APVI

ALTUS PROPERTY VENTURES, INC.

ALTUS PROPERTY VENTURES, INC.
(formerly Altus San Nicolas Corp.)
(incorporated with limited liability in the Republic of the Philippines)

BRGY. 1, SAN FRANCISCO
SAN NICOLAS, ILOCOS NORTE 2901
PHILIPPINES
TELEPHONE NUMBER: (632) 8633-7631 TO 40

Distribution of 100,000,000 Common Shares
of the Capital Stock of Altus Property Ventures, Inc., as
Property Dividend to the Stockholders of Robinsons Land Corporation

and

Listing By Way of Introduction of
100,000,000 Common Shares
of the Capital Stock of Altus Property Ventures, Inc. on
the Small, Medium and Emerging Board of the Philippine Stock Exchange
with an Initial Listing Price of ₱10.10 per share

THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION

This Prospectus is dated as of 23 June 2020

This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ALTUS PROPERTY VENTURES, INC.
Brgy. 1, San Francisco
San Nicolas, Ilocos Norte, 2901
Philippines
Telephone Number: (632) 8633-7631 to 40
www.altuspropertyventures.com

This Prospectus relates to the Common Shares of the capital stock ("Common Shares") of Altus Property Ventures, Inc. (formerly Altus San Nicolas, Corp.) (the "Company" or "APVI" or the "Issuer"), a corporation organized under Philippine law and incorporated on March 28, 2007, in connection with (i) the distribution by Robinsons Land Corporation ("RLC") of 100,000,000 Common Shares of the Company (the "Dividend Shares") as property dividend (the "Dividend Distribution") to all holders of Common Shares of record of RLC as of August 15, 2019 (the "RLC Common Shareholders"), and (ii) the registration with the Securities and Exchange Commission ("SEC"), and the listing by way of introduction, of 100,000,000 Common Shares on the Small, Medium and Emerging ("SME") Board of the Philippine Stock Exchange ("PSE"), representing 100% of the issued and outstanding Common Shares of the Company ("Listing").

As of the date of this Prospectus, the Issuer has an authorized capital stock of ₱100,000,000, comprised of 100,000,000 Common Shares, with a par value of ₱1.00 per common share.

Prior to the Dividend Distribution, RLC was the legal or beneficial owner of all of the Dividend Shares, or 100% of the Issuer's outstanding capital stock. On July 31, 2019, the Board of Directors (the "Board" or the "BOD") of RLC approved the declaration of the Dividend Shares as property dividend to the RLC Common Shareholders (the "Property Dividend") which, following the approval of the SEC, will result in the distribution to RLC Common Shareholders of one (1) Common Share for approximately every Fifty-One and 9384/10000 (51.9384) RLC Common Shares owned and registered in the name of the RLC Common Shareholders as of August 15, 2019. A registration statement covering 100,000,000 Common Shares was filed by the Company on September 19, 2019. The Common Shares subject of the registration statement are covered by (i) the application for the approval of the Property Dividend, which was filed by RLC on September 19, 2019, which application was approved by the SEC on November 15, 2019, and (ii) the application for the SEC Registration and the Listing of the Common Shares filed by the Company with the SEC on September 19, 2019 and the PSE on 26 December 2019.

The Dividend Distribution will increase the number of the Company's stockholders from eight (8) stockholders to 1,503 stockholders, 1,035 of whom will hold at least 100 Common Shares. It will also allow the Company to apply for the Listing pursuant to Section 1(b) of the Amended Rules on Listing by Way of Introduction of the PSE.

The Bureau of Internal Revenue ("BIR") issued the Certificate Authorizing Registration ("CAR") on December 6, 2019 in respect of the Dividend Distribution.

The Company and its stockholders will not be offering Common Shares to the public for subscription or sale in connection with the Dividend Distribution or the Listing. Consequently, there will be no increase in the total number of outstanding Common Shares as a result of the Dividend Distribution and the Listing.

The Company believes that the price of the Common Shares is of such amount, and the Common Shares would be so widely held, that their adequate marketability when listed can be assumed. There will be no underwriter for, and no proceeds from, the Dividend Distribution and Listing. Nonetheless, the indicative reference opening price ("Initial Listing Price") of the Common Shares upon Listing shall be at ₱10.10 per share based on the Valuation and Fairness Opinion dated September 19, 2019 and issued by *Navarro Amper & Co.* (an affiliate of Deloitte Southeast Asia Ltd.), an independent advisor. The Valuation and Fairness Opinion is annexed to this Prospectus.

All the Common Shares of the Company are unclassified and have identical rights and privileges. The Common Shares may be owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. Since the Company owns land, foreign ownership in the Company is limited to a maximum of 40% of the Company's issued and outstanding capital stock entitled to vote. Please refer to the section entitled "*Description of Business – Regulatory and Environmental Matters – Nationality Restrictions"* on page 32 of this Prospectus.

The Company's BOD is authorized to declare dividends. A cash or property dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than 2/3 of the Company's outstanding capital stock. The Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued" to subscribers or stockholders, whether or not fully or partially paid (as long as there is a binding subscription agreement), "except treasury shares." Such shareholders' approval may be given at a general or special meeting duly called for such purpose. Dividends may be declared only from unrestricted retained earnings.

The Company confirms that (a) this Prospectus contains all information with respect to the Company, which is material in the context of the Dividend Distribution and Listing; (b) the statements contained in it relating to the Company are in every material respect true and accurate and not misleading; (c) there are no other facts in relation to the Company or the Common Shares which would make any statement in this Prospectus misleading in any material respect; and (d) reasonable inquiries have been made by the Company to ascertain facts, information and statements in this Prospectus. The Company accepts full responsibility for the accuracy of the information contained in this Prospectus.

The Company has exercised the required due diligence in verifying that all material information in this Prospectus or offering memorandum, their amendments and supplements are true and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

First Metro Investment Corporation confirms to the PSE that: (I) it has exercised due diligence to ascertain that all material information and representations contained in the Company's Prospectus, including amendments or supplements thereto, are true and correct, in material respects and (ii) to the best of its knowledge, no material information was omitted, which was necessary in order to make the material statements contained in the Company's Prospectus not misleading as of the date thereof.

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and the Company does not make any representation as to the accuracy of such information.

References to "Altus Property Ventures, Inc." and "the Company" are references to Altus Property Ventures, Inc. as the context requires.

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Common Shares. These risks include:

- Risks relating to the Company's Business
- Risks relating to the Philippines
- Risks related to the Common Shares

Please refer to the section entitled "*Risk Factors*" beginning on page 8 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the investment in the Common Shares.

Forward Looking Statements and Use of Estimates

This Prospectus includes forward-looking statements and information that involve risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. The words "believes," "may," "might," "will," "estimates," "continues," "anticipates," "intends," "expects" or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect the Company's current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, one should not place undue reliance on these forward-looking statements. Many of these greater detail in this Prospectus under the heading "*Risk Factors.*" Also, these forward-looking statements represent estimates and assumptions only as of the date of this Prospectus. Unless required under Philippine law, the Company does not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

One should read this Prospectus and the documents referenced in this Prospectus and filed as exhibits to the Registration Statement, of which this Prospectus is a part completely and with the understanding that actual future results may be materially different from what the Company expects. Forward-looking statements contained herein are qualified by these cautionary statements. Not only are such estimates based on information which are currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should they be discovered and developed may differ significantly from the estimates presented herein.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons who come into possession of this Prospectus should inform themselves with and comply with any such restrictions.

Investor Relations

The Investor Relations Office ("IRO") will be tasked to (i) create and implement an investor relations program that reaches out to all shareholders and informs them of corporate activities and (ii) formulate a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to the Company's stakeholders as well as to the broader investor community.

The IRO will ensure that the Company's shareholders have timely and uniform access to official announcements, disclosures and market-sensitive information relating to the Company. Ms. Erica S. Lim will head the Company's IRO. As the Company's officially designated spokesperson, the IRO will be responsible for receiving and responding to investor and shareholder queries. In addition, the IRO will oversee most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website and the preparation of its annual reports. The IRO will also be responsible for conveying information such as the Company's policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance.

The IRO may be contacted at (632) 8397-1888 local 32502.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

ALTUS PROPERTY VENTURES, INC.

By:

Mr. Frederick D. Go
Chairman and President

SUBSCRIBED AND SWORN to before me this JUN 2 2 2020 day of ____ in Pasig City, Philippines, affiant exhibiting to me his Passport No. P0971844A issued on 2016 and valid up to 2021 issued at DFA Central

Doc. No. 23;
Page No. 14;
Book No. XXXIV
Series of 2020.

ELAINE G. MIRANDA-ARANETA
Notary Public of Pasig City
Commission No. 112 until Dec. 31, 2022
Roll of Atty. No. 36183
PTR No. 5242020 / 1-6-20 / Pasig
IBP No. 03958
12th Floor Cyberscape Alpha, Ortigas Center
Pasig City, Philippines

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. In addition, certain terms are defined in the body of this Prospectus.

Articles of Incorporation	The Articles of Incorporation of the Company, as amended as of the date of this Prospectus
Banking Day	A day (except Saturdays, Sundays and holidays) on which banks in Metro Manila, Philippines are open for business
BIR	Bureau of Internal Revenue of the Philippines
Board or Board of Directors	Board of Directors of Altus Property Ventures, Inc.
BPO	Business processing outsourcing
BSP	Bangko Sentral ng Pilipinas, the Philippine Central Bank
Company	Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.)
Common Shares	Common Shares of the Company with a par value of ₱1.00 per share
Corporation Code	Revised Corporation Code of the Philippines
Dividend Distribution	The dividend distribution approved by the BOD of RLC effectively distributing to RLC Common Shareholders of one (1) APVI Common Share for every Fifty-One and 9384/10000 (51.9384) RLC Common Shares
DST	Documentary Stamp Tax
EBIT	The Company's measure of performance based on Earnings Before Interest and Income Taxes. This is computed by adding the interest expense, provision for income taxes and other non-operating losses and deducting interest income and other non-operating gains to net income.
EBITDA	The Company's measure of performance based on Earnings Before Interest, Income Taxes, Depreciation and Amortization. This is computed by adding the interest expense, provision for income taxes, depreciation and amortization, and other non-operating losses and deducting interest income and other non-operating gains to net income.
GDP	Gross Domestic Product
GLA	Gross Leasable Area
Government	Government of the Republic of the Philippines
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Initial Listing Price	₱10.10, the initial listing price per share of the Common Shares of APVI with the PSE as supported by the Opinion of Navarro Amper & Co.

JGS	JG Summit Holdings, Inc.
KPO	Knowledge processing outsourcing
Listing	The listing by way of introduction of 100,000,000 Common Shares on the SME Board of the PSE representing 100% of the issued and outstanding Common Shares
Listing Date	The date of listing of the Company's Common Shares on the PSE or on June 26, 2020
Navarro Amper & Co.	The Company's Financial Advisor on Fairness Opinion and an affiliate of Deloitte.
PAS	Philippine Accounting Standards
PFRS	Philippine Financial Reporting Standards
₱, Peso, Pesos	Philippine Pesos, the lawful currency of the Republic of the Philippines
PCD Nominee	PCD Nominee Corporation, a corporation wholly-owned by the PDTC
PDTC	Philippine Depository and Trust Corporation
Philippines	Republic of the Philippines
Prospectus	This Prospectus together with all its annexes, appendices and amendments, if any
PSE	The Philippine Stock Exchange, Inc.
Record Date	August 15, 2019
RLC	Robinsons Land Corporation
SCCP	Securities Clearing Corporation of the Philippines
SEC	Securities and Exchange Commission of the Philippines
P&A	Punongbayan & Araullo, the Company's Independent Auditor and an affiliate of Grant Thornton International Ltd.
SRC	Republic Act No. 8799 or the Securities Regulation Code
Stock and Transfer Agent	BDO Unibank, Inc. as Stock Transfer Agent
Stock Transfer Agreement	The Stock Transfer Agreement executed between the Company and the Stock and Transfer Agent
STT	Stock Transaction Tax
Tax Code	Tax Reform Act of 1997, as amended, and its implementing rules and regulations
Trading Participants	An entity authorized by the PSE to own and operate to trading right, pursuant to the PSE's by-laws and applicable rules

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including the Company's audited financial statements and notes thereto appearing elsewhere in this Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Prospectus carefully, including the section entitled "Risk Factors" and audited financial statements and the related notes to those statements included in this Prospectus.

OVERVIEW OF THE COMPANY

Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the "Company" or "APVI" or the "Issuer") is a real estate company incorporated with the Philippine Securities and Exchange Commission (the "SEC") on March 28, 2007. Its current authorized capital stock is 100,000,000 Common Shares at a par value of ₱1.00 per share. Prior the distribution of Property Dividend, APVI was a wholly-owned subsidiary of Robinsons Land Corporation ("RLC"), the real estate investment arm of JG Summit Holdings Inc. ("JGS"). The Company has no subsidiary. It currently owns and operates the North Wing of Robinsons Place Ilocos mall located at San Nicolas, Ilocos Norte. APVI shall serve as a vehicle for possible future real estate ventures and opportunities.

Robinsons Place Ilocos mall (North Wing) is currently the sole revenue generating asset of the Company. It derives revenue mainly from lease of commercial spaces and commission income. In 2019, total rental revenues and commission income amounted to ₱134.0 million and ₱1.06 million, respectively; and ₱129.3 million and ₱0.88 million, respectively in 2018.

The Company's revenues for calendar year ending December 31, 2019 was ₱134.0 million, up by 3.6% versus same period last year. Net income for the year ended at ₱64.5 million, higher by 11.5% compared to last year.

As of December 31, 2019, APVI had ₱686.9 million in total assets while total equity posted at ₱585.2 million.

The Company's revenues for calendar year ending December 31, 2018 was ₱129.3 million, up by 10.7% versus same period last year. Net income for the year ended at ₱57.8 million, higher by 21.4% compared to last year.

As of December 31, 2018, APVI had ₱713.9 million in total assets while total equity posted at ₱621.7 million.

The Company's revenues for calendar year ending December 31, 2017 was ₱116.7 million, down by 4.1% versus calendar year ending December 31, 2016. Net income for the year ended at ₱47.6 million, higher by 14.1% compared to last year.

As of December 31, 2017, APVI had ₱762.9 million in total assets while total equity posted at ₱663.8 million.

For more information, please refer to the sectioned entitled "*Description of Business*" beginning on page 27 of this Prospectus.

RISK OF INVESTING

Neither the Company nor its stockholders will be offering Common Shares to the public for subscription or sale in connection with the Dividend Distribution or the Listing. Nevertheless, investors should carefully consider the risks associated with an investment in the Common Shares. These risks include:

- risks relating to the Company and its business;
- risks relating to the Philippines; and,
- risks relating to the Common Shares.

Please refer to the section entitled *"Risk Factors"* beginning on page 8 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with any investment in the Common Shares.

COMPANY INFORMATION

The registered office of the Company is Brgy. 1, San Francisco, San Nicolas, Ilocos Norte, 2901, Philippines. Its telephone number is (632) 8633-7631 to 40 and its corporate website is *www.altuspropertyventures.com.ph*. The information on the Company's website is not incorporated by reference into and does not constitute part of this Prospectus.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information set forth in the following tables have been derived by the Company from its financial statements which have been audited by independent auditors, *Punongbayan & Araullo* (the "Auditors") as of and for the year ended December 31, 2019 and *SyCip Gorres Velayo & Co.* as of and for the years ended December 31, 2018 and 2017, in accordance with Philippine Financial Reporting Standards. These financial data should be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the financial statements and related notes included elsewhere in this Prospectus.

The information below is not necessarily indicative of the results of future operations and does not purport to project the results of the Company's operations or financial condition for any future period or date.

STATEMENTS OF COMPREHENSIVE INCOME (In Philippine Pesos)			
	For the Years Ended December 31		
	2019	**2018**	**2017**
RENTAL REVENUE	**₱133,965,359**	**₱129,250,666**	**₱116,748,439**
COST OF RENTAL SERVICES	**24,299,940**	**33,896,722**	**33,781,971**
GROSS INCOME	**109,665,419**	**95,353,944**	**82,966,468**
GENERAL AND ADMINISTRATIVE EXPENSES			
Professional, management and consultancy fees	24,708,356	7,961,329	6,748,245
Salaries, wages and employee benefits	5,369,829	5,847,000	5,138,943
Taxes and licenses	3,869,838	1,992,117	1,904,924
Insurance	1,215,295	1,351,128	1,294,046
Advertising	848,966	1,378,474	1,762,582
Travel and communication	216,224	824,138	1,711,456
Supplies	162,126	1,230,637	1,396,470
	36,390,634	**20,584,823**	**19,956,666**
OPERATING INCOME	**73,274,785**	**74,769,121**	**63,009,802**
OTHER INCOME (EXPENSES)			
Billing of utilities - net	6,210,858	(593,771)	169,475
Other expenses (income)	4,904,621	(450,854)	(584,903)
Interest income	3,165,947	2,069,854	445,976
Interest expense	(295,947)	(232,596)	(227,123)
	13,985,479	**792,633**	**(196,575)**
INCOME BEFORE INCOME TAX	**87,260,264**	**75,561,754**	**62,813,227**
PROVISION FOR INCOME TAX	**22,775,672**	**17,740,376**	**15,195,607**
NET INCOME	**₱64,484,592**	**₱57,821,378**	**₱47,617,620**

STATEMENTS OF FINANCIAL POSITION (In Philippine Pesos)			
	December 31,		
	2019	2018	2017
CURRENT ASSETS			
Cash and cash equivalents	₱175,668,658	₱77,269,676	₱64,555,304
Receivables	176,614,511	302,637,235	321,116,400
Due from affiliates	2,012,844	2,000,170	2,311,541
Other current assets	8,737,000	15,132,360	44,406,723
	363,033,013	**397,039,441**	**432,389,968**
NON-CURRENT ASSETS			
Investment properties net	281,494,986	300,375,578	326,595,180
Property and equipment - net	42,389,172	3,319,510	3,899,708
Other non-current assets	–	13,196,700	–
	323,884,158	**316,891,788**	**330,494,888**
TOTAL ASSETS	**₱686,917,171**	**₱713,931,229**	**₱762,884,856**
CURRENT LIABILITIES			
Accounts payable and accrued expenses	₱57,762,789	₱53,870,150	₱59,239,884
Deposits from lessees	25,161,728	22,460,508	21,006,539
Due to affiliates	–	239,792	168,339
Income tax payable	4,220,409	–	–
	87,144,926	**76,570,450**	**80,414,762**
NON-CURRENT LIABILITIES			
Deposits and other liabilities	11,075,429	12,129,290	15,214,595
Pension liabilities	834,866	660,848	568,990
Deferred tax liabilities – net	2,695,186	2,888,469	2,873,950
	14,605,481	**15,678,607**	**18,657,535**
TOTAL LIABILITIES	**101,750,407**	**92,249,057**	**99,072,297**
EQUITY			
Capital stock	100,000,000	100,000,000	100,000,000
Additional paid-in capital	450,000,000	450,000,000	450,000,000
Retained earnings	34,978,742	71,494,150	113,672,772
Remeasurement of pension liabilities - net of tax	188,022	188,022	139,787
	585,166,764	**621,682,172**	**663,812,559**
TOTAL LIABILITIES AND EQUITY	**₱686,917,171**	**₱713,931,229**	**₱762,884,856**

STATEMENTS OF CASH FLOWS (In Philippine Pesos)			
	For the Years Ended December 31		
	2019	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱87,260,264**	**₱75,561,754**	**₱62,813,227**
Adjustments for:			
Depreciation and amortization	19,970,457	28,024,612	28,054,233
Interest income	(3,165,947)	(2,069,854)	(445,976)
Interest expense	295,947	232,596	227,123
Pension expense	174,018	160,765	292,294
Operating income before changes in working capital	**104,534,739**	**101,909,873**	**90,940,901**
Changes in operating assets and liabilities :			
Decrease (increase) in:			
Receivables	126,022,724	18,505,488	18,623,716
Due from affiliates	(12,674)	311,371	1,237,565
Other current assets	6,395,360	29,274,363	26,181,820
Increase (decrease) in:			
Accounts payable and accrued expenses	3,892,639	(5,369,734)	(42,712,459)
Due to affiliates	(239,792)	71,453	152,563
Deposits and other liabilities	1,351,412	(1,863,932)	2,338,605
Net cash flows provided by operations	**241,944,408**	**142,838,882**	**96,762,711**
Interest received from cash in banks	853	665	653
Income tax paid	(18,748,546)	(17,746,529)	(15,168,652)
Net cash from operating activities	**223,196,715**	**125,093,018**	**81,594,712**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received short term investments	3,165,094	2,042,866	442,264
Proceeds from disposal of assets	–	–	–
Acquisitions of:			
Property and equipment	(26,962,827)	(836,423)	(1,404,466)
Investment properties	–	(388,389)	(714,286)
Increase in other non-current asset	–	(13,196,700)	–
Net cash used in investing activities	**(23,797,733)**	**(12,378,646)**	**(1,676,488)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	(101,000,000)	(100,000,000)	(25,000,000)
Net cash used in financing activities	**(101,000,000)**	**(100,000,000)**	**(25,000,000)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**98,398,982**	**12,714,372**	**54,918,224**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**77,269,676**	**64,555,304**	**9,637,080**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱175,668,658**	**₱77,269,676**	**₱64,555,304**

RISK FACTORS

An investment in the Common Shares involves a number of risks. Investors should carefully consider the risks described below, in addition to other information contained in this Prospectus (including the Company's financial statements and notes relating thereto which are included herein), whenever making any investment decision relating to the Common Shares. The Company's past performance is not an indication of its future performance. Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects, and cause the market price of the Common Shares to fall significantly and investors may lose all or part of their investment.

Investors deal in a range of investments each of which may carry a different level of risk.

*This Prospectus contains forward-looking statements that involve risks and uncertainties. The Company adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward Looking Statements" on page **Error! Bookmark not defined.** of this Prospectus. Factors that might cause such differences, thereby making any investment in the Common Shares speculative or risky, may be summarized into those that pertain to the business and operations of the Company, in particular, and those that pertain to the over-all political, economic and business environment in general. These risk factors and the manner by which these risks may be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

This section does not purport to disclose all the risks and other significant aspects of an investment in the Common Shares. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity, and any investor may request all publicly available information regarding the Company and the Common Shares from the SEC and the PSE.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to be invested in or the nature of risks involved in holding and trading of such securities, especially in the trading of high-risk securities. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Common Shares.

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

Significant competition in the markets in which APVI currently operates in and plans to operate in the future could have a material adverse effect on its future prospects and profitability

APVI operates in a highly competitive industry. Albeit a high barrier to entry, the capacity of real estate projects to yield attractive returns and cash flows draws a lot of players. The intensity of competition depends largely on the number of market players, product differentiation, market supply and demand. The Company faces competition from other companies that provide the same or similar offerings to the customers in the same area and all across the Philippines.

The Company's future growth and development is dependent, in large part, on the availability of large tracts of land suitable for development as well as its ability to acquire and enter into agreements to buy and develop suitable land for its planned developments. As demand for land increases, particularly in key cities and other urban areas, it may become more difficult to locate parcels of suitable size in locations and at prices acceptable to the Company. Its growth prospects could be limited and its business and results of operations could be adversely affected to the extent that the Company is unable to acquire suitable land at acceptable prices in preferred locations that can yield acceptable returns for the Company.

Property developers with greater financial and other resources and more attractive land banks compete with APVI in various aspects of its business. Competition from other real estate developers and real estate services companies may adversely affect APVI's ability to develop and sell its properties, or attract and retain customers, and continued development by these and other market participants could result in saturation of the market for real estate.

APVI is confident that it can compete effectively on the basis of its many years of operation on the back of efficient and effective management resulting to a solid track record of profitability. For further discussion of APVI's strengths and strategies, please refer to the sections on *"Description of Business – Competitive Strengths"* and *"Description of Business - Key Strategies"* of this Prospectus.

Disruption to the real estate industry by E-Commerce and Consumer Technology

With the advent of technology, the real estate industry could face major disruption with investments pouring into e-commerce and AI-powered consumer technologies. As consumers grow accustomed to the on-demand, tech-based environment, it will be an expectation, not a perk, that real estate companies follow suit.

This tech push has transformed consumer behavior and spending pattern customers. E-commerce has commoditized most moderately-priced goods; and consumers can simply purchase or pay their bills online at sometimes much cheaper prices at the convenience of their homes. This rules out a lot of retailers who are major business partners of real estate companies.

As a real estate company, the Company must therefore, rethink its traditional tenant mix to identify those bricks and mortar retailers who can sell against online retail. Real estate companies must also look for ways to converge clicks with bricks by exploring and capitalizing on other retail channels.

To mitigate this risk, the Company's offerings have evolved to be more lifestyle-centric choices to better serve its customers especially in its mall business. It also keeps abreast with technology and platforms that can be used to understand the customer journey and interpret relevant data to form informative insights.

Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition, and results of operations.

In April 2009, an outbreak of the H1N1 virus, commonly referred to as "swine flu," occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the World Health Organization ("WHO") declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (i.e., the Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment, and later discharged and cleared of the disease by the Department of Health. All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease. In March 2016, reports of an American woman who stayed in the Philippines for four (4) weeks in January 2016, tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the Aedes aegypti mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two (2) other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting.

In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

In September 2019, the Department of Health confirmed that polio re-emerged in the Philippines, nineteen (19) years after the country was declared polio-free by the WHO in 2000. As of February 15, 2020, the total number of confirmed polio cases in the country is seventeen (17).

On January 30, 2020, the Department of Health announced that a 38-year old Chinese female from Wuhan, China, the epicenter of cases of the 2019 coronavirus disease ("COVID-19"), who arrived in Cebu City from Hong

Kong, tested positive for the virus. On February 2, 2020, the Department of Health announced that a 44-year old Chinese male, also from Wuhan, China, was confirmed to have the COVID-19, and passed away on February 1, 2020. This was the first confirmed death outside of China. In view of the rising number of cases of the COVID-19, the Duterte Administration announced on February 2, 2020 that the Philippines is imposing a temporary travel ban against entry of any person, regardless of nationality, except Filipino citizens and holders of Permanent Resident Visas issued by the Philippine government, directly coming from China, and its special administrative regions. The travel bans also included persons who within fourteen (14) days immediately preceding arrival in the Philippines has been to China and its special administrative regions. A mandatory quarantine of fourteen (14) days was imposed upon Filipinos and Permanent Resident Visa holders coming from China and its special administrative regions.

