(7.999)	(7.832)	(60.288%)	(2.088%)
Add : Other Income	7.309	6.344	2.723	(13.203%)	(57.078%)
Net Income	(13.902)	(1.655)	(5.109)	(88.095%)	208.701%

Table III – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the quarter ending June 30, 2021 with comparative figures of year 2020 for the same period

In Millions (Php)	For the quarter ending June 30		% Change
	Year 2020	Year 2021	2020 vs 2021
Income from Real Estate Business	-0-	4.481	NA
Accretion of Interest from Installment Sales	0.586	1.129	92.662
Total Revenue	0.586	5.610	857.338%

Table IV – The comparative figures of revenues consist of: (1) Sales from real estate business and (2) Interest Income from installments sales of real estate business for the six (6) months ending June 30, 2021 with comparative figures of year 2020 for the same period

In Millions (Php)	For the six (6) months ending June 30		% Change
	Year 2020	Year 2021	2019 vs 2020
Income from Real Estate Business	18.043	18.519	2.638%
Accretion of Interest from Installment Sales	6.331	2.681	(57.653%)
Total Revenue	24.374	21.200	(13.022%)

Originally, it was allocated for Golf Course but was realigned and reclassified as Phase 2, Phase 3a and Phase 3b residential subdivision to be complemented by a country club.

The regular cash flow requirements of the Company for the next twelve (12) months shall be funded mainly from collection of its regular monthly revenue and collection of receivable from installment sales.

Top Key Performance Indicator

For the quarter ended June 30,

Particulars	Year 2019	Year 2020	Year 2021
Current Ratio (1)	6.145 : 1	5.938 : 1	12.001 : 1
Debt to Equity Ratio (2)	1 : 0.1480	1 : 0.0109	1 : 0.150
Earnings per Share (3)	1 : (0.00322)	1 : (0.00543)	1 : (0.00374)
Earnings before interest & Income Tax (4)	(P6.221) million	(P10.593) million	(P7.302) Million
Return on Equity (5)	(0.00357)	(0.00601)	(0.00419)

- 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

Financial Condition 2018-2019

The Company's total assets increase posted at ₱2,004,359,808 in year 2019, as compared with ₱ 1,995,365,429 in 2018. The changes from the total assets is attributable to the cost of acquired land (land banking) net of lots sold during the year.

The cash balance of ₱4.074 million as at end of December 31, 2019 as compared with that ₱27.360 million in 2018. The cash with banks earns interest at the respective bank deposits. Short-term

investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted to ₱0.18 million ₱0.21 million, and ₱ 0.62 million for the years ended December 31, 2019, 2018 and 2017 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

The receivables increase by 2.41% from ₱343.358 million in 2018 as compared to ₱351.641 Million in 2019. Trade receivables mainly represent the Company's outstanding balance in its share from sale of real estate project with a joint venture with SLRDI. Collections of interests and penalties arising from late payment of these receivables are recognized as part of "Others" in the "Revenue and Other Income" section in the statements in comprehensive income.

Installment receivables pertain to uncollected portion of the amount arising from the sale of non-operating properties in 2005. The contract price is collectible in fixed monthly payment of ₱2.00 million starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted to an effective interest rate of 9.45%. Interest income from accretion recognized in 2019, 2018 and 2017 amounted to ₱27.552 million, ₱26.198 million and ₱20.163 million, respectively.

The Investments property and real estate inventory increased from ₱1,528,129.768 in 2018 as compared with ₱1,558,442,058 in 2019. The movement in the Investments property and Real estate inventory is attributable to cost of land acquired during the net of cost of real estate inventory sold during the year. As of June 30, 2020, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decreased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱2.605 million partially offset by acquisition of additional property and equipment in the amount of ₱0.206 million.

The company's liability posted at ₱237.527 million in 2019, as compared with ₱251.104 million in 2018, the decreased in payable and accrued expenses account pertains to the payment of land purchased on installment term payable over a period of four (4) years.

The movement of Output VAT account represents normal recording of Input and Output VAT.

The Company has recorded a Net Gain (Loss) before income tax of (₱5.006) million in 2018, (₱47.287) million in 2018 and ₱11.851 million in 2017.

There was no movement in the number of issued shares as at end of June 30, 2020.

Status of Operation

The Company's sales output during the six (6) months period ending June 30, 2020 remains slow as compared with that of the same period of previous year. This performance is directly attributed to marketing strategies being implemented by the Company, which included among others, the holding on of some of 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 June 30, 2020, the above mentioned strategies is already conclusive in the subsequent period where some buyers have already reserved more or less 5,381 square meters of subdivided lot at the price of P13,000.00 per square meter, much more higher than the P7,500.00 per square meter, the average selling price when the company implemented its strategy in year 2014 specifically the holding-on to market its inventory for a much higher

As of June 30, 2020, the residential area of Phase 1, Phase 2 & Phase 3 are 100%, 100% & 98% complete, while the Country club is 99.00% complete

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

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

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

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

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

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

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

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

Originally, it was allocated for Golf Course but was realigned and reclassified as Phase 2, Phase 3a and Phase 3b residential subdivision to be complemented by a country club.

The regular cash flow requirements of the Company for the next twelve (12) months shall be funded mainly from collection of its regular monthly revenue from real estate project.

Top Key Performance Indicator

For the years ended	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
Current Ratio (1)	11.8718 : 1	7.2139 : 1	6.5791 : 1
Debt to Equity Ratio (2)	1 : 0.1440	1 : 0.0606	1 : 0.134
Earnings per Share (3)	1 : (0.0055)	1 : 0.0161	1 : (0.0038)
Earnings before interest & Income Tax (4)	(P11.851) million	P47.288 million	(P5,006) Million
Return on Equity (5)	(0.0042)	0.0195	(0.0049)

- 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

Financial Condition 2017-2018

The Company's total assets increased posted at ₱1,995,365,429 in year 2018, as compared with ₱ 1,990,175,711 in 2017. The changes from the total assets is attributable to the cost of acquired land (land banking) net of lots sold during the year.

The cash balance of ₱27.360 million as at end of December 31, 2018 as compared with that ₱27.080 million in 2017. The cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted to ₱0.21 million ₱0.62 million, and ₱ 2.39 million for the years ended December 31, 2018, 2017 and 2016 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

The receivables increased by 8.34% from ₱316.925 million in 2017 as compared to ₱343.358 Million in 2018. Trade receivables mainly represent the Company's outstanding balance in its share from sale of real estate project with a joint venture with SLRDI. Collections of interests and penalties arising from late payment of these receivables are recognized as part of "Others" in the "Revenue and Other Income" section in the statements in comprehensive income.