On January 30, 2020, the WHO declared the COVID-19 outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020. In response to the pandemic, on March 12, 2020, the Philippine government placed Metro Manila under "community quarantine" starting on March 15, 2020, which, among others, restricted traveling through land, domestic air, and domestic sea from Metro Manila. On the second day of the implementation of the said community quarantine, the Philippine government declared a Luzon-wide "enhanced community quarantine" to arrest the continuing effect of the disease. The enhanced community quarantine mandated the temporary closure of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except for diplomats and uniformed workers (carrying medical supplies), among others. On April 7, 2020, the Philippine government extended the enhanced community quarantine period until April 30, 2020, which was further extended to May 15, 2020. On May 13, 2020, the Philippine government eased its quarantine restrictions in certain areas and placed Metro Manila under a modified enhanced community quarantine, while other key provinces and cities in the country were placed under a general community quarantine, until May 31, 2020. As of May 28, 2020, the Philippines had a total of 15,588 confirmed cases and 921 deaths.

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, COVID-19, or any public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition and results of operations.

APVI is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. With public health and safety in mind and in full cooperation with the government, APVI temporarily closed Robinsons Place Ilocos mall except areas of the mall that are being occupied by tenants providing essential services such as the supermarkets, banks and pharmacies. Although the Company waived rental for non-operational tenants during the enhanced community quarantine ("ECQ") period, it was still able to collect rent from the aforementioned operational tenants, keeping the Company afloat. In addition to complying with the guidelines, rules and regulations that the Philippine government has laid out, the Company has rolled out robust plans to ascertain business continuity, and have taken immediate actions to ensure that Company's services remain available to its customers. Skeleton workforces have been deployed and contingency measures such as flexible personnel resourcing and off-site working facilities have been employed. APVI has implemented appropriate and enhanced measures in an effort to contain the spread of the virus within its properties and workplace. To ensure adequate social distancing, mall operating hours have been adjusted for operational stores, social distancing floor markers have been strategically placed and entry of customers is closely monitored. Infrared non-contact thermal scanners are being used and hand sanitizers and foot baths have been installed in all the entry points of the mall. All its front liners are required to conduct frequent handwashing, wear protective masks or gear, and implement effective cleaning procedures in all its properties. Moreover, sanitation teams have been reinforced to carry out deep disinfection procedures especially in high-touch areas such as elevators and escalators, food courts, mall directory, etc. In the workplace, corporate policies have been established to use digital or online platforms for corporate communications and virtual meetings in order to limit physical contact. Decentralized and/or remote-working arrangements for the Company's employees have also been instituted. Lastly, the Company has established re-entry strategies in preparation for business resumption once the ECQ is lifted. APVI's main focus is to ensure a safe environment for its customers and employees in order to rebuild workplace and business confidence. As of the date of the Prospectus, the mall has already been reopened.

As APVI actively monitors developments and assess the impact of the foregoing in its operations and financial performance, the Company remains confident that it will continue to deliver a solid financial performance given the aforementioned mitigation efforts it has adopted as well as due to its solid financial position, prudent capital base and manageable debt levels.

APVI's business is affected by environmental laws and regulations in the Philippines which could have a material adverse effect on the Company's financial condition and operations

APVI operates a material part of its businesses in a regulated environment. APVI is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of and exposure to hazardous materials.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current environmental laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. In addition, APVI cannot predict what environmental, health, safety or other legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of or changes in laws and regulations applicable to APVI's business could have a material adverse effect on its business, financial condition and results of operations.

In addition, delays or other possible complications in obtaining the required regulatory and environmental permits could have a material adverse effect on APVI's business, financial condition and results of operations.

To mitigate this risk, APVI keeps itself abreast of the latest compliance requirements as well as the latest technologies that enable it to implement existing sanitation, environment and safety laws, and other regulations at cost-efficient means. For further discussion of the regulatory and environmental matters, and applicable government approvals and permits, please refer to the sections *"Description of Business – Regulatory and Environmental Matters"* and *"Description of Business – Government Approvals and Permits"* of this Prospectus.

The Company currently conducts all its business operations in the Philippines which makes it highly dependent on the Philippine economy and exposed to risks inherent in the Philippine property market

The Company currently derives all of its revenue and operating profits from its real estate investments and operations in the Philippines. Demand for and prevailing prices of real estate assets are directly related to the strength of the Philippine economy and the overall levels of business activity in the Philippines. The Company's current operations is also directly affected by social trends, changing spending patterns, and consumer sentiment in the Philippines which are in turn heavily influenced by economic, political, and security conditions in the Philippines.

Considerable economic and political uncertainties currently exist in the Philippines that could have adverse effects on consumer spending habits, availability of labor and materials, construction costs, and other factors affecting the Company and its businesses. Significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs, and debt payments, generally cannot be correspondingly reduced if changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the Company's properties. Because of its business concentration in the Philippines, reduced levels of economic growth, adverse changes in the country's political or security situation, and weaker performance of the country's property development market generally could materially adversely affect the Company's profitability.

In addition, the strength of the Philippine economy is influenced and affected by global factors, including the performance of other world and regional economies, and the global economy, in general. Any change in the health and performance of other national economies, in particular, that of the United States of America and/or the global economy, could adversely affect the Philippine economy and the Company's business.

For further discussion of the regulatory and environmental matters, and applicable government approvals and permits, please refer to the sections *"Description of Business – Regulatory and Environmental Matters" and "Description of Business – Government Approvals and Permits"* of this Prospectus.

The Company's plan to be a vehicle for possible future real estate ventures and opportunities may entail significant costs that could adversely affect its profitability and operations

The Company plans to evaluate and acquire real estate on an opportunistic basis should circumstance warrant such acquisition. This plan may require significant investments which may not result in favorable returns. In general, acquisitions involve risks associated with unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the acquisition is finalized, such as difficulties associated with integration and management of operations and systems, integration and retention of key personnel, coordination of sales and marketing efforts and diversion of management's attention from other ongoing business concerns. The Company's growth will depend on its ability to successfully manage the expansion of its operations and integrate the operations of any acquired businesses. There can be no assurance that any such expansion will be successful. In addition, the Company may be subject to higher operating costs due to the expansions, which may have an adverse effect on its operating income and profitability.

To minimize the exposure and capital outlay for the expansion, the Company has enough working capital and steady recurring cash flows from its malls business. It also has a highly experienced management team with a proven ability to execute the Company's business plan and achieve results. In addition, APVI can leverage on the synergies from its affiliates by drawing upon their experience and market data.

The occurrence of natural or other catastrophes, or severe weather conditions may materially disrupt APVI's operations

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt APVI's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's development projects many of which are large, complex buildings that are susceptible to structural damage and failure. APVI maintains full third-party insurance to cover all natural or other catastrophes. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect its business, financial condition and results of operations. Although there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from the natural or other catastrophes, APVI endeavors to mitigate this risk by keeping its properties and business in good working condition, insured to their full insurable value with financially sound and reputable insurers against loss or damage in such manner and to the same extent as customary for a business of the same character.

Since its incorporation, there has been no record of any natural or other catastrophes including severe weather conditions in the area, where the Company operates that had materially disrupted APVI's operations.

The Company currently derives its revenue and operating profits solely from its mall operations

At present, Robinsons Place Ilocos (North Wing) is the sole revenue-generating asset of the Company. Given its current asset base, and assuming that the Company will not be able to expand its portfolio, the Company's profitability will be highly dependent upon the performance of said mall. Although the mall has been performing well in the past years, the historical operating results may not be indicative of future operating results.

In order to mitigate this risk, the Company plans to diversify its revenue stream by evaluating possible growth opportunities that can yield attractive returns and further strengthen its financial condition.

The Company operates what is currently the only full-service mall in Ilocos Norte

Robinsons Place Ilocos is the first, largest, and currently, the only full-service mall in Ilocos Norte. Located along National Highway, Barangay 1, San Francisco, Municipality of San Nicolas, it stands as a major component of a 20-hectare mixed-use complex developed by a locally-based firm, Venvi Development Corporation called Valdez

Center. The Valdez Center is a vibrant and energetic complex characterized by a mixture of commercial and mid-rise residential developments such as residential, office, hotel, and other commercial establishments.

The North Wing of Robinsons Place Ilocos is owned by the Company while the mall's South Wing is owned by Robinsons Land Corporation. The North Wing and South Wing offer complementary retail choices to customers. Both wings have a balanced mix of tenants providing essential services and lifestyle offerings.

There can be no assurance that Robinsons Place Ilocos will continue to operate as the sole full-service mall in the Ilocos Norte. In addition, new mall operators may have greater experience, financial resources, and more expertise in developing and operating a mall in the region.

In order to mitigate this risk, the Company shall keep abreast with the latest developments in the commercial real estate landscape in the area including market demand and consumer behavior. The Company believes that Robinsons Place Ilocos shall continue to have a competitive edge because of its strategic location and good track record of successfully operating the mall. It is also well positioned to take advantage of the pulling power of the Valdez Center and leverage on the synergies within the mixed-use complex.

There can be no assurance that the Company's future plans and business strategies will be successfully implemented

The successful implementation of the Company's future plans and business strategies are contingent upon various factors including those that are not entirely within the Company's control. There is no assurance that the Company will be able to successfully implement its future plans and business strategies. Even if the Company's future plans or business strategies are implemented, there is no assurance that they will increase the Company's profitability or enhance its market position. The Company's profitability and financial position may be materially and adversely affected if its future plans or business strategies are not successfully implemented.

To mitigate this risk, the Company will continuously evaluate its strengths and risks to which its operations are exposed to. Accordingly, it will revise its key strategies to take advantage of its strengths and mitigate if not to eliminate the negative impact of the risks on its operations.

The Company may not be able to have successful real estate ventures and/or acquisitions in the future

The Company intends to serve as a vehicle for future real estate ventures and acquire real estate on an opportunistic basis which may result in substantial demands on its management, operational and other resources. There can be no assurance that the Company will be able to identify suitable acquisition targets and implement its acquisition plans successfully. In addition, the Company may be unable to successfully integrate the new operations and the companies or business it acquires into its existing operational financial and management systems, procedures and controls. Hence, the Company's financial performance may be limited to the growth in revenues arising from rental escalation and/or rental reversions upon lease contract renewals and other ancillary income.

If the Company fails to address or deal with any of the risks or uncertainties successfully, its profitability and results of operations may be materially and adversely affected. To mitigate this risk, the Company shall conduct thorough due diligence, engage third-party professionals for in-depth analysis of its potential acquisition's financial, operational and management models and records. The Company will also ensure that the target acquisition/s will have synergy with its current operation.

RISK RELATING TO THE PHILIPPINES

The Company's operations and assets are based in the Philippines, hence a slowdown in Philippine economic growth could adversely affect the Company's business

Currently, all of the Company's business operations and assets are located in the Philippines. As a result, APVI's income and the results of its operations are generally influenced by the performance of the Philippine economy.

The Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Peso and debt restructuring, and has been significantly affected by economic volatilities in the Asia-Pacific region.

There is still some uncertainty as to the economic prognosis in the US and in Europe, as well as the global economy in general, which could cause economic conditions in the Philippines to deteriorate. Any downturn in the Philippine economy may negatively impact the general business conditions in the Philippines, which may materially or adversely affect the Company's operations, profitability and financial condition.

The Company's business operations and financial condition may be adversely affected by any political instability in the Philippines

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the previous administration.

In June 2016, the Philippines elected a new chief executive, President Rodrigo Duterte. Since he assumed office, President Duterte's administration has demonstrated commitment in implementing fiscal, monetary, and trade policies that are consistent with the pursuit of rapid, broad-based economic growth. Among others, the administration is embarking on progressive tax reform and an ambitious infrastructure development agenda. However, perceptions over human rights and geopolitical issues may affect the overall sentiment on the Philippines and the business environment. The 8-point agenda of the new administration has not been fully implemented, the focus being more oriented towards "war against drugs and corruption" in the country.

The administration budget for 2018 provides a higher allocation to implement an infrastructure program which would cover both government-funded and PPP projects within the next two to three years.

The Permanent Court of Arbitration under the United Nations Convention on the Law of the Sea ("UNCLOS") has issued a sweeping verdict in favor of the Philippines in its case against China's territorial claims in the South China Sea. China has strongly condemned the verdict and tensions still continue over the Scarborough Shoal.

No assurance can be given that the political environment in the Philippines will remain stable and any political instability in the future could reduce consumer demand, or result in inconsistent or sudden changes in regulations and policies that affect the Company's business operations, which could have an adverse effect on the results of operations and the financial condition of the Company.

Acts of terrorism in the Philippines could lead to possible destabilization of the country which could have an adverse effect on the Company's business, financial condition and results of operation

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine military has been in conflict with the communist New People's Army, the Muslim separatist rebels and the Abu Sayyaf terrorist group, which is reported to have links with the Al-Qaeda terrorist network and which has been identified as being responsible for a number of kidnapping and terrorist activities in key cities in the southern part of the Philippines.

The Armed Forces of the Philippines ("AFP") has clashed with members of several separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front ("MILF"), the Moro National Liberation Front ("MNLF") and the New People's Army.

These continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the AFP, which could destabilize parts of the country and adversely affect the country's economy. Any such destabilization could cause interruption to parts of the Company's business and materially and adversely affect its financial condition, results of operations and prospects.

Territorial disputes with China and a number of Southeast Asian countries

The Philippines, China and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the UNCLOS. The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returned the notice sent by the Philippines requesting arbitral proceedings. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. China may also seek to suspend visits by Chinese citizens to the Philippines, or Chinese citizens may choose not to the visit the Philippines as a result of these disputes.

In early March 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu from the south of the Philippines, illegally entered Lahad Datu, Sabah, Malaysia in a bid to enforce the Sultan of Sulu's historical claim on the territory. As a result of the illegal entry, these followers engaged in a three-week standoff with the Malaysian armed forces, resulting in casualties on both sides. Since then, the Malaysian Government has mounted a military operation to secure Lahad Datu, and Malaysian authorities continue to search for members of the Sultan of Sulu's army, which are suspected to be hiding in certain villages. Clashes which began on March 1, 2013 have killed 98 Filipino-Muslims, and 10 Malaysian policemen. About 4,000 Filipino- Muslims working in Sabah have returned to the southern Philippines. Recent reports in the press quoted the Malaysian Defense Minister as stating that at least 35 armed men were shot dead by the AFP while trying to enter Sabah, which has not been confirmed by the AFP. Any such impact from these disputes could materially and adversely affect the Company's business, financial condition and results of operations.

Corporate Governance and Disclosure Standards

There may be less publicly available information about Philippine public companies than is regularly made available by public companies in certain other countries. SEC and PSE requirements with respect to corporate governance standards may also be less stringent than those applicable in certain other jurisdictions. For example, the SEC requires publicly listed companies to have at least two independent directors or such number of independent directors as is equal to 20% of the total membership of the board of directors, whichever is lower, but in no case less than two. The Company has appointed three (3) independent directors. Many other countries require significantly more independent directors. Further, rules against self-dealing and those protecting minority shareholders may be less stringent or developed in the Philippines. Such potentially lower standards in certain areas of disclosure and corporate governance may materially and adversely affect the interests of the Company's shareholders, particularly those of minority shareholders.

Philippine Credit Rating

Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt was recently upgraded by both Standard & Poor's and Fitch Ratings to the investment-grade rating of BBB-, and the foreign currency and local currency sovereign has been upgraded by Moody's to a rating of Ba1, no assurance can be given that Standard & Poor's, Fitch Ratings or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Foreign Exchange Controls

The Philippines currently does not have any foreign exchange controls in effect. However, the BSP has statutory authority, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, to: (a) suspend temporarily or restrict sales of foreign exchange; (b) require licensing of foreign exchange transactions; or (c) require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings.

RISKS RELATED TO THE COMMON SHARES

The market price of securities can and does fluctuate

The market prices of securities can and do fluctuate, and it is impossible to predict whether the price of the Common Shares will rise or fall. Securities may experience upward or downward movements, and may even lose all value. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There may be a substantial difference between the buying price and the selling price of such securities. Trading prices of the Common Shares will be influenced by, among other things:

- variations in the Company's operating results;
- success or failure of the Company's management team in implementing business and growth strategies;
- gain or loss of an important business relationship;
- changes in securities analysts' recommendation, perceptions or estimates of the Company's financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- differences between the Company's actual financial operating results and those expected by investors and analysts;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations; and,
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of the Common Shares is low. Prior to the listing of the Common Shares at the PSE, there has been no public market for the Common Shares in the Philippines. There can be no assurance that even after the Common Shares have been approved for listing on the PSE, an active trading market for the Common Shares will develop or be sustained after the listing, or that the Initial Listing Price will correspond to the price at which the Common Shares will trade in the Philippine public market subsequent to the listing. There is no assurance that investors may sell the Common Shares at prices or at times deemed appropriate.

Future sales of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and shareholders may experience dilution in their holdings.

In order to finance the Company's business and operations, and any expansion thereof, the Board will consider funding options available to the Company, which may include the issuance of new Common Shares. The market price of the Common Shares could decline as a result of future sales of substantial amounts of the Common Shares in the public market or the issuance of new Common Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Common Shares or the Company's ability to raise capital in the future at a time and at a price that the Company deems appropriate. If additional funds are raised through the issuance of new equity or equity-linked securities by the Company other than on a *pro rata* basis to existing shareholders, the percentage ownership of existing shareholders may be diluted. Such securities may also have rights, preferences and privileges senior to those of the Common Shares.

The Company's Common Shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and related statutes restrict land ownership to Philippine Nationals. The term "Philippine National" as defined under the Republic Act No. 7042, as amended, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Considering the foregoing, as long as the Company owns land, foreign ownership in the Company is limited to a maximum of 40.0% of the Company's issued and outstanding capital stock. Accordingly, the Company cannot allow the issuance or the transfer of shares to persons other than Philippine Nationals and cannot record transfers in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign land ownership discussed above. This restriction may adversely affect the liquidity and market price of the Common Shares to the extent international investors are not permitted to purchase Common Shares in normal secondary transactions.

Shareholders may be subject to limitations on minority shareholders' rights.

The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Corporation Code, however, provides for minimum minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. See "*Description of the Shares – Fundamental Matters*" section of the Prospectus. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. See "*Description of the Shares – Appraisal Rights*" section. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

Future changes in the value of the peso against the U.S. dollar or other currencies will affect the foreign currency equivalent of the value of the Common Shares and any dividends.

Fluctuations in the exchange rate between the peso and other currencies will affect the foreign currency equivalent of the peso price of the Common Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in pesos by APVI on, and the peso proceeds received from any sales of, the Common Shares.

RISK RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Certain statistics in this Prospectus relating to the Philippines, the industries and markets in which the Company's businesses compete, including statistics relating to market size, are derived from various Government and private publications, in particular, those produced by industry associations and research groups. This information has not been independently verified and may not be accurate, complete, up-to date or consistent with other information compiled within or outside the Philippines.

USE OF PROCEEDS

The Company and its stockholders will not be offering Common Shares for subscription or sale in connection with the Dividend Distribution or the Listing. Consequently, there will be no proceeds from the Dividend Distribution or the Listing.

DETERMINATION OF INITIAL LISTING PRICE

Upon Listing, the Initial Listing Price for the Common Shares will be ₱10.10 per Common Share.

The Initial Listing Price is supported by the Valuation and Fairness Opinion dated September 19, 2019 prepared by *Navarro Amper & Co.*, a firm accredited by the PSE in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports, as required under Article III, Part H, Section 3 of the Amended Rules on Listing by Way of Introduction.

Summary Report and Fairness Opinion

Navarro Amper & Co. performed indicative valuation of APVI using a combination of all three methods as follow:

- Income approach, with the Discounted Cash Flow ("DCF") method;
- Cost approach with Adjusted Book Value ("ABV") method; and,
- Market approach, with Guideline Public Company ("GPC") method.

The DCF method is a method whereby the present value of future expected net cash flows is calculated using a discount rate.

The ABV method is a way of determining a value indication of a business, business ownership, or security using methods based on the value of the assets, net of liabilities, and preferred shareholdings.

The GPC method is a method whereby market multiples are derived from the prices of companies that are engaged in the same or similar line of business and that are actively traded on a free and open market (i.e., comparable companies).

Navarro Amper & Co. estimated the total fair value range using the three methods at ₱1.01 billion to ₱1.22 billion or ₱10.10 per share to ₱12.20 per share.

The following table sets out the summary of the estimated total fair value and fair value per share of APVI under each method, as well as the estimated total fair value and fair value per share arrived at by combining all three methods:

Methodology	Total Fair Value	Fair Value per Share
Discounted Cash Flow	₱1.16 billion to ₱1.24 billion	₱11.58 to ₱12.42
Adjusted Book Value	₱1.36 billion	₱13.60
Guideline Public Company	₱0.88 billion	₱8.82
Combined	**₱1.01 billion to ₱1.22 billion**	**₱10.10 to ₱12.20**

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DILUTION

As of December 31, 2019, the Company has 100,000,000 issued and outstanding Common Shares. There will be no issuance of additional Common Shares. However, the distribution by RLC of - 100,000,000 Common Shares of APVI as Property Dividend to all holders of Common Shares of record of RLC as of August 15, 2019 will result in the dilution of RLC's ownership interest in APVI as show below:

Name of Stockholder	Common Shares Before Dividend Distribution		Common Shares After Dividend Distribution	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Robinsons Land Corporation	99,999,993	100.00%	6,106,359	6.11%

PLAN OF DISTRIBUTION

In view of the approval by the SEC of the Property Dividend, RLC will distribute the Dividend Shares as Property Dividend to the RLC Common Shareholders at the ratio of one (1) Common Share for every Fifty-One and 9,384/10,000 (51.9384) RLC Common Shares owned and registered in the name of each RLC Common Shareholder as of August 15, 2019 after the Certificate Authorizing Registration ("CAR") is issued by the BIR. The CAR was issued by the BIR on December 6, 2019.

Subject to and upon approval by the PSE of the Company's application for Listing filed with the PSE on December 26, 2019 after the Dividend Distribution is completed, the Common Shares will be listed on the SME Board of the PSE.

Apart from the Dividend Distribution, the Common Shares will not be offered for subscription or sale in connection with the Dividend Distribution or the Listing. Consequently, there will be no proceeds from the Dividend Distribution or the Listing.

INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL

LEGAL MATTERS

Certain legal matters under Philippine law relating to the Dividend Distribution and Listing were passed upon by *Picazo Buyco Tan Fider & Santos*, the independent legal and tax counsel. *Picazo Buyco Tan Fider & Santos* does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Shares, and has not acted as promoter, underwriter, voting trustee, or as the Company's employee.

FINANCIAL ADVISER

First Metro Investment Corporation provided advice in connection with the Listing processes.

INDEPENDENT AUDITOR

Punongbayan & Araullo (the "Auditors"), has audited the Company's financial statements as of and for the calendar year ended December 31, 2019 and reviewed the Company's financial statements that was audited by *Sycip, Gorres Velayo & Co.* as of and for the calendar years December 31, 2018 and 2017. The Auditors have agreed to the inclusion of its report dated December 31, 2019 with respect to said audited financial statements in the registration statement dated September 19, 2019 in connection with the registration of the Common Shares under the provisions of the SRC, preparatory to the Listing.

The Auditors do not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Shares, and has not acted as promoter, underwriter, voting trustee, or as the Company's employee.

Audit and Audit-Related Fees

For the audited financial statements prepared as of December 31, 2019, total audit fees billed to the Company by *Punongbayan & Araullo* amounted to Nine Hundred Thousand Pesos & 0/100 (₱900,000.00).

On the other hand, the table below sets forth the aggregate fees billed to the Company for each of the last two years for professional services rendered by *Sycip, Gorres Velayo & Co.*:

Particulars	2018	2017
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱467,767.00	₱292,431.00
All other fees	16,000.00	16,000.00
TOTAL	₱483,767.00	₱308,431.00

No other service was provided by external auditors to the Company for the calendar years 2018 and 2017.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Auditors of the Company on accounting and financial disclosure.

Tax Fees

There were no tax-related services rendered by the Auditors.

Audit & Risk Management Committee's Approval Policies and Procedures

Under the Manual on Corporate Governance of the Company, the Audit Committee shall, among others (i) prior to commencement of the audit, discuss and review all audit plans, scope, and audit resources/expenses, and ensure proper coordination if more than one audit firm is involved, and (ii) evaluate and determine any non-audit work performed by the external auditors, including the fees therefore, and ensure that such work will not conflict with external auditors' duties as such or threaten its independence.

Upon election by the Board of Directors of the complete membership of the Audit Committee, the Audit Committee shall meet, approve, and endorse for Board approval, the Charter of the Audit Committee of the Board of Directors, which shall include policies and procedures for the approval by the Audit Committee of the services to be rendered by the external auditors of the Company.

DIVIDEND DISTRIBUTION AND LISTING EXPENSES

Although no proceeds will be derived from the Dividend Distribution and Listing, the Company will incur the following estimated expenses:

ITEM	AMOUNT
Estimated Expenses	
SEC Filing and Listing Fees	₱2,100,000.00
PSE Fees (with VAT)	
Listing Fees	978,000.00
Processing Fees	56,000.00
Legal and Professional Fees	9,403,450.00
Miscellaneous Fees	596,000.00
Total Estimated Expenses	₱13,133,450.00

INDUSTRY OVERVIEW

Commercial Mall Industry Overview

The Philippine consumer mall business is expected to continue to be a stable performer in the Philippine property sector and is seen to exhibit steady growth in the medium term.

Local demand for retail space is increasing, with retailers, particularly in the F&B, clothing, anand footwear businesses, requiring an additional 15,200 sqm in the first quarter of 2019 alone. Furthermore, the annual average demand for retail space from 2018 to 2021 is predicted to be at 154,800 sqm. On the other hand, supply for retail space (i.e. creation of new malls) is also increasing at a faster rate. This can be attributed to several factors which include anticipated future retailer demand, expansion to green field districts, and refurbishment of older commercial malls to accommodate expanding consumer preferences.

As for the supply side, first quarter of 2019 statistics show an increase of 93,000 sqm for the creation of retail space, with a predicted annual average of 350,000 sqm for the period covering 2018 to 2021. This spike in the supply of retail space can be attributed to the rapid development of commercial malls. In Metro Manila alone, nine (9) new commercial malls are currently under construction and are scheduled to be completed by 2021.

Metro Manila Supply and Demand

As of second quarter 2019, the total retail property supply in Metro Manila amounted to 6.5 million sqm, of which rental space coming from the largest retail developers in Metro Manila (e.g. SM Prime Holdings Inc., Ayala Land Inc., Robinsons Land Corp. and Megaworld Corp.) constitute a gross total of 4.485 million sqm, or 69%. Market share per developer is broken down as follows: SMPH (42%), Ayala Land (16%), Robinsons Land (8%) and Megaworld (3%). Retail property supply is expected to increase by 10% from Q32019 to 2022, effectively increasing total supply in Metro Manila to 5.159 million sqm. It is noted that the primary demand drivers for the increase in property supply are food and beverage, fashion, and skincare.

For the first quarter of 2019 rental rates posted an increase of only 0.9% and are projected to deliver an average annual growth rate of 1.4% for the years 2018 to 2021. Moreover, vacancy is decreasing, with a quarter-on-quarter decrease of 1.0 percentage point during the same period. Despite this, analysts are confident that the significant increase in supply shall be met by strong demand for retail space. Vacancy is expected to increase from 2018 to 2021 (predicted year-on-year increase of 1.0 percentage point to 11% by the end of 2019.)

Ilocos Norte: Economy, Real Estate Supply and Demand

Robinsons Place Ilocos is currently the first, largest and only full-service mall in Ilocos Norte. At present, there are no other existing full-service malls in the vicinity.

Robinsons Place Ilocos forms part of Valdez Center, a 20-ha mixed-use complex which featuresa mixture of commercial and mid-rise residential developments such as residential, office, hotel, and other commercial establishments.

The economy of Ilocos Region grew by 6.5 percent in 2018, faster than the 5.8 percent growth in the previous year. The Real Estate, Renting and Business Activities sector, meanwhile, grew at a slower rate of 5.1 percent.

Nationwide Supply and Demand

In the Philippines, same-mall rental growth is expected to remain between 5% to 7% in 2019 and 2020. Retailers suggest that this increase can be mainly attributed to growth in the provincial areas rather than Metro Manila and Cebu.

In 2018, provinces in Luzon delivered stable increases in the commercial real estate sector: Cordillera (+4.5%), Ilocos Region (+6.5%), and Cagayan Valley (+8.4%). Provinces in Visayas also delivered compelling growth in the real estate market, notably in Cebu, Bacolod, and Iloilo.

In Cebu, supply of office space is expected to breach the 1 million sqm mark this year. Between 2018 and 2020, there are nearly 400,000 sqm of new office space expected for completion. In 2018 alone, total transactions related to office space reached nearly 107,000 sqm. The continued demand from Business Process Outsourcing ("BPO") and Knowledge Process Outsourcing ("KPO") firms should support an annual growth of at least 10% until 2020. The Cebu Business Park and IT Park are expected to continue commanding the highest lease rates across Metro Cebu, driven by the growing demand for office space. Average lease rates are projected to grow between 3% and 5% annually from 2018 to 2020 in these sub-markets. Accordingly, there will likely continue to be upward pressure on rental prices given the strong demand in such locations. Lease rates in other districts are expected grow at a slower rate of 2% to 3% per annum as some landlords may be quick to fill available space.

Bacolod City's office supply is expected to reach 128,500 sqm by 2020, up 20% compared to its 2017 supply. About 7,000 sqm of Gross Leasable Area ("GLA") is expected to be added to the city's supply of office space annually until 2020. From 2018 to 2020, the bulk will be office space demand being fueled by call centers and smaller KPO firms that provide health information management, software engineering, and financial technology services. Rental rates are expected to rise between 2% and 4% annually during the same period due to sustained demand from BPO and traditional companies, as well as limited upcoming supply.

For Iloilo, in 2018, there was a projected 74,500 sqm of office GLA due for completion from 2018 until 2019, with national developers completing their projects in Mandurriao, Ilo-ilo. Majority of office space supply is in the same area, primarily due to projects by the national developers such as Ayala Land, Megaworld, SM Prime, and Robinsons Land. Upcoming supply is almost fully leased out due to aggressive expansion plans of existing tenants. Rents range between ₱250.00 to ₱500.00 per sqm across shopping malls in Iloilo and are projected to increase by 2% to 3% over the next two to three years through new and better-quality spaces lined up for completion. Interest from BPOs is still strong but the limited supply has prevented any growth in demand. Colliers projects 74,500 sqm of office GLA to be completed from 2018 to 2019, with national developers completing their projects in Mandurriao.

It is expected that after 2021, the development of commercial malls is expected to slow down, which may lead to a hike in rental prices and lower vacancy rates at the onset. However, these levels are foreseen to eventually normalize for the commercial mall industry. Rental prices are expected to maintain a sustainable growth rate. Another strong factor is the clear preference of Filipino consumers towards commercial malls rather than online shopping is because of its accessibility, reliability, and design to be an all-inclusive destination which can cater to various needs (i.e., retail stores, satellite offices for government institutions, etc.). Finally, the macroeconomic position of the Philippines, particularly the rising GDP and low inflation rates, remain favorable as it creates greater disposable income for consumers. When coupled with the general positive economic outlook, this implies that consumer demand for goods and services can only increase, thus benefitting the commercial mall industry.

Sources:

Colliers International Q1 Retail Industry Report
JLL Metro Manila Property Market Overview 2019
PSA (Philippine Statistics Authority) – GDP Highlights 2018

DESCRIPTION OF BUSINESS

OVERVIEW AND HISTORY

Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the "Company" or "APVI" or the "Issuer") is a stock corporation organized under the laws of the Philippines. It was incorporated on March 28, 2007 as a real estate company with an initial authorized capital stock of 40,000,000 Common Shares at a par value of ₱1.00 per share.

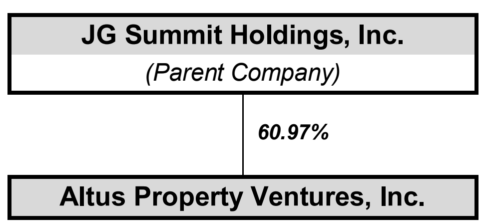
On February 24, 2009, RLC subscribed and paid 1,998 Common Shares of APVI at ₱1.00 per share. In 2010, the SEC approved the increase in the Company's authorized capital stock to 100,000,000 Common Shares with a par value of ₱1.00. In the same year, RLC bought additional shares in APVI ending up with an 80% controlling stake in the Company. On March 7, 2013, RLC acquired the remaining 20% non-controlling interest from VVH Realty Corporation and VenviHoldings Corporation, increasing its ownership interest from 80% to 100%.

On July 31, 2019, the Board of Directors of RLC approved the declaration of RLC's APVI shares as property dividend to its Common Shareholders which, following the approval of the SEC, will result in the distribution to RLC Common Shareholders of one (1) Common Share for approximately every Fifty-One and 9384/10000 (51.9384) RLC Common Shares owned and registered in the name of the RLC Common Shareholders as of August 15, 2019.

On August 23, 2019, the SEC approved the amendment of some of the provisions of the Company's Articles of Incorporation and By-laws including the change of its corporate name from "Altus San Nicolas Corp." to "Altus Property Ventures, Inc.".

The Company's principal executive office is located at Brgy. 1 San Francisco, San Nicolas, Ilocos Norte. As of December 31, 2019 and 2018, APVI has a total of 85 and 87 employees, including 19 and 18 permanent full-time managerial and support employees and approximately 66 and 69 contractual and agency employees, respectively.

Below is a map showing the relationship between the Company and its parent company as of December 31, 2019:



THE COMPANY'S BUSINESS

The Company's primary purpose is to engage in the business of selling, acquiring, building, constructing, developing, leasing and disposing of real estate properties and property development of all kinds and nature.

It currently derives all its revenues from the mall it owns and operates referred to as Robinsons Place Ilocos (North Wing). Located in a prosperous region where time-honored Filipino heritage continues to hold its ground, Robinsons Place Ilocos has become the shopping and entertainment destination to over half a million Ilocanos that populate Ilocos Norte and its neighboring towns for almost two decades. Spanning a total floor area of approximately two hectares, Robinsons Place Ilocos (North Wing) proudly stands as the Company's first foray in the Ilocandia region and is, in fact, the first full-service mall to arise in the province. This two-level modern shopping mall offers delightful dining and shopping choices featuring prominent anchor stores: Robinsons Department Store, Robinsons Supermarket, Handyman Do-It Best Home Center, Robinsons Appliances and

Robinsons Movieworld. Joining them are top national and local food tenants including Jollibee, Mang Inasal, Greenwich, Pizza Hut, KFC, and Ineng's Special BBQ. Retail outlets such as Bench, Levi's, Penshoppe, RRJ/Mr. Lee, Converse, Res-Toe-Run and Petrol add to the tenant mix. Representing Ilocos' entrepreneurial arena are leading local players including Kookee House. Specialty shops such as Expressions, Mercury Drugstore and The Travel Club and service-oriented tenants such as BDO, Robinsons Bank, LBC complete the mall offering. Occupancy rate remains healthy at 100% as of December 31, 2019.

Due to the success of the mall, in 2013, a ground breaking ceremony was held for the construction of the South Wing and the bridgeway connecting it to the North Wing on a vacant lot owned by RLC. The South Wing is approximately three hectares in size. Its first two floors of the South Wing house the mall expansion, covered parking and part of the BPO office space. The third and fourth floors are reserved for BPO offices as well as more parking slots. The new wing has an al fresco area with beautiful landscaping and water jets. In addition, it is anchored by Toys 'R Us, Daiso, and three new state-of-the-art cinemas in addition to the three existing cinemas in the North Wing. Popular local and international brands such as H&M, Uniqlo, Cotton On, Giordano, Watsons and Payless. Gadgets stores like Samsung, Oppo, Cherry Mobile are featured, as well as health and wellness outlets such as Fresh Salon and Spa and David's Salon.

In September 2016, the Company sold the South Wing to RLC in order to consolidate ownership and management of the expansion mall and the land where it is located.

The Company has a solid track record of financial profitability supported by a healthy financial position.

For calendar year ending December 31, 2019, the Company's revenues was ₱134.0 million, up by 3.6% versus calendar year ending December 31, 2018. Net income for the year ended at ₱64.5 million, higher by 11.5% compared last year. As of December 31, 2019, APVI had ₱686.9 million in total assets; while total equity posted at ₱585.2 million.

Revenues for calendar year ending December 31, 2018 was ₱129.3 million, up by 10.7% versus same period last year. Net income for the year ended at ₱57.8 million, higher by 21.4% compared last year. As of December 31, 2018, APVI had ₱713.9 million in total assets; while total equity posted at ₱621.7 million.

For calendar year ending December 31, 2017, the Company's revenues was ₱116.7 million, down by 4.1% versus calendar year ending December 31, 2016. Net income for the year ended at ₱47.6 million, higher by 14.1% compared last year. As of December 31, 2017, APVI had ₱762.9 million in total assets; while total equity posted at ₱663.8 million.

On the other hand, the Parent Company's consolidated revenues grew 3.4% from ₱291.9 billion in 2018 to ₱301.8 billion in 2019. Consolidated net income from equity holders of the parent ended at ₱31.3 billion, higher by 63.1% compared last year. As of December 31, 2019, the Parent Company had ₱928.3 billion in total assets; while total equity posted at ₱408.6 billion.

For calendar year ending December 31, 2018, the Parent Company's consolidated revenues grew 6.8% from ₱273.5 billion in 2017 to ₱291.9 billion in 2018. Consolidated net income from equity holders of the parent ended at ₱19.19 billion, lower by 34.7% compared last year. As of December 31, 2019, the Parent Company had ₱819.3 billion in total assets; while total equity posted at ₱367.5 billion.

For calendar year ending December 31, 2017, the Parent Company's consolidated revenues grew 13.7% from ₱240.5 billion in 2016 to ₱273.5 billion in 2017. Consolidated net income from equity holders of the parent ended at ₱29.37 billion, higher by 169% compared last year. As of December 31, 2019, the Parent Company had ₱739.5 billion in total assets; while total equity posted at ₱346.4 billion.

The Company accounted for less than 50% of the Parent Company's consolidated revenues, net income, total assets and total equity in the past three years.

VISION

APVI seeks to further improve its financial and operational performance and continue to take advantage of the booming real estate industry. With the success of its mall business, which provides the Company a stable recurring revenue steam and steady cashflows, the Company plans to grow by serving as a vehicle for possible future real estate ventures and opportunities. With its healthy financial position, it also plans to acquire real estate on an opportunistic basis should circumstance warrant such acquisition.

COMPETITIVE STRENGTHS

The Company believes its main competitive strengths are the following:

Healthy Financial Position and Strong Earnings Base

The Company maintains a strong balance sheet position. Its recurring revenue stream and steady cash flows provides a solid financial base for the Company, and a stable source of funds for business expansion and other capital. In part due to its strong cash flow, the Company does not have significant levels of outstanding indebtedness, meaning that it is in a strong position to access a variety of available funding sources. This financial strength, together with the reputation that the Company has earned over the years, provides a strong platform for business growth going forward.

Strong Track Record of Operational Efficiency

APVI's has a strong track record of operational efficiency on the back of more than ten years of profitable operations.

The Company believes that it has developed a reputation for quality and reliability, and for delivering its maiden project on time, within budget and in accordance with or exceeding customers' expectations.

High Quality Asset Profile

Asset quality is an important determinant of risk. The quality of a real estate asset is determined on the basis of the property rights conveyed on the asset, location and accessibility, size and topography, availability of utilities, zoning, physical characteristics and cash flow and income-generating capacity.

APVI believes its well-managed real estate assets consisting of land, building, machineries and equipment is of high quality. These assets are 100% owned and held by the Company free of any liens, mortgages or encumbrances. The Company's undivided interest over these assets provide it with the ability to take full advantage of the economic benefits that may be generated therefrom. Furthermore, the lack of any asset encumbrances reflects the Company's financial stability as it is able to finance its operations using its internally-generated funds without using its assets as collateral for any borrowings. Location and accessibility are some of the main drivers of property values as they directly influence demand and economic activity. Properties that are along heavily traversed thoroughfares and/or intersections command higher valuation. The Company's property has a private access road leading to two (2) different entrance/exit connecting to the National Highway. The National Highway is a 20-meter wide, primary national route that forms part of the Philippine highway network. Public utility buses, minibuses, jeepneys and other public utility vehicles are regularly available throughout the day along the National Highway. Residential properties, offices and other community centers such as churches, hospitals and schools are likewise accessible from the property. Large commercial/retail developments where additional space for parking and utility is significant, such as Robinsons Place Ilocos (North), is valued at a premium than smaller lots or lots that have been zoned or identified for other uses. Land generally increases in value over time. The Company's other assets are of the highest quality and were constructed by and/or procured from some of the biggest and best accredited contractors and suppliers in the country. In order to preserve the value and desirability of its assets and keep them at high operating capacity, the Company undertakes regular maintenance activities.

Highly Experienced and Dedicated Management Team

The Company has an experienced management team with a proven ability to execute the Company's business plan and achieve results. Some members of the Board of Directors and senior management have been with the Company since its inception. Mr. Frederick Go, APVI's President and Chairman, has over two decades of meaningful real estate experience successfully leading the Company all through the years. In addition, APVI has been able to attract and retain a professional management team with significant experience in managing large-scale real estate development projects. Over the Company's long history, the management team has effectively led the Company both through times of strong economic development and through periods of economic downturn and political instability. The Company believes that the market experience and knowledge that these key members of management possess and the business relationships they have developed with industry players and customers have been an integral part of the Company's success in the past and will be a driving force for its success in the future.

Complementary and Value-Enhancing Businesses of Affiliates

JGS, APVI's ultimate parent company, is one of the largest conglomerates listed on the PSE in terms of total net revenues. The companies within the JGS Group and other companies controlled by the Gokongwei Family are some of the Company's most important customers. Companies such as Robinsons Department Stores, Robinsons Supermarket and other retail formats of the Robinsons Retail Group comprise the bulk of the Company's anchor tenants, which APVI believes also enhance, in a complementary manner, the value of the its brand. Support from related companies is valuable to the Company in other respects as well. For example, when evaluating whether and where to invest in new projects, APVI will be able to draw upon the experience and market data of the JGS Group and other related companies already operating in relevant markets to help it assess consumer spending and behavior patterns, infrastructure, and support strengths and weakness and other important business information.

KEY STRATEGIES

The Company intends to invest in its business and create growth for the Company through the following strategies:

Leverage its strong financial position to grow its business

The Company has a healthy track record of profitability. Its strong financial position and stable recurring cash flows provide a solid financial base for the Company, and a stable source of funds for business expansion and other capital investment. Cash flows generated from its operations are able to satisfy working capital and minor capital expenditure requirements. This financial strength provides a strong platform for business growth going forward.

Retain its profitable position by capitalizing on environmental, economic and social trends in the Philippines.

The Company expects to continue to be at the forefront of market changes. For instance, APVI has selectively managed its tenant mix to address changing consumer trends. In addition, APVI has taken the green lead in renewable energy by installing solar panels in Robinsons Ilocos. Not only has the installation rationalized the Company's operating expenses thereby contributing to a healthy bottom line, it has also reduced the Company's carbon footprint in support of a more sustainable future for its business and its stakeholders.

Leverage synergies from affiliates

The Company intends to take advantage of synergies it can get from its affiliates such as their established reputation and brand name. APVI will also be able to draw upon the experience and market data of the JGS Group and other related companies already operating in relevant markets to help it assess consumer spending and behavior patterns, infrastructure, and support strengths and weakness and other important business information. The Company believes it will help it evaluate its acquisitions and opportunistic real estate ventures successfully.

COMPETITION

The Company operates in a highly competitive real estate industry. It competes with industry players who are present in all segments of the market including commercial, office, hotels, residential and real-estate related logistics and generally have wide geographic reach and those players who operate in select segments or niche markets. Each of these companies has certain distinct advantages over APVI, including their considerably larger portfolio and access to prime real estate in the heart of Metro Manila and other key cities. There are a number of other players in the real estate business in the Philippines, but they are significantly smaller and, because of the high barriers to entry into the business (which include cost, branding, reputation, scale and access to prime real estate), APVI expects that it will continue to compete principally with the major property companies for the foreseeable future. With the Company's competitive strengths as mentioned above, APVI believes that it will be able to compete effectively with peers and solidify its position as it enters new markets, grow its business and expand its portfolio.

For its mall business, the Company has recently seen an increase in the development of specialty malls by companies that are not traditional players in the industry, and it is unclear how this trend might affect the competitive landscape. Shopping mall operators also face competition from specialty stores, general merchandise stores, discount stores, warehouse outlets, street markets and online stores. APVI is focused on balancing its core tenant mix and providing a more distinctive shopping mall experience to its loyal customers, as well as its ability to leverage the brand equity and drawing power of its affiliated companies in the retail trade business.

The Company's mall, Robinsons Place Ilocos, is the first, largest, and currently, the only full-service mall in Ilocos Norte. It stands as a major component of a 20-hectare mixed-use complex developed by a local-based firm, Venvi Development Corporation called Valdez Center, and strategically located along heavily traversed thoroughfares and/or intersections. Although there can be no assurance that Robinsons Place Ilocos will continue to operate as the sole full-service mall in the Ilocos Norte, the Company believes that the mall's current leading market position in the area, its strategic location, the pulling power of the Valdez Center, its good track record of mall operations and synergies it derives from the other components of the mixed-use development shall continue to provide the Company with a competitive edge.

CUSTOMER BASE

APVI has a broad base of customers, comprised of both local and foreign individuals, and institutional clients. The Company is not dependent on a single or a few customers, the loss or any of which would have a material adverse effect on the business taken as a whole. APVI has no single customer that accounts for 20% or more of its revenues.

SUPPLIERS

Purchase of construction and operational requirements of the Company are awarded to accredited reputable contractors/suppliers subject to a bidding process and management's evaluation of the price and qualifications of and its relationship with the relevant contractors/suppliers.

RESEARCH AND DEVELOPMENT

APVI typically engages in research and development activities focusing on market trends and insights as well as new concepts and technologies. The expenses incurred by the Company in the past three (3) years in connection with these activities are not material.

INTELLECTUAL PROPERTY

APVI relies on trademarks to establish and protect its business interests and it believes that its trademarks and intellectual property rights are important to its success and competitive position. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of twenty (20) years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of ten (10) years, unless terminated earlier.

For its malls business, due to the long-term use and wide-spread recognition of the name “Robinsons” in the market, the Company intends to leverage on the “Robinsons” brand for its mall. The Company believes that RLC has sufficient protection over the “Robinsons” name in particular. There can be no assurance, however, that the actions RLC has taken will be adequate to prevent imitation by others or to prevent others from using the “Robinsons” name as a violation of its intellectual property rights. Details of the trademark are as follows:

Trademark	Registrant	Registration Date	Term
Robinsons “R”	Robinsons Land Corporation	February 4, 2008	20 years

INSURANCE CONTRACTS

APVI has insurance coverage that is required in the Philippines for real and personal property. APVI is covered by the insurance policy of RLC. This includes coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third party liability to the public, construction works and loss of income.

Insurance Company	Line/Type/Asset Insured	Sum Insured/ Coverage	Policy Period
MAA General Assurance Phils., Inc., Malayan Insurance, Oriental Assurance Corporation, Pioneer Insurance	Property All Risk/ Fire Insurance/ Building & Improvements, Machinery & Equipment, Furniture, Fixture & Equipment & Others & Business Interruption/ Robinsons Place Ilocos Norte	₱2.13 billion	April 15, 2019 - April 15, 2020
Pioneer Insurance	Electronic Equipment Insurance/ Network equipment, data center, desktop, PC carpark & cinema system equipment	₱2.77 million	January 1, 2019 - December 31, 2020

REGULATORY AND ENVIRONMENTAL MATTERS

Zoning and Land Use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988 cannot be converted to non-agricultural use without the prior approval of DAR. Land use may also be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Property Registration

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper survey, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate RD may issue an Original Certificate of Title ("OCT"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the RD. All land patents (i.e. homestead, sales and free patents) must be registered with the appropriate RD since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the RD for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land, if filed or entered in the office of the RD for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the RD.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title, and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the RD. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the RD issues a Condominium Certificate of Title.

Real Property Taxation

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of 1% on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located.

Construction License

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In applying for and granting such license, PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria:

1. financial capacity;
2. equipment capacity;
3. experience of the firm; and,
4. experience of technical personnel.

Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

Labor Laws

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the Home Development Fund Law of 2009 (R.A. No. 9679) and the National Health Insurance Act of 1995 (R.A. No. 7875), as amended.

Social Security Act

Under the Social Security Act of 2018, social security coverage is compulsory for all employees not over sixty (60) years of age. An employer has the duty to report to the Social Security System ("SSS") the names, ages, civil status, occupations, salaries and dependents of its employees who are subject to compulsory coverage, and to pay and remit their monthly contributions. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The failure of the employer to comply with any of its obligations may lead to sanctions, including the impositions of a fine of not less than Five Thousand Pesos (₱5,000.00) nor more than Twenty Thousand Pesos (₱20,000.00), or imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years, or both, at the discretion of the court. The erring employer will also be liable to the SSS for damages equivalent to the benefits to which the employee 151 would have been entitled had his name been reported on time to the SSS and for the corresponding contributions and penalties thereon.

Home Development Fund Law

The Home Development Fund Law or the Pag-IBIG Fund Law, created the Home Development Mutual Fund ("HDMF"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold a percentage of the employee's monthly compensation and likewise make a counterpart contribution and remit the contributions to the HDMF. Refusal of an employer to comply, without any lawful cause or with fraudulent intent, particularly with respect to registration of employees as well as collection and remittance of contributions, is punishable by a fine of not less but not more than twice the amount involved, or imprisonment of not more than six (6) years, or both such fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the president or general manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

National Health Insurance Act

The National Health Insurance Act created the National Health Insurance Program ("NHIP") to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. An employer is required to deduct and withhold the contributions from its employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to the Philippine Health Insurance Corporation ("PhilHealth"), the agency which administers the NHIP. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. An employer who fails or refuses to register its employees, regardless of their employment status, or to deduct contributions from its employees' compensation or remit the same shall be punished with a fine of not less than Five Thousand Pesos (₱5,000.00) multiplied by the total number of employees.

Labor Code Provision on Retirement Pay

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached sixty (60) years of age or more, but not beyond sixty-five (65) years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: fifteen (15) days salary based on the latest salary rate; in addition, one-twelfth (1/12) of the thirteenth month pay and the cash equivalent of five (5) days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Rules on Contracting and Subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake 152 the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the Department of Labor and Employment ("DOLE") issued DOLE Department Order No. 174-17 or Rules Implementing Articles 106 to 109 of the Labor Code, As Amended, under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. Department Order No 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code. Labor-only contracting refers to arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Department Order No. 174-17 expressly requires the registration of contractors with the Regional Office of the DOLE where it principally operates, without which, a presumption that the contractor is engaged in labor-only contracting arises. Department Order No 174-17 provides that, in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a solidary liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislations, to the extent of the work performed under the employment contract.

In July 2019, President Duterte vetoed the Security of Tenure Bill which would prevent employers from firing their workers for just cause.

Local Government Code

The Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the Sangguniang Panlalawigan (provincial council) has the power to review ordinances passed by a city or municipality council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Nationality Restrictions

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Ninth Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly- nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly- nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

Considering the foregoing, for as long as the Company owns land in the Philippines or continues to conduct property development in the Philippines, foreign ownership in the Company is limited to a maximum of 40% of the capital stock of the Company which is outstanding and entitled to vote. Accordingly, the Company shall disallow the issuance or the transfer of Shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.

Revised Corporation Code

On 20 February 2019, President Rodrigo R. Duterte signed into law the Revised Corporation Code of the Philippines (R.A. No. 11232) (“RCC”), which amended certain provisions of the old Corporation Code. The RCC took effect on 23 February 2019. According to Senator Franklin M. Drilon, the principal sponsor and author of the RCC, the RCC provides key reforms in four areas of corporate governance, namely: improving the ease of business in the country, prioritizing corporate and stockholder protection, instilling corporate and civic responsibility, and strengthening the country's policy and regulatory corporate framework.

The RCC now grants perpetual existence to new corporations unless the articles of incorporation provide otherwise. Corporations existing prior to the effectivity of the RCC shall also have perpetual existence unless the corporation, upon a vote of its stockholders representing a majority of the outstanding capital stock, notifies the SEC that it decides to retain its specific corporate term as specified in its articles of incorporation.

The RCC introduces a new kind of corporation called a “one person corporation” (“OPC”) which can be formed by a single stockholder who must be either a natural person, a trust or an estate. A corporation cannot form an OPC.

The RCC also introduced several changes to the management and administration of corporations. Such changes will require the amendment of the existing by-laws of the corporation, if such by-laws contain any contrary provision.

Existing corporations affected by the provisions of the RCC are given a period of two (2) years from its effectivity or until February 23, 2021 within which to comply with its requirements.

Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act (the "**PCA**") came into effect August 5, 2015 and is the primary competition law in the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial activities. This law created the Philippine Competition Commission (the "**PCC**") which is tasked with the implementation of the PCA and regulating, among others things, the conduct of business entities in the market as well as mergers and acquisitions. The PCA prohibits and imposes sanctions on:

(a) Anti-competitive agreements between or amongst competitors that restrict competition as to price or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
(b) Practices which are regarded as abuse of dominant position by engaging in conduct that would substantially prevent, restrict or lessen competition; and
(c) Mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

A dominant market position is presumed by law if an enterprise has at least 50% of the relevant market. Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the PCC before consummating the transaction if specified thresholds set out under the PCA and its implementing rules are met. An agreement consummated in violation of the compulsory notification requirement shall be considered void, and shall subject the parties to an administrative fine of 1% to 5% of the value of the transaction.