Installment receivables pertain to uncollected portion of the amount arising from the sale of non-operating properties in 2005. The contract price is collectible in fixed monthly payment of ₱2.00 million

starting January 24, 2006. Installment receivables were discounted using the credit-adjusted risk-free rates prevailing at the time of the sale which resulted to an effective interest rate of 9.45%. Interest income from accretion recognized in 2018, 2017 and 2016 amounted to ₱26.198 million, ₱20.162 million and ₱19.657 million, respectively.

The Investments property and real estate inventory increased from ₱1,519,194,309 in 2017 as compared with ₱1,528,129,768 in 2018. The movement in the Investments property and Real estate inventory is attributable to cost of land acquired during the net of cost of real estate inventory sold during the year. As of June 30, 2019, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decreased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱3.123 million partially offset by acquisition of additional property and equipment in the amount of ₱1.797 million.

The company's liability posted at ₱221.104 million in 2018, as compared with ₱250.533 million in 2017, the decreased in payable and accrued expenses account pertains to the payment of land purchased on installment term payable over a period of four (4) years.

The movement of Output VAT account represents normal recording of Input and Output VAT.

The Company has recorded a Net Gain (Loss) before income tax of ₱47.287 million in 2018, (₱11,851) million in 2017 and ₱26.147 million in 2016.

Material Changes to the Balance Sheet as of December 31, 2020 Compared to December 31, 2019 (Increase/Decrease of 5% or more)

The Company's total assets increase at ₱1,997,432,480 in year 2020, as compared with ₱2,004,359,808 in 2019. The change from the total assets is attributable to cost taxes and registration of acquired land by the company net of cost of subdivided land inventory sold during the year.

Cash balance of ₱6.117 million as at end of December 31, 2020 as compared to ₱4.074 million in 2019, cash with banks earns interest at the respective bank deposit rates, interest income amounted ₱0.02 million, ₱0.19 million and ₱0.21 million in 2020, 2019 and 2018 respectively.

Trade receivables decrease by 5.30% from ₱348.679 million in 2019 as compared to that ₱330.183 million in 2020. Trade receivables mainly represent the Company's outstanding balance in its share from sales on installment of the joint venture project with SLRDI.

The real estate inventory and investments property increased with balances of ₱1,575,796,494 million and ₱1,558,442,058 million in 2020 and 2019 respectively. The movement in the real estate inventory and investments property is attributed to the cost of taxes and registration fees of acquired land and net of cost of subdivided lot inventory sold during the period.

As of June 30, 2021, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decrease in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱2.406 million partially offset by acquisition of additional property and equipment in the amount of ₱0.004 million.

The company's liability posted at ₱247.390 million in 2020, as compared with ₱237.527 million in 2019, payables and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4) and as well as normal accounting of accruals during the period.

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of June 30, 2021.

The Company recorded a net income (loss) before income tax in the amount of (₱20.098) million, (₱5.006) million, and ₱47.287 million for the year end of December 31, 2020, 2019 in 2018 respectively.

**Material Changes to the Balance Sheet as of December 31, 2019
Compared to December 31, 2018 (Increase/Decrease of 5% or more)**

The Company's total assets increase at ₱2,004,359,808 in year 2019, as compared with ₱1,995,365,429 in 2018. The change from the total assets is attributable to the result of land banking activity of the company net of cost of subdivided land inventory sold during the year.

Cash balance of ₱4.074 million as at end of December 31, 2019 as compared to ₱27.360 million in 2018, cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱0.18 million, ₱0.21 million and ₱0.62 million for the years ended December 31, 2019, 2018 and 2017 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increase by 2.41% from ₱343.358 million in 2018 as compared to that ₱351.640 million in 2019. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The real estate inventory and investments property increased with balances of ₱1,558,442,058 million and ₱1,528,129,768 million in 2019 and 2018 respectively. The movement in the real estate inventory and investments property is attributed to the land banking activity net of cost of subdivided lot inventory sold during the period.

As of June 30, 2020, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decrease in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱2.605 million partially offset by acquisition of additional property and equipment in the amount of ₱0.205 million.

The company's liability posted at ₱237.527 million in 2019, as compared with ₱221.104 million in 2018, the increased in payable and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4)

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of June 30, 2020.

The Company recorded a net income(loss)before income tax in the amount of (₱7.428)million,₱34.619 million, and (₱8.460) million for the year end of December 31, 2019, 2018 in 2017 respectively.

**Material Changes to the Balance Sheet as of December 31, 2018
Compared to December 31, 2017 (Increase/Decrease of 5% or more)**

The Company's total assets increased at ₱1,995,365,429 in year 2018, as compared with ₱1,990,175,711 in 2017. The change from the total assets is attributable to the result of land banking activity of the company net of cost of subdivided land inventory sold during the year.

Cash balance of ₱27.360 million as at end of December 31, 2018 as compared to ₱27.080 million in 2017, cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱0.21 million, ₱0.62 million and ₱2.39 million for the years ended December 31, 2018, 2017 and 2016 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increased by 8.34% from ₱316.925 million in 2017 as compared to that ₱343.388 million in 2018. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The real estate inventory and investments property increased with balances of ₱1,528,129,768 million and ₱1,519,194,309 million in 2018 and 2017 respectively. The movement in the real estate inventory and investments property is attributed to the land banking activity net of cost of subdivided lot inventory sold during the period.

As of September30, 2019, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decreased in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱3.123 million partially offset by acquisition of additional property and equipment in the amount of ₱1.797 million.

The company's liability posted at ₱250.534 million in 2017, as compared with ₱221.104 million in 2018, the decreased in payable and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4)

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of September 30, 2019.

The Company recorded a net income (loss) before income tax in the amount of ₱47.288 million and (₱11.851) for the year end of December 31, 2018 in 2017 respectively.

**Material Changes to the Statements of Income
for the year ended December 31, 2020
Compared to December 31, 2019 (Increase/Decrease of 5% or more)**

There is 60.61% decrease in real estate revenues in 2020 compared to that of 2019 which is primarily attributable to the effect of prolonged lockdown and quarantine due to CoVid-19 pandemics, added by the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales

There is 77.83% decrease in Interest Income in 2020 compared to that of 2019 which is due normal depletion of receivable from installment sales and at the same time deferment of payment of installment receivable during lockdown and quarantine period.