Further, penalties for violation of the law consist of administrative fines which can be as high as ₱100 million for the first offense and ₱250 million for the second offense. The law also grants private parties who suffer damages as a result of a violation the right to file an action for damages against the violating parties. Violators of the provisions on price fixing and bid rigging between and among competitors are subject to criminal liability in addition to the administrative and civil liabilities provided thereunder.

Data Privacy Act

The Data Privacy Act of 2012 (R.A. No. 10173) ("DPA"), was signed into law on August 15, 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System ("ICT"), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of "personal information", which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors". It also provides for penal and monetary sanctions for violations of its provisions.

Intellectual Property Code

Under the Intellectual Property Code of the Philippines, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of ten (10) years and may be renewed for periods of ten (10) years at its expiration.

We retain legal counsel to ensure our continued compliance with applicable laws and regulations affecting our operations. We have secured, applied for, or are in the process of applying or renewing all material permits and licenses required to conduct our business. We expect to obtain these permits and licenses in the ordinary course.

Environmental Laws and Safety Standards

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory. In determining the scope of the EIS System, two factors are considered: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences of the project to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum each contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System, and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team organized to monitor compliance with the ECC and applicable laws, rules and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a Certificate of Non-Coverage ("CNC") from the EMB or the DENR Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to HLURB.

Aside from the EIS and IEE, engineering, geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the National Building Code. Aside from the building permit under the National Building Code, an applicant in specific instances may be required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

Shopping Malls

Shopping mall centers are regulated by the local government unit of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of the fire code and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial waste water to apply for a waste water discharge permit from the DENR and to pay the fee incidental to the permit. As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism. A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the Department of Tourism.

Effect of Existing or Probable Governmental Regulations on the Business

The existing regulatory and environmental/governmental regulations as well as possible governmental regulations on the various business segments may affect the Company's profitability through possible reduction in revenues.

The aggregate cost of compliance with environmental laws covering all business segments including waste management, among others, amounted to ₱0.08 million and ₱0.42 million for calendar years ending December 31, 2019 and 2018.

GOVERNMENT APPROVALS AND PERMITS

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of the Company have been obtained and are in full force and effect. The Company is in the process of renewing some permits necessary to conduct its business and operations.

Set out below are all the material permits and licenses of the Company necessary to operate its business as currently conducted, and the failure to possess any of which may have a material adverse effect on the business and operations of the Company.

Based on the legal opinion dated September 19, 2019 issued by an independent counsel, *Meer Meer & Meer*, and unless otherwise indicated below, the material permits and licenses required for the Company's operations are valid and subsisting.

Name of Permit/License	Issuing Agency	Permit / License No.	Issue Date	Validity Period	Expiry Date
SEC Registration	SEC	CS200724758	March 28, 2007	Valid until revoked	Valid until revoked
Environmental Compliance Certificate	DENR	ECC No. 010409-270048-0704	May 27, 2015	Valid until revoked	Valid until revoked
Mayor's Permit	LGU	BP-2020-01042-0	June 23, 2020	Until expiry date	Valid until December 31, 2020
BIR Registration	BIR	4RC0000595173	July 13, 2007	Valid until revoked	Valid until revoked
Fire Safety Inspection Certificate	BFP	FSIC No. RO1-IN-019-020-1237	July 22, 2019	One (1) year from issuance	July 22, 2020
Sanitary Permit to Operate	LGU	in the process of being renewed for calendar year 2020			
Wastewater Discharge Permit	DENR	WWDP-16L-01IN16-034	February 27, 2017	Until expiry date	December 12, 2021

The costs of compliance with environmental laws are included in the cost for permits and licenses procured by the Company.

Employees

As of December 31, 2019 and 2018, APVI has a total of 85 and 87 employees, including 19 and 18 permanent full-time managerial and support employees and approximately 66 and 69 contractual and agency employees, respectively.

Breakdown according to function of permanent full-time managerial and support employees as of December 31 is as follows:

Function	Number of Employees	
	2019	2018
Operations	5	5
Administrative	7	7
Technical	7	6
Total	**19**	**18**

The Company does not currently anticipate hiring a significant number of additional employees within the next twelve (12) months, but it may look to hire as necessary subject to any changing needs of the business. Furthermore, as of the date of this Prospectus, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Material Agreements

The following are the material contracts that have been entered into by the Company:

Commercial Mall Space Lease

Revenues mainly come from lease of affiliates and regular tenants, and others. Lease contracts are either fixed rent or percentage rent or a combination of both, with an annual escalation clause and lease terms ranging from one (1) to ten (10) years.

Total revenues, including lease income, amounted to ₱134.0 million and ₱129.3 million for calendar years ending December 31, 2019 and 2018, respectively.

Sale of Assets

In September 2016, the Company entered into a Deed of Absolute Sale with RLC covering the sale of certain assets constructed in the parcel of land owned by RLC for a selling price of ₱895.1 million, inclusive of VAT.

As of December 31, 2019, outstanding balance of the receivable from RLC amounted to ₱164.3 million. The receivable from the sale of assets is non-interest bearing and is due and demandable.

DESCRIPTION OF PROPERTY

The Company owns and operates the North Wing of a mall, referred to as Robinsons Place Ilocos, located within the compound of Valdez Center along the National Highway, Barangay 1, San Francisco, Municipality of San Nicolas, Province of Ilocos Norte. Robinsons Place Ilocos is situated inside Valdez Center. The center serves as the biggest commercial and shopping center in Ilocos Norte. The area is generally characterized by a mixture of commercial and mid-rise residential developments.

Robinsons Place Ilocos is the first and largest and only full-service mall in Ilocos Norte. The mall is a two (2) level building which houses a department store, a supermarket, and an appliance store. It likewise has a hardware store, a toy store and arcade, and a food court. Other stores of known brands and popular chain of restaurants are likewise present within the mall.

The land, where the mall was constructed, consists of five (5) contiguous lots having a total area of 20,319 sqm. The mall building spans across 20,190 sqm of gross floor area with average occupancy rate of approximately 100% as of the date of the Prospectus.

All of the foregoing properties are fully owned by the Company and none of which are subject to any mortgage, lien or any form of encumbrance.

As of the date of this Prospectus, there are no definite plans on acquisitions of properties and the mode such acquisitions in the next twelve months.

LEGAL PROCEEDINGS

APVI is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Registration or the Listing and on the results of the financials and the operations of the Company.

SECURITIES OF THE ISSUER

MARKET INFORMATION

As of the date of this Prospectus, the Company has an authorized capital stock of 100,000,000 shares consisting of 100,000,000 Common Shares, each with a par value of ₱1.00. The Common Shares are not traded in any trading market, nor are they subject to outstanding options or warrants to purchase, or securities convertible into Common Shares of the Company.

LISTING; NO PUBLIC OFFER

The Company has applied (and for this purpose has submitted an application for Listing with the PSE on December 26, 2019 for Listing based on Section 1(b) of the PSE's Amended Rules on Listing by Way of Introduction, which provides that Listing may be appropriate where the securities of an unlisted issuer (the Company, in this case) are distributed by a way of property dividend by a listed issuer (that is, RLC) to shareholders of that listed issuer.

In case of a listing by way of introduction, a public offering does not need to be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed. The Company and its stockholders will not be offering Common Shares to the public for subscription or sale in connection with the Dividend Distribution or the Listing.

HOLDERS OF THE COMPANY'S COMMON SHARES

Prior to the Dividend Declaration, the Company had eight (8) stockholders, seven (7) of whom are individuals with one (1) Common Share each.

The following sets out the names of the aforementioned eight (8) stockholders of Common Shares of the Company as of August 31, 2019 and after the Dividend Distribution.

Title of Class	Name of Stockholder	Shares as of 31 August 2019		Shares After Dividend Distribution	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Common	Robinsons Land Corporation	99,999,993	100.00%	6,106,359	6.11%
Common	JG Summit Holdings, Inc.	Nil	Nil	60,972,361	60.97%
Common	Frederick D. Go	1	Nil	17,086	0.02%
Common	Lance Y. Gokongwei	1	Nil	13,950	0.01%
Common	Faraday D. Go	1	Nil	1	0.00%
Common	Corazon L. Ang-Ley	1	Nil	1	0.00%
Common	Martin Dy Buncio	1	Nil	1	0.00%
Common	Maynard Ngu	1	Nil	1	0.00%
Common	Jean Henri Lhuillier	1	Nil	1	0.00%
Common	Others (Public)	Nil	Nil	32,890,239	32.89%
	Total Outstanding	**100,000,000**	**100.00%**	**100,000,000**	**100.00%**

BACKGROUND OF TOP SHAREHOLDER

The following sets out the background of RLC which is APVI's top shareholder prior the Dividend Distribution:

Robinsons Land Corporation ("RLC") was incorporated as a stock corporation on June 4, 1980 under SEC Registration No. 93269-A. RLC's principal registered office is at Level 2 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City.

RLC has an authorized capital stock of Eight Billion Two Hundred Million Pesos (₱8,200,000,000.00) divided into Eight Billion Two Hundred Million (8,200,000,000) common shares with a par value of One Peso (₱1.00) per share, out of which Five Billion One Hundred Ninety Three Million Eight Hundred Thirty Thousand Six Hundred

Eighty Five (5,193,830,685) shares have been subscribed and fully paid-up. The shareholders of RLC as of December 31, 2019 are as follows:

Title of Class	Name of Stockholders	No. of Shares Held	Percent (%) to Total Outstanding
Common	JG Summit Holdings, Inc.	3,166,806,886	60.97%
Common	PCD Nominee Corporation (Non-Filipino)	1,240,857,047	23.89%
Common	PCD Nominee Corporation (Filipino)	751,725,389	14.47%
Common	Elizabeth Yu	8,737,200	0.17%
Common	John Gokongwei, Jr.	8,124,721	0.16%
Common	Cebu Liberty Lumber	2,203,200	0.04%
Common	James L. Go	2,139,011	0.04%
Common	Elizabeth Y. Gokongwei &/or John Gokongwei, Jr.	988,000	0.02%
Common	Frederick Dy Go	986,027	0.02%
Common	Quality Investments & Sec. Corp.	903,000	0.02%
Common	Lance Y. Gokongwei	805,001	0.02%
Common	Alberto Mendoza &/or Jeanie Mendoza	532,800	0.01%
Common	Elizabeth Yu Gokongwei	499,500	0.01%
Common	Robina Yu Gokongwei	360,000	0.01%
Common	Samuel C. Uy	324,000	0.01%
Common	John L. Gokongwei, Jr.	300,000	0.01%
Common	Ong Tiong	204,996	0.00%
Common	Lisa Yu Gokongwei	180,000	0.00%
Common	FEBTC#103-00-507	156,240	0.00%
Common	Francisco L. Benedicto	150,000	0.00%
Common	Others	7,502,668	0.15%
	TOTAL	**5,193,830,685**	**100.00%**

The Dividend Distribution will result in the following:

- A total of 100,000,000 Common Shares of APVI will be distributed and allocated proportionately to the RLC Common Shareholders in the ratio of one (1) Common Share of APVI for every Fifty-One and 9384/10000 (51.9384) shares of RLC Common Shareholder. Considering that no fractional shares of APVI shall be distributed pursuant to the dividend declaration and RLC shall withhold such number of shares equivalent to the final withholding tax on the dividends, the balance of 6,106,359 Common Shares of APVI shall remain with RLC. RLC's shareholdings in APVI's Common Shares will decrease from 100.00% to 6.11 %; and,
- RLC's shareholders (including JGS) will own 93.89% of the outstanding Common Shares of the Company.

DIVIDENDS

For the information on the Company's dividends and dividend policy, please refer to the section entitled "*Dividends and Dividend Policy*" on page 47 of this Prospectus.

DESCRIPTION OF THE SECURITIES OF THE COMPANY

The Company's authorized capital consists of 100,000,000 Common Shares. 100,000,000 shares has been covered by the Dividend Distribution and 100,000,000 Common Shares will be covered by the Listing. The Common Shares will not be offered to the public, although they are expected to be traded after the Listing. The Common Shares have the following features:

Voting Rights

APVI's Common Shares have full voting rights.

The Corporation Code provides that voting rights cannot be exercised with respect to shares declared delinquent, treasury shares or if the shareholder has elected to exercise his right of appraisal referred to below.

Pre-Emptive Rights

The Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation entitling such shareholders to subscribe for all issues or other dispositions of equity related securities by the corporation in proportion to their respective shareholdings, regardless of whether the equity related securities proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may provide for the denial of these pre-emptive rights in its Articles of Incorporation. The Articles of Incorporation of APVI currently contains such a denial of pre-emptive rights on all classes of shares issued by the Company and therefore further issues of shares (including treasury shares) can be made without offering such shares on a pre-emptive basis to the existing shareholders.

Change in Control

There is no provision in the Company's Articles of Incorporation and By-laws which may delay, deter, or prevent a change in control in the Company.

Lock-up Restrictions under the PSE Listing Rules

Under the PSE Listing Rules, an applicant company that applies to list by way of introduction through Section 1(b) of the PSE's Amended Rules on Listing by Way of Introduction shall be subject to the lock-up requirements prescribed by the PSE.

In particular, Article III, Part E, Section 2 provides that an applicant company shall cause its existing non-public shareholders to refrain from selling, assigning or in any manner disposing of their shares for the following periods counted from the date of listing of such shares: (a) one (1) year and (b) if there is any issuance or transfer of shares (i.e., private placements, asset for shares swap or a similar transaction) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants or a similar instrument) done and fully paid for within six (6) months prior to the listing date in case of companies listing by way of introduction, and the transaction price is lower than that of the listing price, all shares availed of shall be subject to a lock-up period of at least one (1) year days from the listing date.

"Non-public shareholders" shall mean the applicant company's: (a) principal stockholders (i.e., the owner of ten percent (10%) or more of the issued and outstanding shares); (b) subsidiaries or affiliates; (c) directors; (d) principal officers; and (e) members of the immediate families sharing the same household of any of its principal stockholders, directors, or principal officers.

The following shareholders are covered by the one (1) year lock-up requirement, from listing of the dividend shares:

Title of Class	Name of Stockholder	No. of Shares Held	Percent (%) to Total Outstanding
Common	JG Summit Holdings, Inc.	60,972,361	60.97%
Common	Robinsons Land Corporation	6,106,359	6.11%
Common	Frederick D. Go	17,086	0.02%
Common	Lance Y. Gokongwei	13,950	0.01%
Common	Faraday D. Go	1	0.00%
Common	Corazon L. Ang-Ley	1	0.00%
Common	Martin Dy Buncio	1	0.00%
Common	Maynard Ngu	1	0.00%
Common	Jean Henri Lhuillier	1	0.00%
	TOTAL	**67,109,761**	**67.11%**

DIVIDENDS AND DIVIDEND POLICY

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.

RECORD DATE

The Company's By-laws provide that for purposes of determining the shareholders entitled to receive payment of any dividends, whether cash, property or stock, the Board may fix in advance a date as the record date for any such determination of shareholders. The said By-Laws likewise provide that, in connection with the determination of the shareholders entitled to receive payment of any dividend, the Board may provide that the stock and transfer book be closed for a period of ten (10) business days immediately preceding such meeting declaring the dividends. No shares of stock of the Company may be transferred during the period when the books are closed.

In each case, the set record date shall not be less than ten (10) trading days from disclosure to the PSE of the declaration of the dividend.

DIVIDEND POLICY ON THE COMMON SHARES

Aside from what is stated in the Company's By-Laws and as provided in existing laws, the Company does not have a specific dividend policy. The Company's By-laws provide that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board may determine and in accordance with law and applicable rules and regulations. No fractional shares shall be issued from any declaration of stock dividends.

The Board may decide to declare cash dividends in the future after taking into account various factors, including:

- the level of the Company's cash, gearing, return on equity and retained earnings;
- the Company's results for, and the Company's financial condition at the end of the year, the year in respect of which the dividend is to be paid and the Company's expected financial performance;
- the Company's projected levels of capital expenditure and other investment plans;
- restrictions of payment of dividends that may be imposed on the Company by any of its financing arrangements and current and prospective debt service requirements; and,
- such other factors as the Board deems appropriate.

The Company, however, cannot assure the public that it will pay any dividends in the future.

Apart from the discussion on dividends under "*Risk Factors*" beginning on page 8 of this Prospectus, there are no restrictions that limit the Company's ability to pay dividends in the future.

DIVIDEND HISTORY

The Company's Board of Directors approved the declaration and payment of the following dividends to holders of the Common Shares as follows:

For the Calendar Year Ended December 31, 2019

Date of Approval	Date of Record	Type of Dividend	Amount	Dividend per Share
March 22, 2019	February 28, 2019	Cash	₱50,000,000.00	₱0.50
June 24, 2019	May 31, 2019	Cash	₱51,000,000.00	₱0.51

For the Calendar Year Ended December 31, 2018

Date of Approval	Date of Record	Type of Dividend	Amount	Dividend per Share
September 7, 2018	July 31, 2018	Cash	₱80,000,000.00	₱0.80
April 6, 2018	March 31, 2018	Cash	₱20,000,000.00	₱0.20

For the Calendar Year Ended December 31, 2017

Date of Approval	Date of Record	Type of Dividend	Amount	Dividend per Share
November 13, 2017	October 1, 2017	Cash	₱25,000,000.00	₱0.25

SELECTED FINANCIAL INFORMATION

The selected financial information set forth in the following tables has been derived by the Company from its financial statements which have been audited by independent auditors, *Punongbayan & Araullo* (the "Auditors") as of and for the year ended December 31, 2019 and *SyCip Gorres Velayo & Co.* as of and for the years ended December 31, 2018 and 2017. This should be read in conjunction with the audited financial statements and notes thereto annexed to this Prospectus, the section entitled *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and other financial information included herein.

The Company's financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited in accordance with Philippine Standards on Auditing.

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company or any future period or date.

STATEMENTS OF COMPREHENSIVE INCOME (In Philippine Pesos)			
	For the Years Ended December 31		
	2019	**2018**	**2017**
RENTAL REVENUE	**₱133,965,359**	**₱129,250,666**	**₱116,748,439**
COST OF RENTAL SERVICES	**24,299,940**	**33,896,722**	**33,781,971**
GROSS INCOME	**109,665,419**	**95,353,944**	**82,966,468**
GENERAL AND ADMINISTRATIVE EXPENSES			
Professional, management and consultancy fees	24,708,356	7,961,329	6,748,245
Salaries, wages and employee benefits	5,369,829	5,847,000	5,138,943
Taxes and licenses	3,869,838	1,992,117	1,904,924
Insurance	1,215,295	1,351,128	1,294,046
Advertising	848,966	1,378,474	1,762,582
Travel and communication	216,224	824,138	1,711,456
Supplies	162,126	1,230,637	1,396,470
	36,390,634	**20,584,823**	**19,956,666**
OPERATING INCOME	**73,274,785**	**74,769,121**	**63,009,802**
OTHER INCOME (EXPENSES)			
Billing of utilities - net	6,210,85S8	(593,771)	169,475
Other expenses (income)	4,904,621	(450,854)	(584,903)
Interest income	3,165,947	2,069,854	445,976
Interest expense	(295,947)	(232,596)	(227,123)
	13,985,479	**792,633**	**(196,575)**
INCOME BEFORE INCOME TAX	**87,260,264**	**75,561,754**	**62,813,227**
PROVISION FOR INCOME TAX	**22,775,672**	**17,740,376**	**15,195,607**
NET INCOME	**₱64,484,592**	**₱57,821,378**	**₱47,617,620**

STATEMENTS OF FINANCIAL POSITION (In Philippine Pesos)			
	December 31,		
	2019	2018	2017
CURRENT ASSETS			
Cash and cash equivalents	₱175,668,658	₱77,269,676	₱64,555,304
Receivables	176,614,511	302,637,235	321,116,400
Due from affiliates	2,012,844	2,000,170	2,311,541
Other current assets	8,737,000	15,132,360	44,406,723
	363,033,013	**397,039,441**	**432,389,968**
NON-CURRENT ASSETS			
Investment properties net	281,494,986	300,375,578	326,595,180
Property and equipment - net	42,389,172	3,319,510	3,899,708
Other non-current assets	–	13,196,700	–
	323,884,158	**316,891,788**	**330,494,888**
TOTAL ASSETS	**₱686,917,171**	**₱713,931,229**	**₱762,884,856**
CURRENT LIABILITIES			
Accounts payable and accrued expenses	₱57,762,789	₱53,870,150	₱59,239,884
Deposits from lessees	25,161,728	22,460,508	21,006,539
Due to affiliates	–	239,792	168,339
Income tax payable	4,220,409	–	–
	87,144,926	**76,570,450**	**80,414,762**
NON-CURRENT LIABILITIES			
Deposits and other liabilities	11,075,429	12,129,290	15,214,595
Pension liabilities	834,866	660,848	568,990
Deferred tax liabilities	2,695,186	2,888,469	2,873,950
	14,605,481	**15,678,607**	**18,657,535**
TOTAL LIABILITIES	**101,750,407**	**92,249,057**	**99,072,297**
EQUITY			
Capital stock	100,000,000	100,000,000	100,000,000
Additional paid-in capital	450,000,000	450,000,000	450,000,000
Retained earnings	34,978,742	71,494,150	113,672,772
Remeasurement of pension liabilities - net of tax	188,022	188,022	139,787
	585,166,764	**621,682,172**	**663,812,559**
TOTAL LIABILITIES AND EQUITY	**₱686,917,171**	**₱713,931,229**	**₱762,884,856**

STATEMENTS OF CASH FLOWS (In Philippine Pesos)			
	For the Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱87,260,264**	**₱75,561,754**	**₱62,813,227**
Adjustments for:			
Depreciation and amortization	19,970,457	28,024,612	28,054,233
Interest income	(3,165,947)	(2,069,854)	(445,976)
Interest expense	295,947	232,596	227,123
Pension expense	174,018	160,765	292,294
Operating income before changes in working capital	**104,534,739**	**101,909,873**	**90,940,901**
Changes in operating assets and liabilities :			
Decrease (increase) in:			
Receivables	126,022,724	18,505,488	18,623,716
Due from affiliates	(12,674)	311,371	1,237,565
Other current assets	6,395,360	29,274,363	26,181,820
Increase (decrease) in:			
Accounts payable and accrued expenses	3,892,639	(5,369,734)	(42,712,459)
Due to affiliates	(239,792)	71,453	152,563
Deposits and other liabilities	1,351,412	(1,863,932)	2,338,605
Net cash flows provided by operations	**241,944,408**	**142,838,882**	**96,762,711**
Interest received from cash in banks	853	665	653
Income tax paid	(18,748,546)	(17,746,529)	(15,168,652)
Net cash from operating activities	**223,196,715**	**125,093,018**	**81,594,712**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received short term investments	3,165,094	2,042,866	442,264
Proceeds from disposal of assets	–	–	–
Acquisitions of:			
Property and equipment	(26,962,827)	(836,423)	(1,404,466)
Investment properties	–	(388,389)	(714,286)
Increase in other non-current asset	–	(13,196,700)	–
Net cash used in investing activities	**(23,797,733)**	**(12,378,646)**	**(1,676,488)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	(101,000,000)	(100,000,000)	(25,000,000)
Net cash used in financing activities	**(101,000,000)**	**(100,000,000)**	**(25,000,000)**
NET INCREASE IN CASH & CASH EQUIVALENTS	**98,398,982**	**12,714,372**	**54,918,224**
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**77,269,676**	**64,555,304**	**9,637,080**
CASH & CASH EQUIVALENTS AT END OF YEAR	**₱175,668,658**	**₱77,269,676**	**₱64,555,304**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements as of and for the calendar years December 31, 2019, 2018 and 2017 and the notes thereto included elsewhere in this Prospectus.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

The following is primarily a discussion of the Company's most recent financial period as presented in this Prospectus, and is based upon and should be read with, the financial statements and the related notes elsewhere in this Prospectus.

OVERVIEW

Critical Accounting Policies

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

Judgments, estimates, and assumptions 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.

The Company's significant accounting policies and significant accounting judgments and estimates are disclosed in Notes 2 and 3 to the Company's audited financial statements as of and for the calendar year ending December 31, 2019 and in Notes 3 to 5 to the Company's audited financial statements as of and for the calendar years ending December 31, 2018, 2017, included elsewhere in this Prospectus.

Description of Selected Income Statement Items

Rental Revenue

The Company leases its commercial real estate properties to others through operating leases. Rental revenue on leased properties is recognized on a straight-line basis over the lease term, or based on a certain percentage of the gross revenue of the tenants, provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Cost of Rental Services

Cost of rental services includes depreciation and maintenance costs.

For the Calendar Years Ended December 31, 2019, 2018 and 2017

Calendar Year Ended December 31, 2019 versus same period in 2018

Results of Operations

The Company generated total gross revenues of ₱134.0 million for the year ended December 31, 2019, an increase of 3.6% from ₱129.3 million total gross revenues for the year ended December 31, 2018. The increase in rental revenues was mainly attributable to rental escalations. EBIT increased by 14.5% at ₱84.4 million while EBITDA posted a 2.6% or ₱2.6 million increase to ₱104.4 million.

Cost of rental services amounted to ₱24.3 million, lower by 28.3% from the same period last year. The decrease was due to assets that have become fully depreciated and lower level of spending on maintenance cost.

General and administrative expenses amounted to ₱36.4 million, 76.8% higher than last year's ₱20.6 million due to management fees charged by RLC for providing certain corporate services.

Other income (expenses) amounted to ₱14.0 million, up by ₱13.2 million from same period last year. The increase was mainly due to increase in billing of utilities-net as a result of lower power rate and consumption, increase in interest income arising from higher average balance of cash and cash equivalents during the calendar year ended December 31, 2019 and other income.

Financial Condition

Total Assets of the Company as of December 31, 2019 stood at ₱686.9 million, a decrease by ₱27.0 million from ₱713.9 million as of December 31, 2018.

Cash and cash equivalents increased by 127.3% or ₱98.4 million due to partial collection of receivable from sale of assets amounting to ₱118.8 million and cash generated from operations; offset by capital expenditure for solar facility and payment of dividends amounting to ₱26.4 million and ₱101.0 million, respectively.

The significant decrease in Receivables by 41.6% or ₱126.0 million was mainly attributable to the partial collection of receivable from sale of assets and other trade receivables.

Other Current assets decreased by 42.3% or ₱6.4 million due to application of creditable withholding tax and input value-added tax against income tax payable and output value-added tax, respectively.

The increase in Property and equipment - net by ₱39.1 million pertains to the solar facility installed, partially offset by depreciation of existing Property and equipment during the year ended December 31, 2019.

Other Non-current asset decreased due to the reclassification of advances to contractor from Other Non-current asset to Property and equipment - net in the statement of financial position as of December 31, 2018 and December 31, 2019, respectively.

Total Liabilities of the Company as of December 31, 2019 amounted to ₱101.8 million, lower than 2018's ₱92.2 million.

Income tax payable represents regular income tax due, net of available creditable withholding taxes. Last year, the Company had sufficient creditable withholding taxes to cover income tax due.

Total equity stood at ₱585.2 million as of December 31, 2019, 5.9% lower than last year's ₱621.7 million. The Company generated net income and paid cash dividends totaling ₱64.5 million and ₱101.0 million, respectively, during the calendar year ended December 31, 2019.

Calendar Year Ended December 31, 2018 versus same period in 2017

Results of Operations

The Company generated total gross revenues of ₱129.3 million for the year ended December 31, 2018, an increase of 10.7% from ₱116.7 million total gross revenues for the year ended December 31, 2017. The increase in rental revenues was mainly attributable to rental escalations and increase in sales of lessees. EBIT grew by 17.8% to ₱73.7 million while EBITDA posted a 12.2% growth to ₱101.7 million.

General and administrative expenses amounted to ₱20.6 million, 3.1% or ₱0.6 million higher than last year's ₱ 20.0 million. The 18.0% increase in professional, management and consultancy fees and 13.8% increase in salaries, wages and employee benefits was partially offset by a total of 85.5% decrease in advertising, travel and communication and supplies expense.

Other income (expenses) amounted to ₱0.8 million, up by ₱1.0 million from same period last year. The increase was mainly due to increase in interest income due to the higher average balance of cash and cash equivalents in 2018.

Financial Condition

Total assets of the Company as of December 31, 2018 stood at ₱713.9 million, a decrease by ₱49.0 million from ₱762.9 million as of December 31, 2017.

Cash and cash equivalents increased by 19.7% or ₱12.7 million due to partial collection of receivable from sale of assets amounting to ₱26.8 million and cash generated from operations; offset by advances to contractor for solar facility and payment of dividends amounting to ₱13.2 million and ₱100.0 million, respectively.

The decrease in Receivables by 5.8% or ₱18.5 million was mainly attributable to the partial collection of receivable from sale of assets amounting to ₱26.8 million, offset by increase in trade receivables.

Other Current assets decreased by 65.9% or ₱29.3 million due to application of creditable withholding tax and input value-added tax against income tax payable and output value-added tax, respectively.

The decrease in Investment properties - net and Property and equipment - net by 8.0% and 14.9%, respectively, is due to depreciation of existing Property and equipment during 2018.

The increase in Other Non-current asset amounting to ₱13.2 million pertains to advances to the contractor for the solar facility as of December 31, 2018.

Total Liabilities of the Company as of December 31, 2018 amounted to ₱92.2 million, lower than 2017's ₱99.1 million.

Accounts payable and accrued expenses decreased by 9.1% or ₱5.4 million due to payments in the normal course of business.

Total Equity stood at ₱621.7 million as of December 31, 2018, 6.3% lower than last year's ₱663.8 million. The Company generated Net Income and paid cash dividends totaling ₱57.8 million and ₱100.0 million, respectively, during 2018.

Calendar Year Ended December 31, 2017 versus same period in 2016

Results of Operations

The Company generated Total Gross Revenues of ₱116.7 million for the calendar year ended December 31, 2017, a decrease of 4.1% from ₱121.7 million Total Gross Revenues for the calendar year ended December 31, 2016. The decrease in rental revenues was mainly attributable to several terminated lease contracts as a result of converting a portion of leasable space into a bridgeway connecting Robinsons Ilocos main mall to the expansion mall. EBIT grew by 4.3% to ₱62.6 million while EBITDA posted a 3.5% growth to ₱90.6 million.

General and administrative expenses amounted to ₱20.0 million, 37.0% or ₱11.7 million lower than last year's ₱31.6 million, which is mainly attributable to the 84.9% decrease in taxes and licenses. The Company paid for documentary stamp taxes amounting to ₱12.0 million on the sale of assets in 2016.

Financial Condition

Total Assets of the Company as of December 31, 2017 stood at ₱762.9 million, a decrease by ₱17.1 million from ₱779.9 million as of December 31, 2016.

Cash and cash equivalents increased by 569.9% or ₱54.9 million due to partial collection of receivable from sale of assets amounting to ₱22.8 million and cash generated from operations; offset by payment of dividends amounting to ₱25.0 million.

The decrease in Receivables by 5.5% or ₱18.6 million was mainly attributable to the partial collection of receivable from sale of assets amounting to ₱22.8 million, offset by increase in trade receivables.

Other Current assets decreased by 37.1% or ₱26.2 million due to application of creditable withholding tax and input value-added tax against income tax payable and output value-added tax, respectively.

The decrease in Investment properties - net by 7.3% is due to depreciation of existing assets during 2017.

Total Liabilities of the Company as of December 31, 2017 amounted to ₱99.1 million, lower than 2016's ₱138.6 million.

Accounts payable and accrued expenses decreased by 46.0% or ₱43.0 million due to payments of construction-related payables in the normal course of business.

Total Equity stood at ₱663.8 million as of December 31, 2017, 3.5% higher than last year's ₱641.3 million. The Company generated Net Income and paid cash dividends totaling ₱47.6 million and ₱25.0 million, respectively, during 2017.

KEY PERFORMANCE INDICATORS

A summary of APVI's key performance indicators are presented below. The Company employs analyses using comparisons and measurements based on the financial data for current periods against the same period of the previous year.

The key performance indicators for the calendar years ended December 31 are as follows:

(Amounts in PHP)	2019	2018	2017
Gross revenues	134.0 million	129.3 million	116.7 million
EBIT	84.4 million	73.7 million	62.6 million
EBITDA	104.4 million	101.7 million	90.6 million
Net income	64.5 million	57.8 million	47.6 million
Earnings per share[1]	0.64	0.58	0.48
Net book value per share[2]	5.85	6.22	6.64
Current ratio[3]	4 .17:1	5.19:1	5.38:1
Debt to equity ratio	0 .17:1	0.15:1	0.15:1
Asset to equity ratio[4]	1.17:1	1.15:1	1.15:1
Return on Equity	11%	9%	7%
Return on Total Assets	9%	8%	6%
Net Income Margin	48%	45%	41%
Gross Margin	82%	74%	71%
Operating Margin	55%	58%	54%

Notes:

1 Earnings per share is computed as Net income divided by total Common Shares outstanding
2 Net book value per share is computed as Total equity divided by total Common Shares outstanding
3 Current ratio is computed as Current assets divided by Current liabilities
4 Debt to equity ratio is computed as Total liabilities divided by Total equity

[5] Asset to equity ratio is computed as Total assets divided by Total equity
[6] Return on Equity is computed as Net income divided by Total equity
[7] Return on Total Assets is computed as Net income divided by Total assets
[8] Net Income Margin is computed as Net income divided by Total revenues
[9] Gross Margin is computed as Gross income divided by Total revenues
[10] Operating Margin is computed as Operating income divided by Total revenues

Others

As of the date of the Prospectus, the Company is not aware of any event that will trigger a direct or contingent financial obligation that would be material to the Company, including any default or acceleration of any obligation.

The Company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

Finally, the Company is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

MANAGEMENT AND CERTAIN SECURITY HOLDERS

DIRECTORS, EXECUTIVE OFFICERS AND MANAGEMENT

The overall management and supervision of the Company is undertaken by the Board. The Board is composed of seven (7) members of the Board, three (3) of whom are independent directors. The term of a director is one year from date of election and until their successors are elected and qualified.

As of the date of this Prospectus, the composition of the Company's Board is as follows:

Name	Age	Citizenship	Position	Year Position Was Assumed
Frederick D. Go	51	Filipino	Director, Chairman and President	2019
Lance Y. Gokongwei	53	Filipino	Director	2019
Faraday D. Go	44	Filipino	Director	2016
Corazon L. Ang Ley	52	Filipino	Director	2018
Martin Dy Buncio	56	Filipino	Director (Independent)	2019
Maynard Ngu	41	Filipino	Director (Independent)	2019
Jean Henri Lhuillier	51	Filipino	Director (Independent)	2019

As of the date of this Prospectus, the following are the Company's executive officers:

Name	Age	Citizenship	Position	Year Position Was Assumed
Frederick D. Go	51	Filipino	Director, Chairman and President	2019
Kerwin Max S. Tan	50	Filipino	Treasurer and Compliance Officer	2019
Rosalinda F. Rivera	50	Filipino	Corporate Secretary	2016

The following discussion presents a brief description of the business experience of each of the Company's directors and executive officers over the past five (5) years.

Frederick D. Go, 51, is the Chairman and President of APVI. He is also the President and Chief Executive Officer of RLC and President of Robinsons Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, and Taicang Ding Feng Real Estate Development Company Limited. He also serves as a director of Universal Robina Corporation, Cebu Air, Inc., Robinsons Bank Corporation, JG Summit Petrochemical Corporation, and Cebu Light Industrial Park. He is also the Vice Chairman of the Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Frederick D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Lance Y. Gokongwei, 53, is a Director of APVI. He is also the Chairman of RLC and the President and Chief Executive Officer of JGS. He is the Chairman of Universal Robina Corporation, Robinsons Retail Holdings, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Robinsons Bank Corporation. He is the President and Chief Executive Officer of Cebu Air, Inc. He is a director and Vice Chairman of Oriental Petroleum and Minerals Corporation, and United Industrial Corporation Limited. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Faraday D. Go, 44, is a Director of APVI. He is also the Executive Vice President of RLC. Prior to joining RLC, he was Vice President of the Retail Management and Corporate Sales Division of Digitel Mobile Philippines, Inc. He has over fifteen years' experience in the following businesses: Apo Cement, JG Summit Petrochemical Corporation and Digitel Mobile Philippines, Inc. He received a Bachelor of Science degree in Management (Minor in Finance) from the Ateneo de Manila University in 1998. Mr. Faraday D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Corazon L. Ang Ley, 52, is a Director of APVI. She is also the Business Unit General Manager for Robinsons Homes concurrent to her role as Property Acquisition Head for RLC. She's held various positions and functions within RLC during her 25 years of service including her 3 year stint in China. She graduated from the University of the Philippines – Asian Institute of Tourism in 1987.

Martin Dy Buncio, 56, is an Independent Director of APVI. He currently occupies the position of Chairman of Pro Oil Corporation, Chairman of Pro Auto Parts Corporation, Director and President of Banam Global Holdings Corporation, President & General Manager at Proline Sports Center, Inc., President of HJ Marketing, President of Design Products MFG, President for Proline II Mercantile and President for Integra Dev Corporation. Mr. Dy Buncio is also on the board of First Metro Investment Corp. He previously held the position of Director and Executive Committee Member of Lepanto Consolidated Mining from (2004 to 2005) and Treasurer and Purchasing Manager of Design Products. He obtained his degree of Bachelor of Arts at De La Salle University in 1987.

Maynard Ngu, 41, is an Independent Director of APVI. A young Filipino CEO, the man and brain behind the success of the leading mobile phone brand in the Philippines, Cherry Mobile, established in 2009. He is the President and the Chief Executive Officer of Cosmic Technologies Inc., He is also the President of Cherry Mobile Communications, Inc. (2015 to present), Cosmic Mobile Advertising Inc. (2014 to present), Versatile Customer Care Solutions, Inc. (2007 to present), Kosmos Technomobile, Inc. (2013 to present), Fimobile Technology, Inc. (2013 to present), and Cherrypay Philippines, Inc. (2017 to present),. He also serves as the CEO of Land Traders Properties and Development Company Inc. (2015 to present) and Starway Piping Technology, Inc. (2018 to present), and he is the Director of Cosmic Digital Universe, Inc. (2011 to present), Quantum Mobile Gears, Inc. (2015 to present), Accucom System Solutions, Inc. (2016 to present), MSN Foundation, Inc. (2014 to present), Intertext and Chat Communications, Inc. (2016 to present), Xionz Technology Inc. (2015 to present), and Casa Nuova Incorporated (2017 to present). He obtained his degree of Bachelor of Science in Commerce, Major in in Management and Finance at De La Salle University.

Jean Henri Lhuillier, 51, is an Independent Director of APVI. He is currently the President and CEO of PJ Lhuillier, Inc., Cebuana Lhuillier Insurance Solutions, Cebuana Lhuillier Services Corp., Cebuana Lhuillier Financial Corp., Cebuana Lhuillier Rural Bank, Inc., Cebuana Lhuillier Foundation, Inc., Cintrée Management Services, Inc., Just Jewels Diamonds Boutique Corporation, Le Soleil De Boracay Resort, Inc., Networld Capital Ventures, Inc., Pawncare Services, Corp., P & EL Realty Corp., P.J. Lhuillier Development Corp., PJL Corporate Centre, Inc., PJL Leisure, Inc., PJL Ventures, Inc., Rich Gould Real Estate, Inc. and Verite Pawn Corporation. He is the current Director and Chairman of the Board of Global Restaurant Concepts. He is also the Director of DFNN.com, Falcor Heli Solutions Philippines, Inc., Hatchasia.com, Intelligent Wave Philippines and Next Ideas, Inc. In 1992, he received a degree in Bachelor of Science in Economics at Saint Mary's College. In 2013, he received a Doctorate Degree in Humanities at Polytechnic University of the Philippines.

Kerwin Max S. Tan, 50, is the Treasurer and Compliance Officer of APVI. He is also the Chief Financial Officer of RLC. Previously, he was appointed as the Vice President - Treasurer of RLC on October 2014 and Vice President and Deputy Treasurer of RLC on January 2014. Before this assignment, he was the Vice President for Operations of Robinsons Luxuria, Robinsons Residences and Robinsons Communities effective March 1, 2007. Prior to working in RLC, he worked in various divisions of Citibank N.A. for nine years. His last position at Citibank N.A. was Assistant Vice President and Head of Cash Management Operations. He received a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines, Diliman.

Rosalinda F. Rivera, 50, is the Corporate Secretary of APVI. She is also the Corporate Secretary of RLC, JGS, Universal Robina Corporation, Cebu Air, Inc., Robinsons Retail Holdings, Inc. and JG Summit Petrochemical Corporation. Prior to joining RLC, she was a Senior Associate in Puno and Puno Law Offices. She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law in International Banking from the Boston University School of Law. She was admitted to the Philippine Bar in 1995.

SIGNIFICANT EMPLOYEES

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, not an executive officer, expected to make a significant contribution to the business of the Company on his own. Other than the aforementioned Directors and Executive Officers, there are no other employees of the Company who may have significant influence in the Company's major and/or strategic planning and decision-making.

FAMILY RELATIONSHIP

Mr. Lance Y. Gokongwei is the cousin of Mr. Frederick D. Go and Mr. Faraday D. Go.
Mr. Frederick D. Go and Mr. Faraday D. Go are brothers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS (OVER THE PAST FIVE YEARS)

None of the members of APVI's Board nor its executive officers have been involved in any criminal, bankruptcy or insolvency investigations or proceedings, including proceedings relating to securities, commodities or banking activities, or those enjoining such person from involvement in any type of business, for the past five years from the date of this Prospectus.

DIRECTOR AND EXECUTIVE COMPENSATION

At present, the directors do not receive any allowance or per diem per meeting. The Company's By-Laws provides that each Director shall receive a reasonable per diem for his or her attendance at every meeting of the Board of Directors. Furthermore, every member of the Board shall receive such compensation for their services, as may, from time to time, be determined by the Board.

Compensation to executive officers currently comprising of the Chairman and President, Treasurer and Compliance Officer and the Corporate Secretary amounted to nil for the years ended December 31, 2019, 2018 and 2017.

There are no other executive officers other than aforementioned and there was no other compensation paid to the directors for the periods indicated.

Per Diem Standard Arrangement

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

Any Employment Contract between the Company and Named Executive Officer

There are no special employment contracts between the registrant and the named executive officers.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the Company's Chairman and President, the named executive officers, and all officers and directors as a Company.

Employment Contract between the Company and Executive Officers

There are no special employment contracts between the Company and its named executive officers.

Warrants and Options Held by the Executive Officers and Directors

As of the date of this Prospectus, none of the Company's directors and executive officers holds any warrants or options in the Company.

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the Company's directors and executive officers was compensated, or is to be compensated, directly or indirectly since the Company's incorporation on March 28, 2007.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

As of August 31, 2019, Robinsons Land Corporation is the only record and/or beneficial owner of 5% or more of the Company's voting securities prior to the Dividend Distribution.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held (includes shares held by nominees before Dividend Declaration)	% of Total Outstanding Shares
Common	Robinsons Land Corporation *Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines (stockholder)*	Same as record owner	Filipino	99,999,993	100%

After the Dividend Distribution, the list of record and/or beneficial owners of 5% or more of the Company's voting securities shall be as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held (includes shares held by nominees before Dividend Declaration)	% of Total Outstanding Shares
Common	JG Summit Holdings, Inc.[1] *43rd Floor Robinsons Equitable Tower, ADB Avenue Corner Poveda Street, Ortigas Center, Pasig City Philippines (stockholder)*	Same as record owner	Filipino	60,972,361	60.97%
Common	PCD Nominee Corporation[2] (Non-Filipino) *37/F Tower I, The Enterprise Center 6766 Ayala Ave. corner Paseo de Roxas, Makati City (stockholder)*	PCD Participants and their clients	Non-Filipino	18,516,046	18.52%
Common	PCD Nominee Corporation (Filipino) *37/F Tower I, The Enterprise Center 6766 Ayala Ave. corner Paseo de Roxas, Makati City (stockholder)*	PCD Participants and their clients	Filipino	13,800,870	13.80%
Common	Robinsons Land Corporation *Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Philippines (stockholder)*	Same as record owner	Filipino	6,106,359	6.11%

Notes:

1 The Chairman and the Chief Executive Officer of JG Summit Holdings Inc. (JGS) are both empowered under its bylaws to vote any and all shares owned by JGS, except as otherwise directed by its board of directors. The incumbent Chairman and Chief Executive Officer of JGS is Mr. Lance Y. Gokongwei.

2 PCD Nominee Corporation is the registered owner of the shares in the books of the RLC's transfer agent entitled to the property dividend shares. PCD Nominee Corporation is a corporation wholly owned by the Philippine Depository and Trust Corporation, Inc. (formerly the "*Philippine Central Depository*") ("*PDTC*"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participants will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

The securities are voted by the trustee's designated officers who are not known to the Company.

As regards security ownership of management, the table below shows the beneficial ownership of the directors and executive officers of the Company before and after Dividend Distribution.

Title of Class	RECORD OWNER		BENEFICIAL OWNER		SHARES HELD as of 31 August 2019		AFTER Dividend Distribution	
	Name and Address and Relationship with Issuer	Position	Name and Relationship with Record Owner	Citizenship	No. of Shares Held	% to Total Outstanding Shares	No. of Shares Held	% to Total Outstanding Shares
Common	Frederick D. Go[1]	Director, Chairman and President	Same as record owner	Filipino	1	0.00%	17,086	0.02%
Common	Lance Y. Gokongwei	Director	Same as record owner	Filipino	1	0.00%	13,950	0.01%
Common	Faraday D. Go	Director	Same as record owner	Filipino	1	0.00%	1	0.00%
Common	Corazon L. Ang Ley	Director	Same as record owner	Filipino	1	0.00%	1	0.00%
Common	Martin Dy Buncio	Director (Independent)	Same as record owner	Filipino	1	0.00%	1	0.00%
Common	Maynard Ngu	Director (Independent)	Same as record owner	Filipino	1	0.00%	1	0.00%
Common	Jean Henri Lhuillier	Director (Independent)	Same as record owner	Filipino	1	0.00%	1	0.00%
Common	Kerwin Max S. Tan	Treasurer and Compliance Officer	Same as record owner	Filipino	Nil	Nil	Nil	Nil
Common	Rosalinda F. Rivera	Corporate Secretary	Same as record owner	Filipino	Nil	Nil	Nil	Nil

VOTING TRUST

None of the stockholders are under a voting trust or similar agreement.

CHANGE IN CONTROL

The distribution by RLC of 100,000,000 Common Shares of APVI as Property Dividend to all holders of Common Shares of record of RLC as of August 15, 2019 will result to the dilution of RLC's ownership interest in APVI as show below:

Title of Class	Name of Stockholder	Shares Before Dividend Distribution		Shares After Dividend Distribution	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Common	Robinsons Land Corporation	99,999,993	100.00%	6,106,359	6.11%

This dilution will result to JG Summit Holdings, Inc. having the controlling interest in APVI.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In September 2016, the Company entered into a Deed of Absolute Sale with RLC covering the sale of certain assets constructed in the parcel of land owned by RLC for a selling price of ₱895.1 million, inclusive of VAT.

As of December 31, 2019, outstanding balance of the receivable from RLC amounted to ₱164.3 million. The receivable from the sale of assets is non-interest bearing and is due and demandable. The receivable from sale of assets is non-interest bearing and is due and demandable.

The Company, in the normal course of business, has transactions with its affiliated companies consisting principally of lease arrangements on commercial properties.

APVI, in its ordinary course of business, engage in transactions with RLC, companies in JGS and other companies controlled by the Gokongwei Family. The most significant of these transactions include tenancy by various retail-related companies controlled by the Gokongwei Family in Robinsons Place Ilocos. APVI's policy with respect to related party transactions is to ensure that these transactions are done in arm's length basis or entered into on terms comparable to those available from unrelated third parties.

The Company's major related party transactions include leases of significant portions of Robinsons Place Ilocos to companies controlled by the Gokongwei Family, including Robinsons Department Store, Robinsons Supermarket and Handyman Do-It-Best. Other affiliates from whom APVI earns rental income include Top Shop and Robinsons Bank. Rental income paid to APVI by affiliates amounted to ₱43.8 million and ₱43.5 million for calendar years ending December 31, 2019 and 2018, respectively.

The Company, in the normal course of business, has transactions with its affiliated companies consisting principally of reimbursement of expenses.

The Company maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates. These balances amounted to ₱11.4 million and ₱5.8 million as of December 31, 2019 and 2018, respectively.

In addition to the foregoing transactions, RLC and JGS also provide APVI with certain corporate services.

There have been no transactions (or series of similar transactions) with or involving the Company in which a director, executive officer, or stockholder owns 10% or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

PRINCIPAL SHAREHOLDERS

The stockholders of the Company, their respective number of Common Shares as of 31 August 2019 and after the Dividend Distribution, and the corresponding percentage of these Common Shares, are as follows:

Title of Class	Name of Stockholder	Shares as of 31 August 2019		Shares After Dividend Distribution	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Common	Robinsons Land Corporation	99,999,993	100.00%	6,106,359	6.11%
Common	JG Summit Holdings, Inc.	Nil	Nil	60,972,361	60.97%
Common	Frederick D. Go	1	0.00%	17,086	0.02%
Common	Lance Y. Gokongwei	1	0.00%	13,950	0.01%
Common	Faraday D. Go	1	0.00%	1	0.00%
Common	Corazon L. Ang-Ley	1	0.00%	1	0.00%
Common	Martin Dy Buncio	1	0.00%	1	0.00%
Common	Maynard Ngu	1	0.00%	1	0.00%
Common	Jean Henri Lhuillier	1	0.00%	1	0.00%
Common	Others (Public)	Nil	Nil	32,890,239	32.89%
	Total Outstanding	**100,000,000**	**100.00%**	**100,000,000**	**100.00%**

FOREIGN AND LOCAL INVESTORS OWNERSHIP

As of the date of this Prospectus, the number of foreign shareholders is nil.

After the Dividend Distribution, the percentage ownership of the Company's Common Shares of stock owned/held by Filipino citizens and non-Filipino shareholders are 86.19% and 13.81% of the total outstanding Common Shares of the Company, respectively.

Minimum Public Ownership

As a result of the property dividend to RLC shareholders, the Company will have a total of 1,035 beneficial stockholders owning at least one board lot each; with a board lot consisting of one hundred (100) Common Shares.

The Company complies with the minimum public ownership requirement of the PSE, with a public float level of about 32.90% after the Dividend Distribution.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Common Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Common Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Common Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Common Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Common Shares may vary depending on such holder's particular situation and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of Common Shares. Prospective Holders of the Common Shares are urged to consult their own tax advisors as to the particular tax consequences of the ownership and disposition of the Common Shares, including the applicability and effect of any local or foreign tax laws.

As used herein, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a non-resident alien engaged in trade or business in the Philippines; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a non-resident alien not engaged in trade or business in the Philippines. A "domestic corporation" is created or organized under the laws of the Philippines; a "resident foreign corporation" is a non-Philippine corporation engaged in trade or business in the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business in the Philippines.

THE TAX REFORM FOR ACCELERATION AND INCLUSION ("TRAIN")

On December 19, 2017, President Rodrigo Roa Duterte signed into law the Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion" Act. The objectives of this Act are as follows:

a. To enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth;
b. To provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and,
c. To ensure that the government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people

CORPORATE INCOME TAX

A domestic corporation is subject to a tax of 30% of its taxable income (gross income less allowable deductions) from all sources within and outside the Philippines except, among other things, (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax.

Nevertheless, any excess of the minimum corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Furthermore, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation, which suffers losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.

While the TRAIN Law, which is the first package of the CTRP of the Duterte administration, brought about extensive changes to individual income taxation, it did not include changes in corporate income taxation. This is expected to be addressed in the second package of the CTRP which reportedly aims to lower corporate income taxes and modernize fiscal incentives in a bid to complement the expected incremental revenues from the first package.

DIVIDENDS ON THE COMMON SHARES

Individual Philippine citizens and resident aliens are subject to a final tax on dividends derived from the Common Shares at the rate of 10%, which tax shall be withheld by the Company.

Non-resident alien individuals engaged in a trade or business in the Philippines are subject to a final withholding tax on dividends derived from the Common Shares at the rate of 20%. A non-resident alien individual who comes to the Philippines and stays for an aggregate period of more than 180 days during any calendar year is considered engaged in a trade or business in the Philippines. Non-resident alien individuals not doing business in the Philippines are subject to a final withholding tax on dividends derived from the Common Shares at the rate of 25% subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident alien individuals. Dividends derived by domestic corporations (i.e., corporations created or organized in the Philippines or under its laws) and resident foreign corporations from the Common Shares shall not be subject to tax.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to final withholding tax at the rate of 30%, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation. The 30% rate for dividends paid to non-resident foreign corporations that are domiciled in countries which do not have tax treaties with the Philippines may be reduced to a special 15% rate if:

- the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign-sourced dividends; or,
- the country in which the non-resident foreign corporation is domiciled allows a credit equivalent to 15% against the tax due from the non-resident corporation taxes which are deemed to have been paid in the Philippines.

The BIR has prescribed, through an administrative issuance, procedures for availment of tax treaty relief. Subject to the approval by the BIR of a corporation's application for tax treaty relief, the corporation will withhold taxes at a reduced rate on dividends paid to a non-resident holder of the Common Shares if such non-resident holder provides the corporation with proof of residence and, if applicable, individual or corporate status. Proof of residence for an individual consists of a certification from his embassy, consulate or other proper authority as to his citizenship and residence. Proof of residence and corporate status for a corporation consists of authenticated copies of its articles of association, or other equivalent certifications issued by the proper government authority, or any other official document proving residence. If the regular rate of tax is withheld by the corporation instead of the reduced rates applicable under a treaty, the non-resident holder of the Common Shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The term "non-resident holder" means a holder of the Common Shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a foreign corporation not engaged in trade or business in the Philippines; and,
- should a tax treaty be applicable, whose ownership of the Common Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

Transfer taxes (e.g., DST, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to all the shareholders of the corporation are generally not subject to Philippine income tax. However, the subsequent sale, exchange, or disposition of shares in a domestic corporation received as stock dividends by the shareholder is subject to either: (a) stock transaction tax, if the transfer is through a local stock exchange, or (b) capital gains tax and documentary stamp tax, if otherwise.