As of December 31, 2020 and 2019, the carrying value of investment properties amounted to ₱674.056 million. Based on latest appraisal report, the fair value of the investment properties amounted to ₱1.256 billion. The valuation performed was made by a qualified independent appraiser. The standard valuation techniques were in accordance with that recommended by the International Valuation Standard Committee and in accordance with PFRSs.

Particulars	Valuation techniques	Significant unobservable inputs	Range
Land			
Residential	Market		₱800 - ₱375
Industrial	Data Approach/ Sales Comparison	Price per Square meter	₱1,750 - ₱600 ₱2,500 - ₱1,800

There is 22.82% decrease in Administrative Expenses in 2020 compared to that of 2019 which is basically due to cost cutting measures implemented during lockdown and quarantine in compliance with Government health protocol.

Overall, the Company posted net income (loss) before tax of (₱20.098) Million for the year ended December 2020 as compared with the net loss of ₱(5.006) Million in 2019.

**Material Changes to the Statements of Income for the year ended December 31, 2019
Compared to December 31, 2018 (Increase/Decrease of 5% or more)**

There is 47.39% decrease in real estate revenues in 2019 compared to that of 2018 which is attributable primarily due to the effect of prolonged lockdown and quarantine due to CoVid-19 pandemics, added by the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales

There is 7.89% decrease in Interest Income in 2019 compared to that of 2019 which is due normal depletion of receivable from installment sales.

There is 34.11% decrease in the cost of investments property and real estate inventor in 2019 compared to that of 2018, the decreased is primarily due to the transfer cost of 85.015 hectares lots transferred to real estate inventory and as will as result of land banking activity of the company net cost of land inventory sold during the period

There is 5.92% increase in Administrative Expenses in 2019 compared to that of 2018 which is basically due to normal economic changes in business and as well as implementation of cost of medical and safety measure in compliance with Government health protocol.

There is 46.08% decrease in cost of interest expense in 2019 is the cost of money at present value for land purchased on installment terms.

Overall, the Company posted net income (loss) before tax of (₱7.428) Million for the year ended December 2019 as compared with the net loss of ₱34.619 Million in 2018.

**Material Changes to the Statements of Income for the year ended December 31, 2018
Compared to December 31, 2017 (Increase/Decrease of 5% or more)**

There is 2.527% increase in real estate revenues in 2018 compared to that of 2017 which is attributable primarily on the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales.

There is 29.935% increase in Interest Income in 2018 compared to that of 2017 which is due normal depletion of receivable from installment sales.

There is 0.588% increase in the cost of investments property and real estate inventor in 2018 compared to that of 2017, the increase is primarily due to the result of land banking activity of the company net cost of land inventory sold during the period

There is 12.93% decreased in Administrative Expenses in 2018 compared to that of 2017 which is basically due to cost cutting measure being implemented by the company.

Interest Expense in 2018 is the cost of money at present value for land purchased on installment terms.

Overall, the Company posted net income (loss) before tax of (₱47.287) Million for the year ended December 2018 as compared with the net loss of (₱11.851) Million in 2017.

OPERATION

Results of Operation

(January 01 – June 30, 2020 vs January 01–June 30, 2021)

As mentioned above, operation for the period from January 01 to June 30, 2021, continue to be a trying time reeling from the effect of global turmoil brought about by the CoVid-19 pandemic which affected all nations, the operation was thriving with a very minimal sales have been generated. The Company concentrates on cash management to be able to rationalize and ensure availability of funds to sustain payments of employees' payroll and other contractual obligation.

As the effects of the prolonged ECQ have started to become clear, the management has been focused on addressing the impact on the operations and ensuring that they are resilient enough to operate under the new normal with measures and/or benchmarking of costs and expenses or anticipate scenario beyond "COVID-19", without compromising health *and* safety of employees. To this end, the Board of Director has established a Crisis Management Team to formulate strategies and measures that will help minimize the impact on the company.

The percentage of revenues for the quarter ending June 30, 2021 with comparative figures for 2020 and 2019

Particulars	Year 2019	Year 2020	Year 2021
Sale from Real Estate	11,288,146.88	-0-	4,481,133.070
Cost of Land	4,634,846.98	-0-	1,146,475.85
Percentage to Revenue	41.059%	-0-	25.585%

The percentage of revenues during the six (6) months period ending June 30, 2021 with comparative figures for 2020 and 2019

Particulars	Year 2019	Year 2020	Year 2021
Sale from Real Estate	22,781,024.33	18,042,750.00	18,518,869.90
Cost of Land	6,473,707.37	2,752,919.01	2,953,766.63
Percentage to Revenue	28.417%	15.258%	15.950%

The Company has posted a net loss after tax of (P5.724) Million at end of second quarter of 2021 as compared with the (P4.348) million in 2020, and (P14.229) million in 2019 of that same period.

The deficit stands at (P410.943) million, (P391.470) million and (P393.999) million as of June 30, 2021, 2020 and 2019, respectively.

For the Quarter Ended

Particulars	Year 2019	Year 2020	Year 2021
Revenue	P11.288	-0-	P4.481
Less: direct costs	4.634	-0-	1.146
Gross Profit Margin	6.654	-0-	3.335
Less: operating expenses	16.215	10.262	11.769
Net Income (before other Income)	(9.561)	(10.262)	(8.434)
Add: other income	3.340	0.591	1.132
Net income before tax	(6.221)	(9.683)	(7.302)

Revenue generated during the period consist of sales from Company's reserved lot and as will as shares from collection of interest on installment sales from the Joint Venture Project with SLRDI.

Other Income represents interest income from savings account with banks.