PREFERENTIAL RATES UNDER INCOME TAX TREATIES

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE (%)	Capital gains tax due on disposition of shares outside the PSE (%)
Canada	25	0.6	May be exempt
China	15	Exempt	May be exempt
France	15	Exempt	May be exempt
Germany	15	Exempt	May be exempt
Japan	15	0.6	May be exempt
Singapore	25	0.6	May be exempt
United Kingdom	25	0.6	Exempt
United States	25	0.6	May be exempt

Notes
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1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.
3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.
4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases
5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases
6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases
7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the National Internal Revenue Code provided certain conditions are met.
9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the National Internal Revenue Code as amended by the Section 39 of the TRAIN.
10) Article 2(2)(b)(ii) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.
11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.
12) Article 2(3)(a)(iv) of the Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.
13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes
14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

In order for an exemption under a tax treaty to be recognized, a Certificate of Residence for Tax Treaty Relief (CORTT) must be filed and approved by the BIR. A non-resident holder must submit proof of residence as described above.

A certificate from the tax authority of the recipient's country is a generally accepted proof of residence, for both individuals and corporations. Aside from proof of residence, the BIR also requires the following documents:

- a letter providing information on the transaction covered by treaty provisions and requested tax treaty treatment for such transactions along with legal justification;
- special power of attorney duly executed by the recipient in favor of its Philippine agent/withholding agent to file a claim for tax treaty relief;
- certification from the SEC that the recipient company is not registered to engage in business in the Philippines;
- sworn statement providing information on whether the issue(s) or transaction involving directly or indirectly the same taxpayer which is the subject of the request for ruling is under investigation, covered by an on-going audit, administrative protest, claim for refund or issuance of tax credit certificate, collection proceedings, or subject of a judicial appeal;
- duly notarized certificate of the corporate secretary of the Philippine corporation in respect of the resolution of its board of directors declaring the dividends; and,
- duly notarized certification by the corporate secretary of the Philippine corporation showing the number value and type of the Common Shares of the applicant and the percentage of the latter's ownership in the Philippine corporation as of the date of the transaction, and the acquisition date(s) and mode of acquisition of the subject Common Shares.

DOCUMENTARY STAMP TAX

Beginning January 1, 2018 the original issue of shares is subject to documentary stamp tax of ₱2.00 for each ₱200.00, or fractional part thereof, of the par value of the shares issued. The transfer of shares is subject to a documentary stamp tax of ₱1.50 for each ₱200.00, or a fractional part thereof of the par value of the shares transferred. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the seller or the purchaser of the Common Shares. However, the sale, barter or exchange of Common Shares should they be listed and traded through the PSE are exempt from documentary stamp tax under Republic Act No. 9648 if the listed company complies with the minimum public ownership requirements imposed by the PSE.

ESTATE AND GIFT TAXES

Beginning January 1, 2018, the transfer of Common Shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien and regardless of residence, is subject to Philippine tax at the rate or 6% based on the value of the decedent's net estate.

Moreover, beginning January 1, 2018, individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer Common Shares of stock by way of gift or donation are liable to pay Philippine donors' tax on such a transfer of shares at the rate of 6% computed on the basis of the total gifts in excess of ₱250,000.00 made during the calendar year.

Estate and donors' taxes, however, shall not be collected in respect of intangible personal property, such as Common Shares of stock: (a) if the deceased at the time of his death or the donor at the time of his donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

TAXATION OUTSIDE THE PHILIPPINES

Common Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence such gain is subject to

Philippine income tax and capital gains tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes, each as described above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax consideration on non-resident holders of shares of stock under laws other than those of the Philippines.

PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Bank, the Underwriters or any of their respective subsidiaries, affiliates or advisors in connection with Listing.

BRIEF HISTORY

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulatory, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two (2) exchanges were revoked. While the PSE maintains two (2) trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids, and ask quotations from the bourses.

In June 1998, the Philippine SEC granted the PSE “Self-Regulatory Organization” status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE has an authorized capital stock of ₱120 million, of which ₱73.5 million was subscribed and fully paid-up as of September 30, 2017. Each of the one hundred eighty four (184) member-brokers was granted fifty thousand (50,000) shares of the new PSE at a par value of ₱1.-- per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member-broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven (7) brokers and eight (8) non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds (“ETF”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of its Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the Issuer. Each index represents the numerical average of the prices of component stocks. The PSE has an index, referred to as the PHISIX, which as of the date thereof reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective as of April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of 30 selected stocks listed on the PSE. In July 2010, the PSE’s new trading system, now known as PSE Trade, was launched. In June 2015, the PSE Trade system was replaced by PSE Trade XTS.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public. In December 2013, the PSE replaced its online disclosure System (“OdiSy”) with a new disclosure system, the PSE Electronic Disclosure Generation Technology (“EDGE”). EDGE was acquired from the Korea Exchange and is a fully automated system, equipped with a variety of features to (i) further standardize the disclosure reporting process of listed companies on the PSE, (ii) improve investors’ disclosure searching and viewing experience and (iii) enhance overall issuer transparency in the market.

In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City, which currently houses the unified trading floors in Makati City and Pasig City. The move to PSE Tower provides bigger office spaces and situates the PSE in a progressive and dynamic business district that is home to many financial and technology companies.

On March 22, 2018, the PSE completed a stock rights offering of 11,500,000 Common Shares which were offered at the price of ₱252.00 per share, or a total of ₱2,898,000,000. The proceeds of the stock rights offering will be used to fund the acquisition of PDS and capital expenditure requirements of the PSE. As of the date of this Prospectus, the PSE has an authorized capital stock of ₱120 million, of which 85,025,692 shares are issued. Out of this total, 84,925,686 shares are outstanding, and 100,006 are treasury shares.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index from 2005 to 2019 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (₱ Bn)	Combined Value of Turnover (₱ Bn)
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	240	7,172.8	572.6
2007	3,621.6	244	7,978.5	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	254	10,930.1	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.2	2,151.4
2016	7,629.7	268	14,438.8	1,929.5
2017	8,558.4	267	17,538.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8
2019	7,815.26	268	16,710.0	1,770.0

Source: PSE and PSE Annual Reports.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 pm and ends at 3:30 pm for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for the Company's Shares is 10 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

NON-RESIDENT TRANSACTIONS

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

SETTLEMENT

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for: (1) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE Trading Participants; (2) guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its "Fails Management System" and administration of the Clearing and Trade Guaranty Fund, and; (3) performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the eight existing Settlement Banks of SCCP which are Banco De Oro Unibank, Inc. ("BDO Unibank"), Rizal Commercial Banking Corporation ("RCBC"), Metropolitan Bank & Trust Company ("Metrobank"), Deutsche Bank ("DB"), Union Bank of the Philippines ("Unionbank"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Maybank Philippines, Inc. ("Maybank") and Asia United Bank Corporation ("AUB"). Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("CCCS") system in May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

SCRIPLESS TRADING

In 1995, the PDTC, was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO Unibank, RCBC, Metrobank, DB, Unionbank, HSBC, Maybank and AUB.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee Corporation ("PCD Nominee"), a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must execute the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedure of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are generally on the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

AMENDED RULE ON LODGMENT OF SECURITIES

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III, Part A of the PSE's Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Commission in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and,
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof as follows:

"For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee Corp. but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date."

"On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the issuer's registry as of confirmation date."

ISSUANCE OF STOCK CERTIFICATES FOR CERTIFICATED SHARES

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee.
Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

CORPORATE GOVERNANCE

As part of the Company's commitment to institutionalize good corporate governance principles, the Company formulated and executed the Company's Manual of Corporate Governance ("Corporate Governance Manual") which was adopted by the Board of Directors on September 2, 2019.

The Board recognizes that Corporate Governance is a necessary component of sound business management which will in turn contribute to the improvement of the value of the Company for the benefit of its shareholders and stakeholders.

COMPLIANCE OFFICER

To assist the Board in achieving this purpose, the Compliance Officer shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the Board, among others. The Compliance Officer shall not be a member of the Board of Directors and shall have direct reporting responsibilities to the Chairman of the Board.

The Compliance Officer shall perform the following duties:

a. Ensure proper onboarding of new Directors;
b. Monitor, review, evaluate and ensure the compliance by the Company; its Officers and Directors with the provisions and requirements of this Corporate Governance Manual and the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
c. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
d. Ensure the integrity and accuracy of all documentary submissions to the regulators;
e. Appear before the SEC when summoned in relation to compliance with this Code;
f. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
g. Identify possible areas of compliance issues and works towards the resolution of the same;
h. Ensure the attendance of Board members and key Officers to relevant trainings;
i. Assist the Board and the Corporate Governance Committee in the performance of the their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Company, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in this Manual and the respective charters of the Board Committees; and
j. Perform such other duties and responsibilities as may be provided by the SEC.

INDEPENDENT DIRECTORS

The Board shall be composed of at least five (5), but not more than eleven (11), members who are elected by the Shareholders and shall have at least two (2) Independent Directors or such number of Independent Directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

An independent director is a person who is independent of management and the controlling Shareholders, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director.

COMMITTEES OF THE BOARD

To aid in the optimal performance of its roles and responsibilities and ensure compliance with the principles of Corporate Governance, the Board shall form the following Board Committees: (a) Audit Committee; (b) Board Risk Oversight Committee (BROC); and (c) Corporation Governance Committee. The Board may establish other Committees such as a Related Party Transactions (RPT) Committee as it may deem appropriate or necessary to support the Board in the effective performance of its functions.

Audit Committee

The role of the Audit Committee is to provide oversight over the Company's financial reporting, Internal Control System, Internal and External Audit processes, and monitor compliance with applicable laws and regulations. It shall ensure that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets. The Audit Committee shall report functionally to the Board and an Independent Director shall be appointed as Chairman of the Audit Committee.

The Audit Committee shall have the following functions:

a. Oversee the Internal Audit Department, and recommend the appointment and/or grounds for approval of the Internal Audit Head;
b. Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets;
c. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Company;
d. Review the reports submitted by the Internal and External Auditors;
e. Review and monitor Management's responsiveness to Internal Audit's findings and recommendations;
f. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination, if more than one audit firm is involved in the activity, to secure proper coverage and minimize duplication of efforts;
g. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the proportion of non-audit fees paid to the External Auditor to the Company's overall consultancy expenses;
h. Review and approve the interim and Annual Financial Statements before their submission to the Board;
i. Review the disposition of the recommendations in the External Auditor's management letter;
j. Perform oversight functions over the Company's Internal and External Auditors; and,
k. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.

Board Risk Oversight Committee (BROC)

The role of the BROC is to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The BROC shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability. The Board shall appoint one of the members of the BROC to be the Committee Chairman.

The BROC shall have the following functions:

a. Oversee the development and implementation of a formal ERM Plan;
b. Evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness;
c. Review the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and occurrence of major events that may have a major impact on the Company;
d. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence;

e. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company; and
f. Report to the Board on a regular basis, or as deemed necessary, the Company's risk, material risk exposures, the actions taken to reduce the risks, and recommends appetite levels, risk tolerance limits, further action or plans, as necessary.

Corporate Governance Committee

The role of the Corporate Governance Committee is to oversee the development and implementation of Corporate Governance principles and policies. The Corporate Governance Committee shall recommend a formal framework on the nomination, remuneration and evaluation of the performance of the Directors and key Management Officers to ensure that this framework is consistent with the Company's culture, strategies and the business environment. The Corporate Governance Committee shall report directly to the Board and the Board shall appoint one of the members of the Corporate Governance Committee to be the Committee Chairman.

The Corporate Governance Committee shall have the following functions:

a. Oversee the implementation of a Corporate Governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as the business and regulatory environment;
b. Oversee the formulation and implementation of a Code of Business Conduct and Ethics and internal policies and monitor compliance with such code and policies by the Company through communication and awareness campaign, continuous training and setting a proper forum where issues may be addressed;
c. Oversee the performance evaluation of the Board and its Committees and Management, and conduct an annual self-evaluation of its performance;
d. Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession planning for the Board members and senior Officers, and levels of remuneration for corporate and individual performance;
e. Determine the nomination and election process for the Company's Directors and define the general profile of the Board members that the Company may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
f. Establish a formal procedure to develop a policy for determining the remuneration of Directors and Officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates, including disallowing any Director to decide his remuneration;
g. Establish efficient communication channels which aid and encourage employees, customers, suppliers, creditors and other Stakeholders to raise concerns on potential unethical or unlawful behavior without fear of retribution; and,
h. Review recommendations concerning policies on conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance with all statutory requirements.

INDEX TO FINANCIAL STATEMENTS

ANNEX A.
Financial Statements and Independent Auditor's Reports

ANNEX A-1.
Audited financial statements of Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for twelve months ended December 31, 2019, 2018 and 2017 and notes, comprising a summary of significant accounting policies and other explanatory information.

ANNEX A-2.
Audited financial statements of Altus San Nicolas Corp. which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for twelve months ended December 31, 2018 and 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

ANNEX A-3
Audited financial statements of Altus San Nicolas Corp. which comprise the statements of financial position as at December 31, 2017 and September 30, 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the calendar year ended December 31, 2017 and for the fiscal year ended September 30, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

ANNEX B.
Fairness Opinion in Connection with the Planned Listing by Way of Introduction of Altus Property Ventures, Inc. dated September 19, 2019

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	0	4	7	5	8

C O M P A N Y   N A M E

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)

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

Brgy. 1, San Francisco, San Nicolas, Ilocos NortE

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	8397-1888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,503	06/24	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kerwin Max S. Tan	Kerwin@robinsonsland.ph	8397-1888	N/A

CONTACT PERSON's ADDRESS

14th Floor Robinsons Cyberscape Alpha cor. Sapphire & Garnet Roads, Ortigas Center, Pasig City

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

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

APVI

ALTUS PROPERTY VENTURES, INC.

(Formerly: Altus San Nicolas Corp.)
National Highway, Brgy. 1, San Francisco, San Nicolas, Ilocos Norte
Telephone No.(028) 8397-1888 loc. 36201

January 24, 2020

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

The management of Altus Property Ventures, Inc. (Formerly Altus San Nicolas Corp.) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2019 (with comparative figures as at December 31, 2018) in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial statement process. The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

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

Frederick D. Go
Chairman and President

Ktan

Kerwin Max S. Tan
Treasurer

SUBSCRIBED AND SWORN to before me
this day JAN 2 8 2020 at Q.C.

Signed this day of ______.
Doc. No. 499;
Page No. 92;
Book No. 6;
Series of 2020

ATTY. CONCEPCION P. VILLANUEVA
Notary Public for Quezon City
Until December 31, 202
PTR No. ... QC
IBP No. ... 2019 QC
Roll No. ...
MCLE V ... 12-21-2015
Adm. Matter No. NP-001(2020-2021)
TIN NO. 131-942-754

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

Report of Independent Auditors

The Board of Directors and the Stockholders
Altus Property Ventures, Inc.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Brgy. 1 San Francisco, San Nicolas
Ilocos Norte

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Altus Property Ventures, Inc. (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the Company as of December 31, 2018 and for the years ended December 31, 2018 and 2017 were audited by other auditors whose report, dated April 13, 2019, expressed an unqualified opinion. These financial statements were reissued by the Company for purposes of listing by way of introduction, whose report issued by the same auditors dated November 15, 2019, expressed an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2019 required by the Bureau of Internal Revenue as disclosed in Note 24 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8116539, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

January 24, 2020

RECEIVING COPY

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(With Comparative Figures as of December 31, 2018)
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 175,668,658	P 77,269,676
Receivables	6	176,614,511	302,637,235
Due from affiliates	16	2,012,844	2,000,170
Other current assets	7	8,737,000	15,132,360
Total Current Assets		363,033,013	397,039,441
NON-CURRENT ASSETS			
Investment properties - net	8	281,494,986	300,375,578
Property and equipment - net	9	42,389,172	3,319,510
Other non-current asset	7	-	13,196,700
Total Non-current Assets		323,884,158	316,891,788
TOTAL ASSETS		P 686,917,171	P 713,931,229
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	10	P 57,762,789	P 53,870,150
Deposit from lessees	11	25,161,728	22,460,508
Due to affiliates	16	-	239,792
Income tax payable		4,220,409	-
Total Current Liabilities		87,144,926	76,570,450
NON-CURRENT LIABILITIES			
Deposits and other liabilities	11	11,075,429	12,129,290
Pension liabilities	17	834,866	660,848
Deferred tax liabilities - net	15	2,695,186	2,888,469
Total Non-current Liabilities		14,605,481	15,678,607
Total Liabilities		101,750,407	92,249,057
EQUITY			
Capital stock	12	100,000,000	100,000,000
Additional paid-in capital		450,000,000	450,000,000
Retained earnings	12	34,978,742	71,494,150
Remeasurement of pension liabilities - net of tax		188,022	188,022
Total Equity		585,166,764	621,682,172
TOTAL LIABILITIES AND EQUITY		P 686,917,171	P 713,931,229

See Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Figures for the Years Ended December 31, 2018 and 2017)
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
RENTAL REVENUES	8, 18	**P 133,965,359**	P 129,250,666	P 116,748,439
COST OF RENTAL SERVICES	14	**24,299,940**	33,896,722	33,781,971
GROSS INCOME		**109,665,419**	95,353,944	82,966,468
GENERAL AND ADMINISTRATIVE EXPENSES				
Professional, management and consultancy fees	16	**24,708,356**	7,961,329	6,748,245
Salaries, wages and employee benefits	17	**5,369,829**	5,847,000	5,138,943
Taxes and licenses	24	**3,869,838**	1,992,117	1,904,924
Insurance		**1,215,295**	1,351,128	1,294,046
Advertising		**848,966**	1,378,474	1,762,582
Travel and communication		**216,224**	824,138	1,711,456
Supplies		**162,126**	1,230,637	1,396,470
		36,390,634	20,584,823	19,956,666
OPERATING INCOME		**73,274,785**	74,769,121	63,009,802
OTHER INCOME (EXPENSES)				
Billing of utilities - net	2	**6,210,858**	(593,771)	169,475
Other income (expenses) - net	10	**4,904,621**	(450,854)	(584,903)
Interest income	5	**3,165,947**	2,069,854	445,976
Interest expense	11	**(295,947)**	(232,596)	(227,123)
		13,985,479	792,633	(196,575)
INCOME BEFORE INCOME TAX		**87,260,264**	75,561,754	62,813,227
TAX EXPENSE	15	**22,775,672**	17,740,376	15,195,607
NET INCOME		**64,484,592**	57,821,378	47,617,620
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of net defined benefit liabilities	17	-	68,907	(191,098)
Tax income (expense)		-	(20,672)	57,329
		-	48,235	(133,769)
TOTAL COMPREHENSIVE INCOME		**64,484,592**	57,869,613	47,483,851
Basic and Diluted Earnings Per Share	13	**P 0.64**	P 0.58	P 0.48

See Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Figures for the Years Ended December 31, 2018 and 2017)
(Amounts in Philippine Pesos)

	Capital Stock (see Note 12)	**Additional Paid-in Capital**	**Remeasurement Gain on Pension Liabilities**	**Retained Earnings** (see Note 12)	**Total Equity**
Balance at January 1, 2019	P 100,000,000	P 450,000,000	P 188,022	P 71,494,150	P 621,682,172
Cash dividends	-	-	-	(101,000,000)	(101,000,000)
Total comprehensive income for the year	-	-	-	64,484,592	64,484,592
Balance at December 31 , 2019	**P 100,000,000**	**P 450,000,000**	**P 188,022**	**P 34,978,742**	**P 585,166,764**
Balance at January 1, 2018	P 100,000,000	P 450,000,000	P 139,787	P 113,672,772	P 663,812,559
Cash dividends	-	-	-	(100,000,000)	(100,000,000)
Total comprehensive income for the year	-	-	48,235	57,821,378	57,869,613
Balance at December 31, 2018	P 100,000,000	P 450,000,000	P 188,022	P 71,494,150	P 621,682,172
Balance at January 1, 2017	P 100,000,000	P 450,000,000	P 273,556	P 91,055,152	P 641,328,708
Cash dividends	-	-	-	(25,000,000)	(25,000,000)
Total comprehensive income for the year	-	-	(133,769)	47,617,620	47,483,851
Balance at December 31, 2017	P 100,000,000	P 450,000,000	P 139,787	P 113,672,772	P 663,812,559

See Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Figures for the Years Ended December 31, 2018 and 2017)
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P 87,260,264	P 75,561,754	P 62,813,227
Adjustments for:				
Depreciation and amortization	8, 9	19,970,457	28,024,612	28,054,233
Interest income	5	(3,165,947)	(2,069,854)	(445,976)
Interest expense	11	295,947	232,596	227,123
Pension expense	17	174,018	160,765	292,294
Operating income before working capital changes		104,534,739	101,909,873	90,940,901
Decrease in receivables		126,022,724	18,505,488	18,623,716
Decrease (increase) in due from affiliates		(12,674)	311,371	1,237,565
Decrease in other current assets		6,395,360	29,274,363	26,181,820
Increase (decrease) in accounts payable and accrued expenses		3,892,639	(5,369,734)	(42,712,459)
Increase (decrease) in due to affiliates		(239,792)	71,453	152,563
Increase (decrease) in deposits and other liabilities		1,351,412	(1,863,932)	2,338,605
Net cash generated from operations		241,944,408	142,838,882	96,762,711
Interest received from cash in banks		853	665	653
Cash paid for income taxes		(18,748,546)	(17,746,529)	(15,168,652)
Net Cash From Operating Activities		223,196,715	125,093,018	81,594,712
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	9	(26,962,827)	(836,423)	(1,404,466)
Interest received from short-term investments		3,165,094	2,042,866	442,264
Acquisitions of investment properties	8	-	(388,389)	(714,286)
Advances paid to a contractor	7	-	(13,196,700)	-
Net Cash Used in Investing Activities		(23,797,733)	(12,378,646)	(1,676,488)
CASH FLOW FROM A FINANCING ACTIVITY				
Dividends paid	12	(101,000,000)	(100,000,000)	(25,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		98,398,982	12,714,372	54,918,224
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		77,269,676	64,555,304	9,637,080
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 175,668,658	P 77,269,676	P 64,555,304

Supplemental Information on Non-cash Investing Activity –

In 2019, the Company reclassified advances to contractor amounting to P13,196,700 from Other Non-current Asset to Property and Equipment – net in the 2018 statement of financial position (see Notes 7 and 9).

See Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(With Comparative Figures For December 31, 2018)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 28, 2007 and was organized to establish, manage and operate a commercial complex to lease commercial space.

Prior to December 20, 2019, the Company was a wholly-owned subsidiary of Robinsons Land Corporation (RLC or the Former Parent Company) and an indirect subsidiary of J.G. Summit Holdings, Inc. (JGSHI or the Parent Company) through RLC. On December 20, 2019, the Company became a direct subsidiary of JGSHI by virtue of the property dividend distribution by RLC to its stockholder as of record date.

RLC is primarily engaged in the business of selling, acquiring, developing, operating, leasing and disposing of real properties such as land, buildings, shopping malls, commercial centers and housing projects, hotels and other variants and mixed-used property projects. JGSHI is one of the country's largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, petrochemicals, air transportation, real estate and financial services. Both the Parent Company and RLC are publicly listed in the Philippine Stock Exchange (PSE).

The registered office and principal place of business of the Company is located at Brgy. 1 San Francisco, San Nicolas, Ilocos Norte. RLC's registered office is located at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila. The Parent Company's registered office is located at 43rd Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Pasig City.

On July 8, 2019, the Board of Directors (BOD) and stockholders of the Company approved the change in corporate name to Altus Property Ventures, Inc.
The application for the change in name was approved by the SEC and the Bureau of Internal Revenue (BIR) on September 3, 2019 and October 8, 2019, respectively.

On July 31, 2019, the BOD of RLC approved the declaration of the Company's shares as property dividend to RLC common shareholders (the "Property Dividend") which, following the approval of the SEC of the property dividend declaration on November 15, 2019, resulted in the distribution on December 20, 2019 to RLC common shareholders of one (1) APVI common share for approximately every fifty-one and 9384/10000 (51.9384) RLC common shares owned and registered in the name of the RLC common shareholders as of August 15, 2019.

On September 19, 2019, the Company filed a registration statement covering its 100,000,000 common shares. The common shares subject of the registration statement are covered by (i) the application for the approval of the Property Dividend, which was later approved by the SEC on November 15, 2019, and (ii) the application for the SEC registration and the listing by way of introduction of the common shares filed by the Company with the SEC and the PSE, respectively. Such listing application will be subject to SEC and PSE rules and regulations. The PSE has not yet approved the application for listing as of the date the financial statements were authorized for issue.

The financial statements of the Company as of and for the year ended December 31, 2019 (including the comparative financial statements as of and for the year ended December 31, 2018) were authorized for issue by the Company's BOD on January 24, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized as follows. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2018 and prior years, the Company presented its deposits from lessees, advances from marketing funds and liabilities for goods received from suppliers recorded as Others in Deposits and Other Liabilities account under non-current liabilities section of the statement of financial position. The current portion of these liabilities amounting to P22.5 million and P9.1 million were reclassified to current liabilities under Deposits from Lessees and Accounts Payable and Accrued Expenses accounts, respectively, in the 2018 statement of financial position (see Notes 10 and 11). Such reclassifications were made because management believes that the presentation will provide more reliable and relevant information to the users of the financial statements. These reclassifications have no impact on prior year net income, total comprehensive income, equity, total assets, total liabilities and cash flows. Accordingly, no third statement of financial position as of January 1, 2017 has been presented.

(c) Functional and Presentation Currency

The financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2019 that are Relevant to the Company

The Company adopted for the first time the following PFRS, amendments, interpretation and annual improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS 2015-2017 Cycle		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PAS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization

The following are the relevant information about these pronouncements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement*. The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. Management assessed that the amendments had no significant impact on the Company's financial statements.

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income (FVOCI). Management assessed that the amendments had no significant impact on the Company's financial statements.

(iii) PFRS 16, *Leases*. The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, *Operating Leases – Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

For lessors, the definitions of the type of lease (i.e., finance and operating leases) and the supporting indicators of a finance lease are substantially the same with the provisions under PAS 17. In addition, basic accounting mechanics are also similar but with some different or more explicit guidance related to variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The adoption of PFRS 16 had no impact on Company's financial statements, as currently, it has not entered into any lease agreement as a lessee.

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments.* The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. Management assessed that the interpretation had no significant impact on the Company's financial statements.

(v) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends.* The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that if any specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, such borrowing is treated as part of the entity's general borrowings when calculating the capitalization rate.

(b) Effective in 2019 that are not Relevant to the Company

The following amendments and improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2019 but are not relevant to the Company's financial statements:

PAS 28 (Amendments)	:	Investment in Associates and Long-term Interest in Associates and Joint Ventures
Annual Improvements to PFRS 2015-2017 Cycle PFRS 3 and PFRS 11 (Amendments)	:	Business Combination and Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operations

(c) *Effective Subsequent to 2019 but not Adopted Early*

There are amendments to an existing standard and conceptual framework effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

The financial assets category that is currently relevant to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Receivables, Due from Affiliates and Utility deposits (presented as part of Other Current Assets).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The interest earned is recognized in the statement of comprehensive income as Interest Income under Other Income (Expenses) section of the statement of comprehensive income.

(b) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company recognizes lifetime ECL for trade and other receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

With respect to due from affiliates and receivable from sale of assets, the Company applies a general approach. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default (LGD)* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Other Assets

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. They are derecognized, charged to profit or loss, or reclassified to another asset account upon consumption or use.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.5 Investment Properties

Investment properties consist of properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property.

Investment properties are depreciated and amortized on a straight-line basis over their estimated useful lives as follows:

Building	20 years
Building improvement	10 years

An item of investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statements of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use evidence by the end of owner occupation, commencement of an operating lease to another party. Transfers made from investment property when, and only when, there is change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment properties are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount (see Note 2.13).

2.6 Property and Equipment

All items of property and equipment are stated at cost less accumulated depreciation, accumulated amortization, and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.15) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Depreciation and amortization commences one the assets are available for use and is computed on a straight-line basis over the estimated useful lives of five years. For construction in progress, the account is not depreciated until such time that the assets are completed and available for use.

Fully depreciated and fully amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

If there is an indication that there has been a significant change in the useful life, residual value of an asset, or method of depreciation or amortization, the depreciation or amortization of that asset is revised prospectively to reflect the new expectations. An item of property and equipment including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

2.7 Financial Liabilities

Financial liabilities, which include accounts payable and accrued expenses (except tax-related liabilities), deposits from lessees and due to affiliates, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as Interest Expense under Other Income (Expenses) section of the statement of comprehensive income.

Accounts payable and accrued expenses, deposits from lessees and due to affiliates are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.8 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's BOD – its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments. In identifying its operating segments, management generally follows the Company's business line as disclosed in Note 4.

The measurement policies that the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

The Company currently has one reportable segment, i.e., its leasing business. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.9 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.10 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Revenue and Expense Recognition

To determine whether to recognize revenue, the Company follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Currently, the Company has minimal revenue arising from contracts with customers that needs to be accounted for under PFRS 15 in the form of Billings of utilities – net presented under Other Income (Expenses) section of the statement of comprehensive income and is recognized over time as the service is being performed.

Its main revenue stream is limited to the rental income that it generates from leasing its commercial space. Refer to Note 2.12 in respect to its recognition in profit or loss.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred. All finance costs are reported in profit or loss on an accrual basis.

2.12 Leases – Company as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating lease is recognized in profit or loss on a straight-line basis over the lease term.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific or assets and the arrangement conveys a right to use the asset.

2.13 Impairment of Non-financial Assets

The Company's investment properties, property and equipment and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.14 Employee Benefits

The Company's employee benefits are recognized and measured as discussed below.

(a) Post-employment Defined Benefit Plan or Pension Liabilities

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the defined benefit liability during the period as a result of benefit payments. Interest is reported as part of Interest Expense under Other Income (Expenses) in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Accounts Payable and Accrued Expenses in the statement of financial position.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

2.15 Borrowing Costs

Borrowing costs, if any, are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.16 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets or deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.17 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; and, (b) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.18 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserves comprise gains and losses due to remeasurements of pension liabilities.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared, if any.

2.19 Basic and Diluted Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of common shares issued, adjusted for any stock dividends or stock splits, less any shares held in treasury during the reporting period.

The diluted EPS is also computed by dividing net profit by the weighted average number of common shares issued and outstanding during the reporting period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of any potentially dilutive preferred shares, convertible loans and stock options.

Currently, the basic and diluted EPS are the same as there are no dilutive preferred shares, convertible loans and stock options (see Note 13).

2.20 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments in the succeeding page, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Operating Lease Commitments – Company as Lessor

The Company has entered into commercial and office property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Company has determined that it retains all the significant risks and rewards of ownership of these properties and account for them as operating leases. In determining significant and benefits of ownership, the Company considered, among others, the significance of the lease term as compared with the estimated useful live of the related asset. A number of the Company's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Company considers, amount others, the significance of the penalty, including the economic consequence to the lessee.

(b) Distinction Between Investment Properties and Owner-occupied Properties

The Company determines whether a property qualifies as an investment property. In making its judgment, the Company considers whether the property is not occupied substantially for use by, or in operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property, only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

(c) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Notes 2.10 and 18.

3.2 Key Sources of Estimation Uncertainty

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Estimation of Useful Lives of Property and Equipment and Investment Properties*

The Company estimates the useful lives of its depreciable property and equipment and investment properties at cost based on the period over which the assets are expected to be available for use. The estimated useful lives of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above.

A reduction in the estimated useful lives of the depreciable property, plant and equipment and investment properties would increase depreciation and amortization expense and decrease noncurrent assets.

The carrying balances of the Company's depreciable assets are disclosed in Notes 8 and 9 to the financial statements.

Based on management's assessment as at December 31, 2019 and 2018, there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(b) *Estimation of Allowance for ECL on Financial Assets at Amortized Costs*

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns.

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

In relation to due from affiliates (including receivable from sale of asset), the maximum period over which ECL should be measured is the longest contractual period where the Company is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines ECL based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be fully collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Based from management's assessment, ECL on these financial assets are not material; hence, no impairment were recognized in the comparative periods.

(c) Determination of the Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets, netted against deferred tax liabilities, recognized as at December 31, 2019 and 2018 will be fully utilized in the coming periods.

(d) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses, and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 17.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.13). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment losses are required to be recognized on non-financial assets both in 2019 and 2018.

4. SEGMENT REPORTING

The Company has only one reportable segment, i.e., its leasing business, which caters to individual and corporate customers.

Further, the Company has only one geographical segment as all of its operations are based in San Nicolas, Ilocos Norte.

The Company earns revenues equivalent to 10% or more of its total revenues from affiliates under common control of the Parent Company totaling to P43.8 million, P43.5 million and P42.5 million in 2019, 2018 and 2017, respectively (see Note 16).

5. CASH AND CASH EQUIVALENTS

The breakdown of this account is as follows:

	2019	2018
Cash on hand	**P 86,741**	P 118,544
Cash in banks	**11,786,171**	6,129,035
Short-term investments	**163,795,746**	71,022,097
	P 175,668,658	P 77,269,676

Cash in banks earn annual interest at the respective bank deposit rates. Short-term investments are made for varying periods of between one day to three months and earn effective interest ranging from 0.6% to 3.5%, 0.7% to 3.5%, and 0.4% to 2.3% for the years ended December 31, 2019, 2018 and 2017, respectively. Interest income earned from cash in banks and short-term investments amounted to P3.2 million, P2.1 million and P0.4 million for 2019, 2018 and 2017, respectively and is presented as Interest Income under Other Income (Expenses) in the statements of comprehensive income.

6. RECEIVABLES

This account consists of the following:

	Note	2019	2018
Receivable from sale of assets	16.1(a)	**P 164,261,052**	P 283,057,044
Trade	16.2	**9,295,710**	16,183,714
Accrued rent receivable		**2,395,843**	2,755,852
Others		**661,906**	640,625
		P 176,614,511	P 302,637,235

Receivable from sale of assets pertains to the unpaid portion of the total consideration of the sale in 2016 of the Company's assets to RLC.

Trade receivables are noninterest-bearing and are generally payable within thirty days.

Accrued rent receivable represents the portion of the lease as a consequence of recognizing income on a straight-line basis to comply with PFRS 16 (PAS 17 in 2018).

Others include receivable from insurance companies and from officers and employees.

All trade receivables are subject to credit risks exposure [see Note 19.1(b)]. However, the Company does not identify specific concentrations of credit risk with regards to trade receivables as the amounts recognized resemble a larger number of receivables from various customers with strong financial condition. Most trade receivables are covered by security deposits or advance rental payment.

7. OTHER ASSETS

The breakdown of this account is presented below.

	2019	2018
Current:		
Creditable withholding tax	**P 4,417,088**	P 9,389,035
Utility deposits	**2,004,000**	2,004,000
Prepaid taxes	**1,584,159**	1,594,803
Advances to suppliers and contractors	**186,000**	370,000
Input value-added tax (VAT)	**-**	1,228,769
Others	**545,753**	545,753
	8,737,000	15,132,360
Non-current –		
Advances to contractor	**-**	13,196,700
	P 8,737,000	P 28,329,060

Utility deposits consist primarily of meter deposits.

Prepaid taxes pertain to the advance payments made for real property taxes.

Advances to suppliers and contractors consist of advance payment, which will be applied against progress billings. In 2018, the Company paid advances to contractor for the construction of a solar power facility. There were no outstanding advances as of December 31, 2019 as these were applied to billings on progress made by the contractor.

Others consist of advances to SSS, cleaning and maintenance supplies and construction materials.

8. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation and amortization of investment properties at the beginning and end of 2019 and 2018 are as follows.

	Land	Building	Building Improvement	Total
December 31, 2019				
Cost	P 100,000,000	P 356,991,904	P 15,024,425	P 472,016,329
Accumulated depreciation and amortization	-	(179,879,573)	(10,641,770)	(190,521,343)
Net carrying amount	**P 100,000,000**	**P 177,112,331**	**P 4,382,655**	**P 281,494,986**
December 31, 2018				
Cost	P 100,000,000	P 367,283,743	P 79,322,085	P 546,605,828
Accumulated depreciation and amortization	-	(172,321,816)	(73,908,434)	(246,230,250)
Net carrying amount	P 100,000,000	P 194,961,927	P 5,413,651	P 300,375,578
January 1, 2018				
Cost	P 100,000,000	P 367,283,743	P 78,933,696	P 546,217,439
Accumulated depreciation and amortization	-	(153,646,208)	(65,976,051)	(219,622,259)
Net carrying amount	P 100,000,000	P 213,637,535	P 12,957,645	P 326,595,180

The reconciliation of the net carrying amount of investment properties at the beginning and end of 2019 and 2018 is shown as follows:

	Land	Building	Building Improvement	Total
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 100,000,000	P 194,961,927	P 5,413,651	P 300,375,578
Transfers – cost		(10,291,839)	(64,297,660)	(74,589,499)
Transfers – accumulated depreciation		10,291,839	64,297,660	74,589,499
Depreciation and amortization charges for the year	-	(17,849,596)	(1,030,996)	(18,880,592)
Balance at December 31, 2019, net of accumulated depreciation and amortization	**P 100,000,000**	**P 177,112,331**	**P 4,382,655**	**P 281,494,986**

	Land	Building	Building Improvement	Total
Balance at January 1, 2018, net of accumulated depreciation and amortization	P 100,000,000	P 213,637,535	P 12,957,645	P 326,595,180
Additions	-	-	388,389	388,389
Depreciation and amortization charges for the year	-	(18,675,608)	(7,932,383)	(26,607,991)
Balance at December 31, 2018, net of accumulated depreciation and amortization	P 100,000,000	P 194,961,927	P 5,413,651	P 300,375,578

Transfers were made from investment properties to property and equipment involving fully depreciated assets costing P74.6 million, following the change in its use as evidenced by commencement of owner occupation (see Note 9).

Rental revenue from investment properties amounted to P134.0 million, P129.3 million and P116.7 million for 2019, 2018 and 2017, respectively.

Depreciation and amortization is presented as part of Cost of Rental Services in the statements of comprehensive income (see Note 14).

The fair value of investment properties as of December 31, 2019 and 2018 amounted to P1,483.0 million and P871.0 million, respectively, which is based on independent third party appraisal reports dated June 30, 2019 and December 31, 2017 (see Note 21.3).

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2019 and 2018 are shown below.

	Furnitures and Fixtures	Kitchen and Dining Equipment	Other Equipment	Construction in-progress	Total
December 31, 2019					
Cost	P 17,835,339	P 9,130,382	P 68,271,017	P 39,590,100	P 134,826,838
Accumulated depreciation and amortization	(17,130,250)	(7,067,194)	(68,240,222)	-	(92,437,666)
Net carrying amount	**P 705,089**	**P 2,063,188**	**P 30,795**	**P 39,590,100**	**P 42,389,172**
December 31, 2018					
Cost	P 6,634,294	P 6,581,756	P 6,861,762	P -	P 20,077,812
Accumulated depreciation and amortization	(6,248,320)	(6,581,756)	(3,928,226)	-	(16,758,302)
Net carrying amount	P 385,974	P -	P 2,933,536	P -	P 3,319,510
January 1, 2018					
Cost	P 6,621,169	P 6,581,756	P 6,038,464	P -	P 19,241,389
Accumulated depreciation and amortization	(5,765,575)	(6,581,756)	(2,994,350)	-	(15,341,681)
Net carrying amount	P 855,594	P -	P 3,044,114	P -	P 3,899,708

The reconciliation of the net carrying amount of investment properties at the beginning and end of 2019 and 2018 is shown below.

	Furnitures and Fixtures	Kitchen and Dining Equipment	Other Equipment	Construction in-progress	Total
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 385,974	P -	P 2,933,536	P -	P 3,319,510
Additions	116,563	452,864	-	39,590,100	40,159,527
Reclassifications	792,643	2,095,762	(2,888,405)	-	-
Transfers – cost	10,291,839		64,297,660	-	74,589,499
Transfers – accumulated depreciation	(10,291,839)	-	(64,297,660)	-	(74,589,499)
Depreciation and amortization charges for the year	(590,091)	(485,438)	(14,336)	-	(1,089,865)
Balance at December 31, 2019, net of accumulated depreciation and amortization	**P 705,089**	**P 2,063,188**	**P 30,795**	**P 39,590,100**	**P 42,389,172**
Balance at January 1, 2018, net of accumulated depreciation and amortization	P 855,594	P -	P 3,044,114	P -	P 3,899,708
Additions	13,125	-	823,298	-	836,423
Depreciation and amortization charges for the year	(482,745)	-	(933,876)	-	(1,416,621)
Balance at December 31, 2018, net of accumulated depreciation and amortization	P 385,974	P -	P 2,933,536	P -	P 3,319,510

Depreciation and amortization is presented as part of Cost of Rental Services in the statements of comprehensive income (see Note 14).

The gross carrying amount of fully depreciated and amortized assets that are still being used in operations amounted to P89.3 million and P87.7 million as of December 31, 2019 and 2018, respectively.

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

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account is composed of the following:

	Note	**2019**	2018
Accounts payable		**P 49,165,029**	P 45,339,381
Accrued utilities expense		**3,388,852**	6,475,290
Accrued contracted services		**3,227,197**	1,890,411
Output VAT payable	24(a)	**1,899,401**	-
Taxes and licenses payable		**82,310**	165,068
		P 57,762,789	P 53,870,150

Accounts payable mainly includes unpaid billings from suppliers and contractors, including retention payable.

Accrued utilities expense, accrued contracted services, and taxes and licenses payable are normally settled within one year. In 2019, prior years' accruals that remain unbilled to the Company were reversed. The effect of such reversal is presented as part of Other Income (Expenses) – net in the 2019 statement of comprehensive income.

11. DEPOSITS AND OTHER LIABILITIES

This account is composed of the following:

	Note	2019	2018
Deposits from lessees	16	**P 34,988,473**	P 33,997,677
Others		**1,248,684**	592,121
		36,237,157	34,589,798
Current portion of deposits from lessees		**(25,161,728)**	(22,460,508)
		P 11,075,429	P 12,129,290

Deposits from lessees represent cash received from tenants representing three to six months of rent which shall be refunded to tenants at the end of lease term These are initially recorded at fair value, which is obtained by discounting future cash flows using the applicable rates of similar type of instruments at the date of receipt of deposits.

The accretion expense on these deposits, recognized as Interest expense under Other Income (Expenses) in the statement of comprehensive income, amounted to P0.3 million in 2019 and P0.2 million in both 2018 and 2017.

Others include accruals for goods purchased and/or services received which are yet to be billed by the suppliers as of period end.

12. EQUITY

12.1 Capital Stock

The Company's authorized share capital is P100.0 million, divided into 100.0 million common shares with P1 par value. As of December 31, 2019 and 2018, 100.0 million number of common shares for a total amount of P100.0 million are issued and outstanding.

As of December 31, 2018 and prior to the distribution of the Property Dividend described in Note 1, the Company has only 8 stockholders. On December 20, 2019, the Property Dividend were distributed by RLC to all eligible stockholders. As of December 31, 2019, the Company has more than 1,000 shareholders.

12.2 Retained Earnings

The details of the cash dividends approved and declared by the BOD as follows:

Date of Declaration	Amount	Dividend Per Share	Date of Payment
June 24, 2019	P 51,000,000	0.51	June 28, 2019
March 22, 2019	50,000,000	0.50	March 29, 2019
September 7, 2018	80,000,000	0.80	September 29, 2018
April 6, 2018	20,000,000	0.20	May 6, 2018

13. EARNINGS PER SHARE

EPS were computed as follows:

	2019	2018	2017
Net income	**P 64,484,592**	P 57,821,378	P 47,617,620
Divided by weighted average number of outstanding common shares	**100,000,000**	100,000,000	100,000,000
Basic and diluted EPS	**P 0.64**	P 0.58	P 0.48

The Company has no potential dilutive common shares as of December 31, 2019, 2018 and 2017.

14. COST OF RENTAL SERVICES

The breakdown of the cost of rental services is shown below.

	Notes	**2019**	2018	2017
Depreciation and amortization	8, 9	**P 19,970,457**	P 28,024,612	P 28,054,233
Maintenance cost		**4,329,483**	5,872,110	5,727,738
		P 24,299,940	P 33,896,722	P 33,781,971

15. INCOME TAXES

The components of tax expense as reported in the profit or loss section of statement of comprehensive income are as follow:

	2019	2018	2017
Current tax expense:			
Regular corporate income tax at 30%	**P 22,335,765**	P 17,332,558	P 15,079,457
Final tax at 20%	**633,190**	413,971	89,195
Balance forwarded	**P 22,968,955**	P 17,746,529	P 15,168,652

	2019	2018	2017
Balance carried forward	**P 22,968,955**	P 17,746,529	P 15,168,652
Deferred tax expense (income)	**(193,283)**	(6,153)	26,955
	P 22,775,672	P 17,740,376	P 15,195,607

Meanwhile, tax expense (income) which relate to the remeasurements of pension plan amounting P20,672 and (P57,329) in 2018 and 2017(nil in 2019), respectively, are presented in the other comprehensive section of statements of comprehensive income.

Final tax is paid at the tax rate of 20%, which is a final withholding tax on gross interest income.

The Company availed of the optional standard deduction (OSD) in lieu of itemized deduction for 2019, 2018 and 2017.

Under the Philippine tax rules, a corporation is allowed to deduct either (a) an optional standard deduction (OSD; 40% of gross income) or (b) itemized deductions in determining taxable income. On November 26, 2008, the BIR issued Revenue Regulations (RR) No. 16-2009, Implementing the Provisions of Section 34 (L) of the Tax Code of 1997, as Amended by Section 3 of Republic Act No. 9504, *Dealing on the OSD Allowed to Individuals and Corporation in Computing Their Taxable Income*. Under RR No. 16-2008, corporate taxpayers subject to RCIT shall be allowed to use OSD in computing their taxable income. On a yearly basis, corporations may elect a standard deduction in an amount equivalent to 40% of gross income, as provided by law, in lieu of the allowed itemized deductions in computing RCIT. The availment of the OSD shall be irrevocable for the year which the return is made.

The reconciliation of the statutory income tax rate to the effective income tax rate as of December 31, 2019, 2018 and 2017 as follow:

	2019	2018	2017
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of interest income subjected to final tax	**0.36**	(0.27)	(0.00)
Difference between OSD and itemized deduction	**(4.26)**	(6.25)	(5.81)
Effective income tax rate	**26.10%**	23.48%	24.19%

The components of net deferred tax liabilities as of December 31, 2019 and 2018 follow:

		2019		2018
Deferred tax assets:				
Accrued pension expense	**P**	**198,254**	P	198,254
Accretion of deposits from lessees		**142,034**		142,034
		340,288		340,288
Deferred tax liabilities:				
Unamortized capitalized interest expense		**1,888,893**		2,059,510
Accrued rental income		**718,753**		826,756
Accrued interest income		**261,039**		175,703
Others		**166,789**		166,788
		3,035,474		3,228,757
Net deferred tax liabilities	**P**	**2,695,186**	P	2,888,469

The Company is subject to the minimum corporate income tax (MCIT) which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. No MCIT was reported in 2019, 2018 and 2017 as the RCIT was higher than MCIT in the past three reporting periods.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include its Former Parent Company and related parties under common ownership.

The summary of the Company's transactions and corresponding outstanding balances with its related parties as of and for the years ended December 31, 2019, 2018 and 2017 are presented below and in the succeeding page.

Related Party Categories	Notes	Amount of Transaction 2019	Amount of Transaction 2018	Amount of Transaction 2017	Outstanding Balance 2019	Outstanding Balance 2018
Former Parent Company:						
Receivable from sale of assets	16.1(a)	**P -**	P 30,029,435	P 26,119,231	**P -**	P 283,057,044
Fees charged by RLC	16.1(b)	**-**	8,468,369	11,664,438	**-**	-
Related parties under common ownership:						
Receivable from sale of assets	16.1(a)	**P 118,795,992**	P -	P -	**P 164,261,052**	P -
Fees charged by RLC	16.1(b)	**15,910,275**	-	-	**-**	-
Rental Income	16.2	**43,827,588**	43,543,808	42,484,908	**3,546,322**	10,604,738
Due from affiliates	16.3	**252,465**	382,824	1,390,128	**2,012,843**	1,760,378
Short-term investments	16.4	**92,773,649**	53,997,841	17,024,256	**163,795,746**	71,022,097
Cash in banks	16.4	**5,574,948**	9,035,737	5,670,045	**11,424,149**	5,849,201
Interest income	16.4	**3,165,094**	2,020,840	105,603	**87,590**	29,382

16.1 Transactions with RLC

(a) Receivable from sale of assets

In September 2016, the Company entered into a deed of absolute sale with RLC covering sale of certain assets constructed in the parcel of land owned by RLC for a selling price of P895.1 million inclusive of VAT.

In September 30, 2016, RLC paid P500.0 million of the purchase price of assets mentioned above and the remaining balance receivable amounted to P343.0 million. As of December 31, 2019 and 2018, the Company's receivable from sale of assets amounted to P164.3 million and P283.1 million, respectively. Such receivable is unsecured, collectable in cash, due on demand and noninterest-bearing (see Note 6).

(b) Fees charged by RLC

RLC provided technical guidance to the Company to help ensure that its business activities are within the prescribed limits set by law and its corporate policies.

The amounts of fees incurred for years then ended December 31, 2019, 2018 and 2017 are presented as part of Professional, Management and Consultancy Fees in the statements of comprehensive income while outstanding liabilities related thereto was netted against receivable from sale of assets as of December 31, 2019, which is presented under Receivables in the statement of financial position.

16.2 Rental Income

The Company, being the lessor, entered into a lease agreements with related parties under common ownership, the lessees. The lease term is for a period of three to five years renewable at the end of lease term while the lease payments were set at the prevailing market lease rates. Rental revenue arising from this transaction amounted to P43.8 million, P43.5 million and P42.5 million in 2019, 2018 and 2017, respectively. While the outstanding receivable balance amounting to P3.5 million and P10.6 million as of December 31, 2019 and 2018, respectively, are presented as part of trade receivables under the Receivable account of the statement of financial position (see Note 6).

16.3 Due from (to) Affiliates

In the normal course of business, the Company has transactions with related parties under common ownership consisting principally of sharing of expenses. The receivables arising from such transactions are unsecured, payable in cash and on demand.

16.4 Cash and Cash Equivalents

The Company maintains current and savings accounts and time deposits with an entity under common ownership which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates (see Note 5).

16.5 Key Management Personnel

The Company's key management personnel are employees of RLC. The compensation of the said employees are paid by RLC and such, the necessary disclosures required under PAS 24, *Related Party Disclosures*, are included in RLC's financial statements.

16.6 Terms and Conditions of Transactions with Related Parties

There have been no guarantees provided or received for any related party receivables or payables. The Company has not recognized any impairment losses on amounts receivables from related parties in 2019 and 2018. This is undertaken each financial year through a review of the financial position of the related party and the market in which the party operates.

17. EMPLOYEE BENEFITS

17.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	2019	2018	2017
Short-term employee benefits	**P 5,195,811**	P 5,686,235	P 4,846,649
Post-employment defined benefit	**174,018**	160,765	292,294
	P 5,369,829	P 5,847,000	P 5,138,943

17.2 Pension Plan

(a) Characteristics of the Pension Plan

The Company has a noncontributory, defined benefit pension plans covering all of its regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The normal retirement age of the Company's employees is at 60 with a minimum of five years of credited service. The compulsory retirement age is at 65 with a minimum of five years of credited service. The normal retirement benefit is equal to 100% of the monthly salary multiplied by every year of credited service.

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with Robinsons Bank Corporation (RBC) as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Company, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions.

The retirement plan has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Company are represented in the Executive Retirement Committee. RBC manages the plan assets based on the mandate as defined in the trust agreement.

(b) *Explanation of Amounts Presented in the Financial Statements*

The actuarial valuation was made in 2018 by an independent actuary. The retirement benefit obligation amounted to P0.8 million and P 0.7 million as of December 31, 2019 and 2018, respectively, and are presented as Pension Liabilities in the statements of financial position.