Liquidity and Capital Resources

As at end of June 30,

Particulars	Year 2019 (in millions)	Year 2020 (In millions)	Year 2021 (in millions)
Total assets as at end of	P1,997.935	P2,020.201	P2,004.751
Total liabilities as at end of	237.916	257.717	261.740
Ratio of assets to liabilities	11.908%	12.757%	11.908%
<i>Financial Condition</i>			
Cash and cash equivalent	11.859	6.606	0.818
Receivable	348.557	352.913	344.923
Prepaid Taxes	8.303	4.422	7.154
Real estate Inventories	499.188	883.457	901.617
Property and equipment	9.054	6.004	4.818
Investment property	1,042.868	693.383	674.056
Recoverable Tax	73.873	67.734	65.683
Other assets	4.232	5.682	5.682
Current liabilities	123.739	192.838	95.728
Noncurrent liabilities	114.177	64.879	166.012
Stockholders' equity	P1,760.019	P1,762.484	P1,743.011

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

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

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

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

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

The Company started land banking in year 2012 with total land acquisitions as of June 30, 2021 detail of which are as follows:

Acquired from	Lot area (inSq.m.)	Value of Land	Payment made	Balance payable
<i>All in San Jose Del Monte Bulacan</i>				
GASDF Property	47,976	6,618,779.27	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	261,672,633.06	261,672,633.06	Fully paid
Marga Capital Holdings, Inc.	360,000	104,671,995.50	104,671,995.50	Fully paid
Insular Life Insurance Co.,	580,154	403,678,405.13	403,678,405.13	Fully paid
Paramount Finance Corp.	10,000	3,520,000.00	3,520,000.00	Fully paid
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
<i>Subtotal</i>	<i>2,385,151</i>	<i>870,887,230.17</i>	<i>870,887,230.17</i>	<i>-0-</i>
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
<i>Subtotal</i>	<i>721,700</i>	<i>229,672,000.00</i>	<i>-0-</i>	<i>229,672,000.00</i>
Total (San Jose Del Monte)	3,106,851	1,100,559,230.17	870,887,230.17	229,672,000.00
Add: Northern Luzon Area				
Manuel Bonoan	57,211	31,180,003.00	31,180,003.00	-0-
Almazan et. Al	286,480	80,559,106.61	73,925,936.61	6,633,170.00
Emma Almazan	11,862	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	Fully paid
	<i>368,739</i>	<i>118,880,879.61</i>	<i>110,9745,495.61</i>	<i>7,905,384.00</i>
Total Land Banking	3,475,590	1,219,440,109.78	981,862,725.78	237,577,384.00

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

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

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

No movement in available for sale investments account during the period

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

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

Capital Expenditure

There was no capital expenditure for the period.

Key Performance Indicators

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

For the quarter ended June 30,

Particulars	Year 2019	Year 2020	Year 2021
Current Ratio (1)	6.145 : 1	5.938 : 1	12.001 : 1
Debt to Equity Ratio (2)	1 : 0.148	1 : 0.109	1 : 0.150
Earnings per Share (3)	1 :(0.00322)	1 :(0.00543)	1 : (0.00374)
Earnings before Income Taxes (4)	(P6.221) million	(P10.593) million	(P7.302) million
Return on Equity	(0.00357)	(0.00601)	1 : (0.00419)

1) Current Assets / Current Liabilities

1) Total Liabilities / Stockholders' Equity

2) Net Income / Outstanding Shares

3) Net Income plus Interest Expenses and Provision for Income Tax

4) Net Income / Average Stockholder's Equity

Stockholders' Equity

- Total Stockholders' Equity in 2021 is P1,743,011,090.73 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

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

Results of Operation

(January – September 30, 2020 vs January – September 30, 2019)

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

In compliance with the National Government's strategy to flatten the curve and/or to combat the spread of CoVid-19 virus, the Company implemented compliance measures to the community quarantine (CQ) protocols as follows:

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

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

Part of the management measure is to be able to rationalize the fund flow requirements of the Company during this trying time is to unload the more or less 17.3 hectares parcels of land located at Manticao Misamis Oriental which the Company consider as a non-performing assets.

The percentage of revenues for the nine (9) months ending September 30, 2020 with comparative figures for 2019 and 2018 with the same period

Particulars	Year 2018	Year 2019	Year 2020
Sale from Real Estate	48,337,103	27,592,071	18,042,750
Cost of Land	12,267,873	6,898,018	2,752,919
Percentage to Revenue	25.380%	25.000%	15.258%

The percentage of revenues during the quarter ending September 30, 2020 are as follows:

Particulars	Year 2018	Year 2019	Year 2020
Sale from Real Estate	24,580,985	16,811,047	-0-
Cost of Land	5,769,188	3,702,762	-0-
Percentage to Revenue	23.470%	22.026%	-0-

The Company has posted a net loss after tax of (P14.548) Million at end of September 30 2020 as compared with the (P26.063) million in 2019, and (P26.063) million in 2018 of that same period.

The deficit stands at P401.699 million and P405.820 million as of September 30, 2019 and 2018, respectively.

For the Quarter Ended

	September 30, 2019 (In Millions)	September 30, 2020 (In Millions)
Revenue	P16.811	-0-
Direct Costs	3.703	-0-
Gross Profit Margin	13.108	-0-
Operating Expenses	14.915	14.736
Net Income (before other Income)	(1.807)	(14.736)
Add: Other Income	2.094	2.379
Net income before tax	0.287	(12.357)

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

Other Income represents interest income from installment 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 September 30, 2020.

Particulars	September 30, 2019 (In Million)	September 30, 2020 (in Million)
Total assets as at end of	P1,988.851	P2,011.156
Total liabilities as at end of	240.654	258.871
Ratio of assets to liabilities	12.100%	12.8742%
<i>Financial Condition</i>		
Cash and cash equivalent	6.308	2.539
Receivable	347.509	346.883
Prepaid Taxes	7.327	6.223
Real estate Inventories	498.817	499.105
Property and equipment	8.438	5.409
Investment property	1,042.868	1,077.735
Recoverable Tax	73.352	67.581
Other assets	4.232	5.682
Current liabilities	123.591	78.129
Noncurrent liabilities	117.063	180.742
Stockholders' equity	P1,748.197	P1,752.285

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

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

The increase in the real estate inventories is attributable to the accounting of cancelled sales during the accounting period. The company is using the Percentage of Project Completion (PPOC).

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

The Increase in Investments property is the result of land banking activity during the accounting period

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

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

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

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

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

No movement in available for sale investments account during the period

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

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

Capital Expenditure

There was no capital expenditure for the period.

Key Performance Indicators

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

For the three-month period ending	September 30, 2019	September 30, 2020
Current Ratio (1)	6.084 : 1	9.628 : 1
Debt to Equity Ratio (2)	1 : 0.138	1 : 0.148
Earnings per Share (3)	(1 : 0.001336)	(1 : 0.00746)
Earnings before Income Taxes (4)	P0.287 million	(P12.357) million
Return on Equity	(0.001491)	(0.00830)

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

Stockholders' Equity

- Total Stockholders' Equity in 2020 is P1,752,284,830.66 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

-Total Stockholders' Equity in 2019is P1,748,197,548.99 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

Results of Operation
(January – September 30, 2019 vs January –September 30, 2018)

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

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

Particulars	Year 2017	Year 2018	Year 2019
Sale from Real Estate	38,758,363	24,580,985	16,811,047
Cost of Land	7,939,363	5,769,188	3,702,762
Percentage to Revenue	20.484%	23.470%	22.026%

The percentage of revenues during the nine months (9) ending September 30, 2019with comparative figures for 2018 and 2017 with the same period

Particulars	Year 2017	Year 2018	Year 2019
Sale from Real Estate	90,844,647	48,337,103	35,649,013
Cost of Land	16,852,899	12,267,873	6,898,018
Percentage to Revenue	18.551%	25.380%	19.350%

The Company has posted a net loss (after tax) of (P26.063) Million as at end of third quarter ended September 30, 2019 as compared with the P19.851 million in 2018, and P20.907 million in 2017 of that same period.

The deficit stands at P405.82 million and P391.365 million as of September 30, 2019 and 2018, respectively.

For the nine (9) months ended

	September 30, 2018 (In Millions)	September 30, 2019 (In Millions)
Revenue	P57.301	P27.592
Direct Costs	12.269	6,898
Gross Profit Margin	45.033	20.694
Operating Expenses	46.654	52.433
Net Income (before other Income)	(1.621)	(31.739)
Add: Other Income	29.980	6.389
Net income before tax	28.359	(25.350)

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

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

Liquidity and Capital Resources

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

Particulars	September 30, 2018 (In Million)	September 30, 2019 (in Million)
Total assets as at end of	P1,995.094	P1,988.852
Total liabilities as at end of	P235.601	P337.245
Ratio of assets to liabilities	11.809%	16.012%
<i>Financial Condition</i>		
Cash and cash equivalent	P36.645	P91.591
Receivable	P323.815	P393.320
Prepaid Taxes	P8.481	P7.830
Real estate Inventories	P851.398	P865.831
Investments property	P684.640	P1,042,868
Property and equipment	P11.045	P12.493
Recoverable Tax	P76.579	P73.352
Other assets	P2.490	P4.232
Current liabilities	P105.064	P123.591
Noncurrent liabilities	P113.979	P117.063
Stockholders' equity	P1,759.493	P1,748.198

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 increased in investments property is the result of the accounting of cost land acquired during the period.

The Company started land banking in year 2012 with total land acquisitions as of September 30, 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				
GASDF Property	47,976	7,196,400.00	7,196,400.00	Fully paid
Don Manuel Corporation	410,377	78,201,917.21	78,201,917.21	Fully paid
BDO Strategic Holdings, Inc.	926,550	248,183,035.71	248,183,035.71	Fully paid
Marga Capital Holdings, Inc.	360,000	135,878,430.13	135,878,430.13	Fully paid
Insular Life Insurance Co.,	581,500	430,474,268.00	257,515,856.75	172,958,411.25
Rodolfo M. Cuenca	50,094	12,523,500.00	12,523,500.00	Fully paid
Subtotal	2,346,497	912,457,551.05	739,499,139.80	172,958,411.25
Rocha Dev't Corporation	119,543	32,912,600.00	Under negotiation	32,912,600.00
Pagrel Corporation	344,500	103,350,000.00	Under negotiation	103,350,000.00
Apena Foods Product, Inc.	377,200	126,322,000.00	Under negotiation	126,322,000.00
Subtotal	841,243	262,584,600.00	-0-	262,584,600.00
Total (San Jose Del Monte)	3,217,770	1,175,042,151.05	739,499,139.80	435,543,011.25
Add: Northern Luzon Area				
Manuel Bonoan	57,211	28,605,500.00	28,605,500.00	-0-
Almazan et. al	225,752	61,032,240.00	56,600,000.00	4,432,240.00
	282,963	89,637,740.00	55,205,500.00	44,932,240.00
Total Land Banking	3,500,703	1,264,679,891.05	824,706,639.80	439,975,251.25

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

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

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.

Movement in payables, is result of accounting and payment of accounts including land banking activity

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 nine (9) months ended	September 30, 2018	September 30, 2019
Current Ration (1)	8.195 : 1	6.084 : 1
Debt to Equity Ratio (2)	1 : 0.134	1 : 0.138
Earnings per Share (3)	1 : 0.01017	1 :(0.01336)
Earnings before Income Taxes (4)	P19.851 million	(P26.063) million
Return on Equity	0.01128	(0.01491)

- 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 P1,748,197,548.99 (Issued and paid of 1,951,387,570 shares with P1.00 par value)

-Total Stockholders' Equity in 2018 is P1,759,493,178.06 (Issued and paid of 1,951,387,57 shares with P1.00 par value)

Other related matters in operation

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 collection of receivable from sales with joint venture project and other receivable.

The decrease in real estate for sale and development is attributed to the accounting cost of lots sold during the period.

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

No movement in deferred income tax assets.

Movement in available-for-sale investments is the normal accounting of provision for unrealized valuation of AFS.

The movement of other assets accounts is attributed to the memorandum of agreement (MOA) with related party for a possible land purchase approximately 50 hectares in SJDM for future development. It will be on a term sale and will be using funds from the current JVA to purchase the property.

The increased in accounts payable and accruals is attributed to regular accruals and as well as deferred payments.

The increase in Stockholder's Equity is attributed the increase in paid-up Capital Stock and also attributable to normal operational income in the real estate business starting year 2007, when the commercial activity of Joint Venture Project was officially launched.

Material Changes to the Balance Sheet as of December 31, 2020 Compared to December 31, 2019 (Increase/Decrease of 5% or more)

The Company's total assets increase at ₱1,997,432,480 in year 2020, as compared with ₱2,004,359,808 in 2019. The change from the total assets is attributable to the result of land banking activity of the company net of cost of subdivided land inventory sold during the year.

Cash balance of ₱6.117 million as at end of December 31, 2020 as compared to ₱4.075 million in 2019, cash with banks earns interest at the respective bank deposits. Interest income earned from cash in bank amounted ₱0.02 million, ₱0.19 million and ₱0.21 million for the years ended December 31, 2020, 2019 and 2018 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Trade receivables decrease by 5.30% from ₱330.183 million in 2020 as compared to that ₱348.679 million in 2019. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The real estate inventory and investments property increased with balances of ₱1,575,796,494 million and ₱1,558,442,058 million in 2020 and 2019 respectively. The movement in the real estate inventory and investments property is attributed to the cost of taxes and registration fees of acquired land and net of cost of subdivided lot inventory sold during the period.

As of June 30, 2021, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decrease in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱2.406 million partially offset by acquisition of additional property and equipment in the amount of ₱0.004 million.

The company's liability posted at ₱247.390 million in 2020, as compared with ₱237.527 million in 2019, the movement of payable and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4) and as well as normal accounting of accruals during the period.

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of June 30, 2021.

The Company recorded a net income (loss) before income tax in the amount of (₱20.098) million, (₱5.006) million, and ₱47.287 million for the year end of December 31, 2020, 2019 and 2018 respectively.

Material Changes to the Balance Sheet as of December 31, 2019 Compared to December 31, 2018 (Increase/Decrease of 5% or more)

The Company's total assets increase at ₱2,004,359,808 in year 2019, as compared with ₱1,995,365,429 in 2018. The change from the total assets is attributable to the result of land banking activity of the company net of cost of subdivided land inventory sold during the year.

Cash balance of ₱4.075 million as at end of December 31, 2019 as compared to ₱27.360 million in 2018, cash with banks earns interest at the respective bank deposits. Short-term investments are made

for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱0.18 million, ₱0.21 million and ₱0.62 million for the years ended December 31, 2019, 2018 and 2017 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increase by 2.41% from ₱351.640 million in 2019 as compared to that ₱343.388 million in 2018. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The real estate inventory and investments property increased with balances of ₱1,558,442,058 million and ₱1,528,129,768 million in 2019 and 2018 respectively. The movement in the real estate inventory and investments property is attributed to the land banking activity net of cost of subdivided lot inventory sold during the period.

As of June 30, 2020, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decrease in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱2.605 million partially offset by acquisition of additional property and equipment in the amount of ₱0.205 million.

The company's liability posted at ₱237.527 million in 2019, as compared with ₱221.104 million in 2019, the decreased in payable and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4)

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of June 30, 2020.

The Company recorded a net income (loss) before income tax in the amount of (₱7.428) million and ₱34.619 million for the year end of December 31, 2019 in 2018 respectively.

**Material Changes to the Balance Sheet as of December 31, 2018
Compared to December 31, 2017 (Increase/Decrease of 5% or more)**

The Company's total assets increase at ₱1,995,365,429 in year 2018, as compared with ₱1,990,175,711 in 2017. The change from the total assets is attributable to the result of land banking activity of the company net of cost of subdivided land inventory sold during the year.

Cash balance of ₱27.360 million as at end of December 31, 2018 as compared to ₱27.080 million in 2017, cash with banks earns interest at the respective bank deposits. Short-term investments are made for varying periods up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. Interest income earned from cash in bank and short-term investments amounted ₱0.21 million, ₱0.62 million and ₱2.39 million for the years ended December 31, 2018, 2017 and 2016 respectively. The movement of cash is attributable to the net cash flows generated by the Company in its operating activities.

Receivables increase by 8.34% from ₱316.925 million in 2017 as compared to that ₱343.388 million in 2018. Trade receivables mainly represent the Company's outstanding balance in its share in the sale of real estate by SLRDI.

The real estate inventory and investments property increased with balances of ₱1,528,129,768 million and ₱1,519,194,309 million in 2018 and 2017 respectively. The movement in the real estate inventory and investments property is attributed to the land banking activity net of cost of subdivided lot inventory sold during the period.

As of September 30, 2019, the residential areas of Phase 1, Phase 2, Phase 3 and the Country Club are 100%, 100%, 98% and 99% completed, respectively, based on the physical completion report provided by the joint venture's supervising engineer.

Decrease in the Property and Equipment account pertains to the recognition of depreciation expense by the Company amounting to ₱3.123 million partially offset by acquisition of additional property and equipment in the amount of ₱1.797 million.

The company's liability posted at ₱250.534 million in 2017, as compared with ₱221.104 million in 2018, the decreased in payable and accrued expenses account pertains to the outstanding payable from land purchased on installment term payable over a period of four (4)

The movement of Output VAT account represents normal recording of Input and Output VAT.

There were no movements in the number of issued shares as at end of September 30, 2019.

The Company recorded a net income (loss) before income tax in the amount of ₱47.288 million and (₱11.851) for the year end of December 31, 2018 in 2017 respectively.

**Material Changes to the Statements of Income
as of December 31, 2020
Compared to December 31, 2019 (Increase/Decrease of 5% or more)**

There is 60.61% decrease in real estate revenues in 2020 compared to that of 2019 which is primarily attributable to the effect of prolonged lockdown and quarantine due to CoVid-19 pandemics, added by the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales

There is 77.83% decrease in Interest Income in 2020 compared to that of 2019 which is due normal depletion of receivable from installment sales and at the same time deferment of payment of installment receivable during lockdown and quarantine period

Movement in the cost of investments property and real estate inventor in 2020 is attributable to the cost of taxes and registration fees of acquired land and as well as the result of land banking activity of the company net cost of land inventory sold during the period

There is 22.82% decrease in Administrative Expenses in 2020 compared to that of 2019 was basically due to cost cutting measure being implemented by the company during quarantine period.

Overall, the Company posted net income (loss) before tax of (₱20.098) Million, (₱5.006) Million and of ₱47.287 Million for the year ended December 2020, 2019 and 2018 respectively.

**Material Changes to the Statements of Income as of December 31, 2019
Compared to December 31, 2018 (Increase/Decrease of 5% or more)**

There is 47.38% decrease in real estate revenues in 2019 compared to that of 2018 which is attributable primarily on the marketing strategy being implemented by the Company which some of inventory is

put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales.

There is 7.89% decrease in Interest Income in 2019 compared to that of 2018 which is due normal depletion of receivable from installment sales.

There is 34.11% decrease in the cost of investments property and real estate inventor in 2019 compared to that of 2018, the increase is primarily due to the transfer of cost of more or less 85.015 hectares undeveloped land to Inventory and as well as the result of land banking activity of the company net cost of land inventory sold during the period

There is 5.92% increase in Administrative Expenses in 2019 compared to that of 2018 which is basically due to cost cutting measure being implemented by the company.

There is 46.08% decrease in interest expense in 2019as compared with 2018 is the cost of money at present value for land purchased on installment terms.

Overall, the Company posted net income (loss) before tax of(₱5.006) Million for the year ended December 2019 as compared with the net Income of ₱31.459 Million in 2018.

Material Changes to the Statements of Income as of December 31, 2018 Compared to December 31, 2017 (Increase/Decrease of 5% or more)

There is 2.527% increase in real estate revenues in 2018 compared to that of 2017 which is attributable primarily on the marketing strategy being implemented by the Company which some of inventory is put on-hold (temporarily) to sell/market awaiting for much better price complemented by the Project Percentage of Completion (PPOC). The company is using the PPOC in the recognition of sales.

There is 29.935% increase in Interest Income in 2018 compared to that of 2017 which is due normal depletion of receivable from installment sales.

There is 0.588% increase in the cost of investments property and real estate inventor in 2018 compared to that of 2017, the increase is primarily due to the result of land banking activity of the company net cost of land inventory sold during the period

There is 12.93% decreased in Administrative Expenses in 2018 compared to that of 2018 which is basically due to cost cutting measure being implemented by the company.

Interest Expense in 2018 is the cost of money at present value for land purchased on installment terms.

Overall, the Company posted net income (loss) before tax of₱47.287 Million for the year ended December 2018 as compared with the net loss of (₱11.851) Million in 2017.

Other Matters

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

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

(c) No known trends, events or uncertainties with significant impact on net sales, or income, 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 specifically the effect from operation due to prolonged lockdown in compliance with Government directive to contain the transmission of Covid-19 Virus.

(d) Significant elements of income or loss that did not arise from the Company's continuing operations other than what was mentioned in the revenues.

(e) 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.

(f) There is no known trends seasonality or cyclical aspects that have material effect in the financial statement and the financial condition or results of operations during the period.

(g) There were no material commitments affecting assets, liabilities, equity, net income, or cash flows that are unusual during the interim financial report.

(h) 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.

(i) There were no issuance, repurchases, and repayment of debt and equity securities, except for the payment of non-interest bearing payable obtained for the acquisition of parcels of land recorded under "real estate for sale and development account" in statement of financial position.

(k) There were no Dividends paid during the interim financial period.

(l) The Company is reporting with only one (1) accounting/business segment.

(m) 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.

(n) 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.

(o) There were no changes in contingent liabilities or contingent asset made during the interim period as compared with the most recent annual balance sheet date.

(p) 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 close of the accounting period with respect to certain relationship or related transaction being required by SFAS/IAS No. 24.

(q) There were no events that will trigger director contingent financial obligation that is material to the company, including any default or acceleration of an obligation that need to Disclose.

(r) There were no material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

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

(t) PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

(u) The Company's Interim financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the interim financial statements.

(v) Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(w) There were no material changes in financial condition & results of operation in the interim report of the Company for the quarter ending June 30, 2021 from the compliance of the PFRS.

(x) There were no material changes in the financial statement with a threshold of five (5) percent that the registrants needs to disclosed

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 at end of June 30, 2021 and 2020, the Company is not exposed to any significant foreign currency risk because all of its financial instruments are denominated in Philippine peso. The BOD reviews and approves the policies for 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 June 30, 2021	On demand
Accounts payable & accrued expenses	P35,206,137
Liability from purchase of land	115,305,608
Due to related parties	59,372,228
Income tax payable	1,149,945
Retirement benefits	13,254,158
Deferred income tax liabilities	37,451,960
Total	P261,740,036

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-counterparty. 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 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 six months period ended June 30, 2021.

The following table pertains to the account balance the Company considers as its core capital as at end of June 30, 2021.

Capital stock	₱1,951,387,570
Capital surplus	<u>201,228,674</u>
Total	₱2,152,616,244

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 5.02% to 5.00% in 2020 and 5.66% to 5.66% in 2019.

Cash with banks are deposits made with reputable banks duly approved by the Board of Directors.

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.

MARKET PRICE AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY

- a) The shares of the Company are listed and traded at the Philippine Stock Exchange. The high and low closing prices of the Company's share for each quarter within the last three (3) fiscal years are as follows:

YEAR	QUARTER	HIGH (in Php)	LOW (in Php)
2021	First	1.457	1.379
	Second	1.307	1.271
	Third	-0-	-0-
2020	First	1.909	1.587
	Second	None	None
	Third	1.011	0.964
	Forth	1.010	0.960
2019	First	2.010	1.811
	Second	2.018	2.061
	Third	2.053	1.973
	Fourth	1.732	1.732

- b) The closing prices of the Company's share are of the latest practicable trading dates are as follows:

Year	Month/date	Closing Price (in Php)
2021	October	-0-
2021	September	-0-
2021	August 17	P1.180
2021	July 29	P1.140
2021	June 30	P1.232
2021	May 28	P1.250
2021	April 30	P1.290
2021	March 31	P1.310
2021	February 26	P1.320
2021	January 29	P1.340

SHAREHOLDERS INFORMATION

There are 2,143 shareholders as of June 30, 2021.

The top twenty (20) stockholders as the Company are the following:

STOCKHOLDERS	CITIZENSHIP	COMMON SHARES	PERCENTAGE
01) PCD Nominee Corporation	Filipino	687,846,431	35.25%
02) Carmel Development, Inc.	Filipino	499,999,997	25.62%
03) Gregorio Araneta Inc.	Filipino	390,277,500	20.00%
04) Gamma Properties, Inc.	Filipino	136,000,000	6.97%
05) Olongapo Mabuhay Express Corp	Filipino	124,855,422	6.40%
06) PCD Nominee Corporation	Alien	82,384,392	4.22%
07) Brand Realty Corporation	Filipino	13,725,404	0.70%
08) Seafront Resources Corporation	Filipino	3,756,788	0.19%
09) Ruby D. Roa	Filipino	588,599	0.03%
10) Teresita Dela Cruz	Filipino	528,458	0.03%

11) Ma. Cristina De La Paz	Filipino	525,000	0.03%
12) Flora Pascual	Filipino	493,720	0.03%
13) Leonides Francisco Balmeo	Filipino	425,000	0.02%
14) Luis V. Ongpin(ITF Luis M. Ongpin)	Filipino	411,000	0.02%
15) Paolo Tuason	Filipino	376,500	0.02%
16) EBC Securities Corporation	Filipino	300,000	0.02%
17) Rosanna Isabel Fores	Filipino	255,000	0.01%
18) Jaye Marjorie R. Gonzales	Filipino	200,000	0.01%
19) Jocelyn L. Oquias	Filipino	195,135	0.01%
20) Antonio Diy	Filipino	180,000	0.01%
Sub-total		1,943,272,396	99.58%
Other stockholder's		8,115,174	0.41%
Total Number of Shares		1,951,387,570	100.00%

DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last three (3) fiscal years, i.e., 2020, 2019, 2018. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profits as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

RECENT SALES OF UNREGISTERED SECURITIES

There were no sales of unregistered securities or exempt securities including recent issuance of securities constituting an exempt transaction on shares of the Company were sold during the last three (3) years.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Information on Independent Accountant and other Related Matter

1. External Audit Fees and Services

- a) Aggregate fees billed for the last three (3) years of Audit fee are P878,080, P878,080 and P 860,890 for the years 2020, 2019 and 2018 respectively. conducting a free seminar to introduce the implementation of new Accounting Financial Standards (AFS), and the Philippine Financial Reporting Standards (PFRS).
- b) Audit professional fees were subjected to a 12% VAT
- c) No other fees except for the regular audit service fee
- d) All policies governing the audit procedures were duly approved by the audit committee.

2. The Company has no disagreement with the SGV & CO. regarding matters of accounting principle practice, auditing scope and procedure.

CORPORATE GOVERNANCE

The Company has promulgated a Manual on Corporate Governance that took effect in 2002 and amended on 2014. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

The trust of shareholders and other stakeholders is fundamental to the Company's business and is the source of the success and growth of the Company. The Company is committed to preserving this relationship of trust by promoting a strong corporate governance culture in the Company that is

anchored on transparency, competent leadership, effective internal controls, and prudent risk management.

For the year under review, the Company's corporate governance practices are consistent with the requirements under the Revised Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission pursuant to SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 8, Series of 2017.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

The Board

There is an effective and appropriately constituted Board who received relevant information required to properly accomplish their duties.

The Nomination Committee is mandated to ensure that there is a formal and transparent procedure for the appointment of new Directors of the Board. Where appropriate, every director receives training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

Board Process

Members of the Board meet when necessary throughout the year to adopt and review its key strategic and operational matters, approve and review major investments and funding decision, adopt and monitor appropriate internal control, and ensure that the principal risks of the Company are identified and properly managed.

The Board worked on an agreed agenda as it reviews the key activities of the business.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. Atty. Christine P. Base holds the post.

Committees

The Board has established a number of committees with specific mandates to deal with certain aspects of its business. All of the Committees have defined terms of reference.

Audit Committee

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee

The Committee assesses and recommends to the Board candidates for appointment of executive and non-executive director positions. The Committee also makes recommendations to the Board on its composition. The Committee meets as required.

Remuneration Committee

The Remuneration Committee is responsible in determining the Company's policy on executive remuneration and in specifying the remuneration and compensation packages on the employment or early termination from office of each of the executive directors of the Company. All decisions of the Remuneration Committee are only recommendatory and they are referred to the Board for final approval. The Remuneration Committee also monitors the compensation packages of other senior executives in the group below the Board level. The Committee meets as required.

Compliance Officer (CO)

The CO is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

ARANETA PROPERTIES, INC.

General Notes to the Financial Statement

1) Araneta Properties, Inc. is incorporated in the Philippines to acquire, own, hold, improve, develop, subdivide, sell, lease, rent, mortgage, manage and otherwise deal in real estate or any interest therein, for residential, commercial, industrial and recreational purposes, as well as to construct and develop or cause to be constructed and developed on any real estate or other properties, golf course, buildings, hotels, recreation facilities and other similar structures with their appurtenances; and in general, to do and perform any and all acts or works which may be necessary or advisable for or related incidentally or indirectly with the aforementioned business or object of the Company. The Company is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE Composite index since November 14, 1989.

2) The Company is operating in only one business segment. The number of employees was 30, 32, and 32 as at end of second quarter of 2020, 2019 and 2018 to perform any and all acts or work which may be necessary or advisable for or related directly or indirectly of the aforementioned business or objective of the Company. The registered office address is 21st Floor, Citibank Tower Paseo de Roxas, Makati City.

3) The Company has commenced regular activities of its real estate business on June 5, 2005 after recovering from the regional crisis that hit the real estate industry in 1997. The Company together with SLRDI began their activities based on their joint venture agreement dated June 5, 2003. Under the agreement, SLRDI will prepare and develop certain parcels of land owned by the Company at its own cost. The Company is responsible for the delivery of the parcels of land free from liens and encumbrances including any claims of tenants or third parties and from any form of litigation. The joint venture project shall consist of the development of an exclusive mixed-use residential - commercial subdivision with a country club. Once developed, the property will be shared by the parties either through cash or lot overrides. The Company shall receive 40% of the net sales proceeds, in case of cash override, or 40% of the saleable lots, in case of a lot override while SLRDI shall receive 60% of the net sales proceeds or the saleable lots. The Company plans to receive its share in joint venture operation through a cash override.

4) Part of the expansion program of the Company, On November 29, 2019, the Company entered into an agreement with Sta. Lucia Land, Inc. (SLand for brevity) to develop a parcel of land owned by the

Company. Under the agreement, SLand will develop the parcel of land into a residential subdivision with complete facilities and amenities, upon turnover of the property and upon securing required clearance and permit to develop, and in which the property shall be free and clean from any lien and encumbrance. The agreement further states that the Company shall compensate SLand, in the form of lots consisting 60% of the net saleable area. The remaining 40% shall be the share of Araneta Properties, Inc.

On August 30, 2019, Sta. Lucia Land, Inc., paid in advance the outstanding amount of the liability to Insular Life Insurance Company amounting to ₱115.31 million in behalf of the Company. The said advances is a non-interest bearing and is payable either by way of Company's shares from sales proceeds or by way of direct payments within a period of two years upon issuance of license to sell.

Summary of Significant Accounting Policies

Basis of Preparation

- 1) The accompanying financial statement has been prepared under the historical cost basis, except for the AFS financial assets which are carried at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.
- 2) The Company's financial statement has been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).
- 3) The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and revised standards and interpretations from the International Financial Reporting Interpretations Committee.

A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:

THE OFFICE OF THE CHIEF FINANCE OFFICER
ARANETA PROPERTIES
21st Floor, Citibank Tower, Paseo de Roxas, Makati City, Philippines