The movements in the present value of the pension liability recognized in the books are as follows:

		2019		2018
Balance at beginning of the year	**P**	**660,848**	P	568,990
Current service cost		**126,142**		127,982
Interest expense		**47,876**		32,783
Remeasurements –				
Actuarial losses (gains) arising from:				
Experience adjustments		**-**		19,257
Changes in demographic adjustments		**-**		11,440
Changes in financial assumption		**-**	(	99,604)
Balance at end of the year	**P**	**834,866**	P	660,848

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the pension plan are as follows:

		2019		2018		2017
Reported in profit or loss:						
Current service cost	**P**	**126,144**	P	127,982	P	288,147
Net interest cost		**47,874**		32,783		4,147
	P	**174,018**	P	160,765	P	292,294
Reported in other comprehensive income:						
Actuarial losses (gains) arising from changes in:						
Financial assumptions	**P**	**-**	(P	99,604)	(P	26,579)
Experience adjustments		**-**		19,257		488,294
Demographic adjustments		**-**		11,440	(	270,617)
	P	**-**	(P	68,907)	P	191,098

Current service cost and net interest cost are presented as part of Salaries, wages and employee benefits under General and Administrative Expenses in the statements of comprehensive income.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for 2019 and 2018:

Discount rate	7.36%
Salary increase rate	5.70%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 31 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) Interest Rate Risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan are discussed in the succeeding page.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2019 and 2018:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2019			
Salary rate	**+/-1.0%**	**P 58,288**	**(P 45,431)**
Discount Rate	**+/-1.0%**	**(44,445)**	**57,880**
December 31, 2018			
Salary rate	+/-1.0%	P 77,057	(P 67,099)
Discount Rate	+/-1.0%	(60,909)	70,870

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

The Company does not maintain a fund for its retirement benefit obligation. However, the Company has sufficient cash if several employees retire within the same year.

The maturity profile of the undiscounted expected benefit payments from the plan follows:

Within one year	P 20,707
More than one to five years	143,694
More than five years to ten years	692,618
More than ten to 15 years	1,244,150
More 15 years to 20 years	884,262
More than 20 years	4,547,168
	P 7,532,599

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 25 years.

18. COMMITMENTS AND CONTINGENCIES

The Company has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining non-cancellable lease terms ranging from one to five years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent which is a certain percentage of actual monthly sales or minimum monthly gross sales whichever is higher. Total rental revenues amounted to P134.0 million, P129.3 million and P116.8 million in 2019, 2018 and 2017, respectively. Total percentage rent recognized as income in 2019, 2018 and 2017 amounted to P79.0 million, P78.1 million and P71.5 million, respectively.

Future minimum rentals under these non-cancellable operating leases are as follow:

	2019	2018
Within one year	**P 33,395,382**	P 32,255,420
After one year but not more than five years	**14,358,843**	29,175,933
	P 47,754,225	P 61,431,353

There are other commitments and contingent liabilities that may arise in the normal course of the Company's operations that are not reflected in the financial statements. Management is of the opinion that losses, if any, from these items will not have a material effect on the Company's interim financial statements.

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of operational and financial risks in relation to financial instruments. The Company's risk management is coordinated with its Former Parent Company, in close cooperation with the Company's BOD.
The Company does not normally engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant operational and financial risks to which the Company is exposed to are described below.

19.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables.

The Company's receivables are actively monitored to avoid significant concentrations of credit risk.

The Company has adopted a no-business policy with customers lacking appropriate credit history were credit records are available.

With respect to credit risk arising from Company's financial assets, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes	2019	2018
Cash and cash equivalents	5	**P 175,668,658**	P 77,269,676
Receivables	6	**176,614,511**	302,637,235
Due from affiliates	16	**2,012,844**	2,000,170
Utility deposits	7	**2,004,000**	2,004,000
		P 356,300,013	P 383,911,081

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, trade receivables and due from affiliates as described below.

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit the security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants.

The Company is not exposed to any significant credit risk exposure to any single customer or any group of customers having similar characteristics. Trade receivables consist of a large number of customers in various industries. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good. Moreover, LGD on certain trade receivables is either nil or at an approximately low level due to existence of security deposits and advance rentals. On that basis, management determined that the effect of ECL on trade receivables is negligible; hence, no impairment loss is required to be recognized as at December 31, 2019 and 2018.

(c) Due from Affiliates

ECL for advances to related parties are measured and recognized using the general approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of December 31, 2019 and 2018 are recoverable since these related parties have the capacity to pay the advances upon demand. Accordingly, no impairment losses were recognized as of the end of the reporting periods.

With respect to utility deposits, the credit risk is considered negligible since the counterparty is considered to be with sound financial condition, and that the deposits are highly likely to be received upon end of the terms.

19.2 Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The analysis of the maturity groupings of the Company's financial assets and financial liabilities (at gross amounts) as of December 31, 2019 and 2018 is shown as follows:

	December 31, 2019			
	Due Within One Year	**Due Beyond One Year but Within Five Years**	**Due Beyond Five Years**	**Total**
Financial Assets:				
Cash and cash equivalents	P 175,668,658	P -	P -	P 175,668,658
Receivables:				
Receivable from sale of assets	164,261,052	-	-	164,261,052
Trade	9,295,710	-	-	9,295,710
Accrued rent receivable	2,395,843	-	-	2,395,843
Others	661,906	-	-	661,906
Due from affiliates	2,012,844	-	-	2,012,844
Utility deposits	2,004,000	-	-	2,004,000
Total	**P 356,300,013**	**P -**	**P -**	**P 356,300,013**
Financial Liabilities:				
Accounts payable and accrued expenses:				
Accounts payable	P 49,165,029	P -	P -	P 49,165,029
Accrued utilities	3,388,852	-	-	3,388,852
Accrued contracted services	3,227,197	-	-	3,227,197
Due to affiliates	-	-	-	-
Deposits and other liabilities	25,561,993	11,075,429	-	36,637,422
Total	P 81,343,071	P 11,075,429	P -	P 92,018,235

	December 31, 2018			
	Due Within One Year	Due Beyond One Year but Within Five Years	Due Beyond Five Years	Total
Financial Assets:				
Cash and cash equivalents	P 77,269,676	P -	P -	P 77,269,676
Receivables:				
Receivable from sale of assets	283,057,044	-	-	283,057,044
Trade	16,183,714	-	-	16,183,714
Accrued rent receivable	2,755,852	-	-	2,755,852
Others	640,625	-	-	640,625
Due from affiliates	2,000,170	-	-	2,000,170
Utility deposits	2,004,000	-	-	2,004,000
Total	P 383,911,081	P -	P -	P 383,911,081
Financial Liabilities:				
Accounts payable and accrued expenses:				
Accounts payable	P 45,339,381	P -	P -	P 45,339,381
Accrued utilities	6,475,290	-	-	6,475,290
Accrued contracted services	1,890,411	-	-	1,890,411
Due to affiliates	239,792	-	-	239,792
Deposits and other liabilities	22,576,701	12,598,775	-	35,175,476
Total	P 76,521,575	P 12,598,775	P -	P 89,120,350

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

20. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Carrying Amounts and Fair Values by Category

The fair values financial assets and financial liabilities, except deposits and other liabilities, are approximately equal to their carrying amounts as of the reporting date due to the short-term nature of the transactions.

The fair value of deposits and other liabilities amounting to P35.9 million and P34.1 million as of December 31, 2019 and 2018, respectively, are based on the discounted value of future cash flows using the applicable rates for similar types of financial liabilities. The discount rates used range from 2.04% to 11.70% in 2019 and 4.23% to 10.05% in 2018 and 2017.

20.2 Offsetting of Financial Assets and Financial Liabilities

The Company's management bonus, fees and sharing of expenses payable to RLC were set-off against its receivable from sale of asset, as agreed by both parties (see Note 16.1). The net amount is presented as part of Receivables account as of December 31, 2019 and 2018, which amounted to P164.3 million and P283.1 million, respectively.

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

21. FAIR VALUE MEASUREMENT AND DISCLOSURES

21.1 Fair Value Hierarchy

In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

  Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

  Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

21.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Financial Resources:				
Cash and cash equivalents	P 175,668,658	P -	P -	P 175,668,658
Receivables	-	-	176,614,511	176,614,511
Due from affiliates	-	-	2,012,844	2,012,844
Utility deposits	-	-	2,004,000	2,004,000
	P 175,668,658	**P -**	**P 180,631,355**	**P 356,300,013**
Financial Liabilities:				
Accounts payable and accrued expenses	P -	P -	P 55,781,078	P 55,781,078
Due to affiliates	-	-		-
Deposits and other liabilities	-	-	36,237,157	36,237,157
	P -	P -	P 92,018,235	P 92,018,235
December 31, 2018				
Financial Resources:				
Cash and cash equivalents	P 77,269,676	P -	P -	P 77,269,676
Receivables	-	-	302,637,235	302,637,235
Due from affiliates	-	-	2,000,170	2,000,170
Utility deposits	-	-	2,004,000	2,004,000
	P 77,269,676	P -	P 306,641,405	P 383,911,081
Financial Liabilities:				
Accounts payable and accrued expenses	P -	P -	P 53,705,082	P 53,705,082
Due to affiliates	-	-	239,792	239,792
Deposits and other liabilities	-	-	35,175,476	35,175,476
	P -	P -	P 89,120,350	P 89,120,350

For financial assets and financial liabilities, other than investment securities at amortized cost, with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

21.3 Fair Value Measurement for Non-financial Assets

The fair value of the Company's land, building and building improvements classified under the Company's investment properties (see Note 8) are determined on the basis of the appraisals performed by Santos Knight Frank, Inc., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's non-financial assets indicated above is their current use.

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

The Company has no financial assets or financial liabilities measured at fair value as of December 31, 2019 and 2018.

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern entity. Essentially, the Company, in coordination with its Former Parent Company, monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2019	2018
Total liabilities	**P 101,750,407**	P 92,249,057
Total equity	**585,166,764**	621,682,172
Debt-to-equity ratio	**0.17 : 1.00**	0.15 : 1.00

23. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

Republic Act (RA) No. 11232, An Act Providing for the Revised Corporation Code of the Philippines (the Revised Corporation Code) took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Company's financial statements.

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The following supplementary information on taxes, duties and license fees paid or accrued during the taxable year required by the BIR under Revenue Regulation (RR) No. 15-2010 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) *Output VAT*

In 2019, the Company recognized output VAT amounting to P24,298,257 from rental income earned during the year amounting to P202,485,475.

The tax bases for rental income are based on the Company's gross receipts for the year, hence, may not be the same as the amounts of revenues reported in the 2019 statement of comprehensive income.

The outstanding output VAT payable amounting to P1,899,401 as of December 31, 2019 is presented as under Accounts Payable and Accrued Expenses account in the 2019 statement of financial position (see Note 10).

(b) *Input VAT*

The movements in input VAT during the year ended December 31, 2019 are summarized below.

Balance at beginning of year	P 1,228,769
Services lodged under other accounts or manufacture	6,278,169
Applied against output VAT	(7,506,938)
Balance at end of year	P -

(c) *Taxes on Importation*

The Company has not paid nor accrued any customs duties and tariff fees since it did not have any importations in 2019.

(d) *Excise Tax*

The Company has not paid nor accrued excise tax since it did not have any transactions in 2019 which is subject to excise tax.

(e) *Documentary Stamp Tax*

Documentary stamp taxes (DST) paid and accrued in 2019 for the Company's lease agreements amounted to P8,974 [see Note 24(f)].

(f) *Taxes and Licenses*

The details of Taxes and Licenses account in 2019 is broken down as follows:

	Note	
License and permits		P 2,218,160
Real estate taxes		1,594,803
DST	24(e)	8,974
Others		47,901
		P 3,869,838

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2019 are shown below.

Compensation and employee benefits	P	73,020
Expanded		1,618,280
	P	1,691,300

The Company did not have income payments that are subject to final tax during the year.

(h) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2019, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 7 0 4 7 5 8

COMPANY NAME

A L T U S S A N N I C O L A S C O R P .

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

B r g y . 1 S a n F r a n c i s c o , S a n N i c o l a s , I l o c o s N o r t e

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	397-1888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	March 10	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Cecilia M. Pascual	cecille.pascual@ robinsonsland.com	397-1888	N/A

CONTACT PERSON's ADDRESS

Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City

RECEIVED COMPLIANCE SECTION

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

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

ALTUS SAN NICOLAS CORP.

National Highway, Brgy. I, San Francisco, San Nicolas, Ilocos Norte
Telephone No.(632) 397-1888 loc. 36201

April 6, 2018

Securities and Exchange Commission
Ground Floor – North Wing, PICC Secretariat Building,
Philippine International Convention Center Complex
Roxas Boulevard, Pasay City 1307

The management of Altus San Nicolas Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the calendar year ended December 31, 2017 and for the three months ended December 31, 2016 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signature: ______________________
LANCE Y. GOKONGWEI
Chairman

Signature: ______________________
FREDERICK D. GO
President

Signature: ______________________
KERWIN MAX S. TAN
Treasurer

Signed this 6th day of April, 2018.

SUBSCRIBED AND SWORN TO before me this 10 APR 2018 in QUEZON CITY.
I hereby certify that I have personally examined the affiant/s and I am satisfied that he/ she/ they voluntarily executed and understand his/ her/ their affidavit/s.

ATTY. RONALD AGUSTIN R. ESTRADA
Notary Public
Until December 31, 2018
IBP No. AR001412/1-10-18 Q.C.
PTR No. 5641606/1-10-18 Q.C.
2nd Floor Galleria Corporate Center, Edsa corner Ortigas Avenue, Quezon City

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Book No. 20
Series 2018

COMPLIANCE SECTION

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with Philippine Financial Reporting Standards and reports as required by accounting and auditing standards for **Altus San Nicolas Corp.** for the year ended December 31, 2017.

In discharging this responsibility, I hereby declare that I am the BU – Controller of **Altus San Nicolas Corp.**

Furthermore, in my compilation services for the preparation of the financial statements and notes to the financial statements, I was not assisted by or did not avail the services of **Sycip Gorres Velayo & Co.** which is the external auditor who rendered the audit opinion for the said financial statements and notes to the financial statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ANNE MAE E. MANGASER

CPA Certificate No. **0112722**
Valid Until **July 12, 2019**

Accreditation No. **1998**
Valid Until **July 12, 2019**

SUBSCRIBED AND SWORN before me
this day **25 APR 2018** at Q.C.

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL December 31, 2018
PTR NO. 5520234, January 3, 2018, QUEZON CITY
IBP NO. 019073 12-20-2017 - QUEZON CITY
ROLL NO. 13296
ADM. MATTER NO. NP-046-(2017-2018)
TIN NO. 177-967-619-000
MCLE III-0024526 - December 12, 2017
34 Asset's St. GSIS Village
Project 8 Quezon City

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Series of 201 8

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COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Altus San Nicolas Corp.
Brgy. 1 San Francisco
San Nicolas, Ilocos Norte

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Altus San Nicolas Corp. (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2017 and for the three months ended December 31, 2016 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the year ended December 31, 2017 and for the three months ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Altus San Nicolas Corp. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, as Amended (2011). Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.

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March 16, 2017, valid until March 15, 2020
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February 26, 2018, valid until February 25, 2021
PTR No. 6621321, January 9, 2018, Makati City

April 6, 2018

COMPLIANCE SECTION

ALTUS SAN NICOLAS CORP.
STATEMENTS OF FINANCIAL POSITION

	December	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 17, 20 and 21)	**₱64,555,304**	₱9,637,080
Receivables (Notes 7, 17, 20 and 21)	**321,116,400**	339,737,057
Due from affiliates (Notes 7, 17, 20 and 21)	**2,311,541**	3,549,106
Other current assets (Notes 8, 20 and 21)	**44,406,723**	70,588,543
Total Current Assets	**432,389,968**	423,511,786
Noncurrent Assets		
Investment properties (Note 9)	**326,595,180**	352,476,979
Property and equipment (Note 10)	**3,899,708**	3,953,390
Total Noncurrent Assets	**330,494,888**	356,430,369
	₱762,884,856	₱779,942,155
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 11, 20 and 21)	**₱50,396,042**	₱93,357,040
Due to affiliates (Notes 17, 20 and 21)	**168,339**	15,776
Total Current Liabilities	**50,564,381**	93,372,816
Noncurrent Liabilities		
Deposits and other liabilities (Notes 12, 20 and 21)	**45,064,976**	42,250,709
Pension liabilities (Note 18)	**568,990**	85,598
Deferred tax liabilities - net (Note 16)	**2,873,950**	2,904,324
Total Noncurrent Liabilities	**48,507,916**	45,240,631
Total Liabilities	**99,072,297**	138,613,447
Equity		
Capital stock (Note 13)	**100,000,000**	100,000,000
Additional paid-in capital (Note 13)	**450,000,000**	450,000,000
Retained earnings (Note 13)	**113,672,772**	91,055,152
Remeasurement of net defined benefit liabilities - net of tax (Note 18)	**139,787**	273,556
Total Equity	**663,812,559**	641,328,708
	₱762,884,856	₱779,942,155

See accompanying Notes to Financial Statements.

ALTUS SAN NICOLAS CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017 AND
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

	2017 (One Year)	2016 (Three Months)
RENTAL REVENUE (Notes 9, 17 and 19)	**₱116,748,439**	₱28,571,126
COSTS OF RENTAL SERVICES (Note 14)	**33,781,971**	9,368,982
GROSS INCOME	**82,966,468**	19,202,144
GENERAL AND ADMINISTRATIVE EXPENSES		
Professional and consultancy fees	**6,748,245**	1,253,077
Salaries, wages and employee benefits	**5,138,943**	1,428,775
Advertising	**1,762,582**	644,477
Travel and communication	**1,711,456**	288,960
Taxes and licenses	**1,904,924**	500
Supplies	**1,396,470**	39,485
Insurance	**1,294,046**	–
	19,956,666	3,655,274
OPERATING INCOME	**63,009,802**	15,546,870
OTHER INCOME (CHARGES)		
Interest income (Notes 6 and 17)	**445,976**	2,313
Billings of utilities - net (Note 19)	**169,475**	(4,775,162)
Interest expense (Note 12)	**(227,123)**	(62,059)
Other income (expense) - net (Notes 15 and 17)	**(584,903)**	208,655
	(196,575)	(4,626,253)
INCOME BEFORE INCOME TAX	**62,813,227**	10,920,617
PROVISION FOR INCOME TAX (Note 16)		
Current	**15,168,652**	3,335,233
Deferred	**26,955**	(59,278)
	15,195,607	3,275,955
NET INCOME	**47,617,620**	7,644,662
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Remeasurement loss on net defined benefit liabilities (Note 18)	**(191,098)**	–
Income tax effect	**57,329**	–
	(133,769)	–
TOTAL COMPREHENSIVE INCOME	**₱47,483,851**	₱7,644,662

ALTUS SAN NICOLAS CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017 AND
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

	Capital Stock (Note 13)	Additional Paid-in Capital (Note 13)	Remeasurement of Net Defined Benefit Liabilities - net of tax (Note 18)	Retained Earnings (Note 13)	Total Equity
			For the Year Ended December 31, 2017		
Balances at January 1, 2017	**₱100,000,000**	**₱450,000,000**	**₱273,556**	**₱91,055,152**	**₱641,328,708**
Comprehensive income					
Net income	–	–	–	47,617,620	47,617,620
Remeasurement loss on net defined benefit liabilities (Note18)	–	–	(133,769)	–	(133,769)
Total comprehensive income	–	–	(133,769)	47,617,620	47,483,851
Dividends declared				(25,000,000)	(25,000,000)
Balances at December 31, 2017	**₱100,000,000**	**₱450,000,000**	**₱139,787**	**₱113,672,772**	**₱663,812,559**
			For the Three Months Ended December 31, 2016		
Balances at October 1, 2016	₱100,000,000	₱450,000,000	₱273,556	₱83,410,490	₱633,684,046
Total comprehensive income					
Net income	–	–	–	7,644,662	7,644,662
Balances at December 31, 2016	₱100,000,000	₱450,000,000	₱273,556	₱91,055,152	₱641,328,708

See accompanying Notes to Financial Statements.

ALTUS SAN NICOLAS CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017 AND FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

	2017 (One Year)	2016 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱62,813,227**	₱10,920,617
Adjustments for:		
Depreciation and amortization (Notes 9, 10 and 14)	**28,054,233**	6,942,670
Pension expense (Note 18)	**292,294**	15,297
Interest income (Notes 6 and 17)	**(445,976)**	(2,313)
Operating income before changes in working capital	**90,713,778**	17,876,271
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	**18,623,716**	15,073,806
Due from affiliates	**1,237,565**	893,583
Other current assets	**26,181,820**	1,741,905
Increase (decrease) in:		
Accounts payable and accrued expenses	**(42,960,998)**	(26,796,012)
Due to affiliates	**152,563**	(152,562)
Deposits and other liabilities	**2,814,267**	(3,679,923)
Net cash generated from operations	**96,762,711**	4,957,068
Interest received from cash in banks	**653**	199
Income taxes paid	**(15,168,652)**	(3,335,233)
Net cash flows provided by operating activities	**81,594,712**	1,622,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from short-term investments	**442,264**	2,114
Acquisitions of:		
Property and equipment (Note 10)	**(1,404,466)**	–
Investment properties (Note 9)	**(714,286)**	–
Net cash flows provided by (used in) investing activities	**(1,676,488)**	2,114
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid (Note 13)	**(25,000,000)**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**54,918,224**	1,624,148
CASH AT BEGINNING OF YEAR	**9,637,080**	8,012,932
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱64,555,304**	₱9,637,080

See accompanying Notes to Financial Statements.

ALTUS SAN NICOLAS CORP.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Altus San Nicolas Corp. (the Company) was registered with the Securities and Exchange Commission (SEC) in the Philippines on March 28, 2007 with a corporate life of 50 years. The Company was organized to establish, manage and operate a commercial complex to lease commercial space. The Company's registered office address is located at Brgy. 1 San Francisco, San Nicolas, Ilocos Norte.

The Company is 100% owned by Robinsons Land Corporation (RLC or the Parent Company). The Company's Ultimate Parent Company is J.G. Summit Holdings, Inc. (JGSHI).

On September 30, 2016, the Company received the certificate of filing of Amended By-laws, amending the Company's year end from fiscal year ending September 30 to calendar year ending December 31, issued by the SEC. On January 9, 2017, the Bureau of Internal Revenue (BIR) issued a certificate granting the Company the change in accounting period.

The accompanying financial statements of the Company were approved and authorized for issue by the BOD on April 6, 2018.

2. Basis of Preparation

The Company's financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (₱) which is also the Company's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

The Company's short period financial statements as of and for the three months ended December 31, 2016 were prepared pursuant to the Company's change in accounting period from fiscal year ended September 30 to calendar year ended December 31 (see Note 1). The amounts presented in the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to financial statements are for three months and accordingly, are not comparable to the financial statements as of and for the year ended December 31, 2017.

Statement of Compliance
The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the financial position or performance unless otherwise indicated.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to Philippine Accounting Standards (PAS 7), *Statement of Cash Flows, Disclosure Initiative*

  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

  The Company has provided the required information in Note 13 to the Company financial statements. The Company has no financing activities during the three months ended December 31, 2016.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the modified retrospective method.

  The Company is currently assessing the impact of PFRS 15.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The Company plans to adopt the new standard on the mandatory effective date and will not restate comparative information.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Company is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.
  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Company is currently assessing the impact of adopting this interpretation.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

4. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In arrangements where the Company is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Company is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue. The Company concluded that it is acting as a principal in all its revenue agreements, except for excess of common usage service area over additional expenses incurred.

The following specific recognition criteria must also be met before revenue is recognized:

Rental revenue

The Company leases its commercial real estate properties to others through operating leases. Rental revenue on leased properties is recognized on a straight-line basis over the lease term, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Interest income

Interest income is recognized as the interest accrues (using the effective interest rate (EIR) that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Billings of utilities - net

The Company bills its tenants for its share in the maintenance and operating costs of common usage and service areas (CUSA) and is recognized when billed. If the billings and collections exceed the costs, the Company reported other income in profit or loss. Otherwise, the Company reported other charges.

Other income

Other income is recognized when earned.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

Cash and cash equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments

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

'Day 1' difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets
Initial recognition of financial instruments
Financial assets are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments and available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial assets are recognized initially at fair value plus, in the case of financial instruments not recorded at FVPL, transaction costs that are directly attributable to the acquisition of financial assets.

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

The Company's financial assets are of the nature of loans and receivables as of December 31, 2017 and 2016.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the finance income in the statement of comprehensive income. The losses arising from impairment are recognized in statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

The Company's loans and receivables include cash and cash equivalents, receivables, due from affiliates and refundable utility deposits included under "Other Current Assets".

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets
The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized at fair value, and in the case of loans and borrowings and payables, are presented net of directly attributable debt issue or transaction costs.

The Company's financial liabilities include other financial liabilities as of December 31, 2017 and 2016.

Other Financial Liabilities

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

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

The Company's other financial liabilities consists of accounts payable and accrued expenses, due to affiliates, and deposits from lessees which is included under "Deposits and other liabilities".

Derecognition

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Company. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property.

Investment properties are depreciated on a straight-line basis over their estimated useful lives (EUL) as follow:

	Years
Building	20
Building improvements and equipment	10

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. Construction-in-progress is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Investment properties are derecognized when either these have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or by the end of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to its intended location and working condition.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the EUL of five (5) years.

The EUL and depreciation method are reviewed and adjusted if appropriate, at each financial year-end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Other Assets
Other assets include input value-added-tax (VAT), creditable withholding tax (CWT) and other assets.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" in the statements of financial position.

CWT represents the amount withheld by the payee. These are recognized upon collection of the related sales and are utilized as tax credits against income tax due.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that its investment properties, property and equipment and other assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Company makes an estimate of recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years, such reversal is recognized in the statement of comprehensive income.

Equity
Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account.

If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings represent accumulated earnings of the Company less dividends declared.

Income Tax

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized in the Other Comprehensive Income (OCI). Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Cost and Expenses Recognition

Cost and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost and expenses are recognized in profit or loss:

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

Leases

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

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

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

Company as a lessor
Leases where the Company retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income in the statements of comprehensive income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same basis as the lease income.

Leases where the Company transfers substantially all the risk and benefits of ownership of the assets are classified as finance leases. The Company recognizes assets held under a finance lease in their statements of financial position as a receivable at an amount equal to the net investment in the lease. The lease payments received from the lessee are treated as repayments of principal and finance income. Initial direct costs may include commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging the lease. They are included in the measurement of the net investment in the lease at inception and reflected in the calculation of the implicit interest rate. The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

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

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

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise.

Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in "OCI" and "Remeasurements of the net defined benefit liability" are not reclassified to another equity account in subsequent periods.

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

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

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements, as they become reasonably determinable.

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.

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

Operating lease commitments - Company as lessor
The Company has entered into commercial and office property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Company has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Company considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Company's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Company considers, among others, the significance of the penalty, including the economic consequence to the lessee.

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

Estimation of useful lives of property and equipment and investment properties
The Company estimates the useful lives of its depreciable property and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The carrying balances of the Company's depreciable assets are disclosed in Notes 9 and 10 to the company financial statements.

Estimating allowance for impairment losses
The Company assesses impairment losses at a level adequate to provide for potential uncollected receivables. The level of this allowance is evaluated by management based on factors that affect the collectability of the accounts. These factors include, but not limited to, the length of the Company's relationship with the tenant/buyer, the tenant's/buyer's payment behavior and other known market factors. Based on management's assessment, all receivables are recoverable

The carrying values of the Company's receivables amounted to ₱321.12 million and ₱339.74 million as of December 31, 2017 and 2016, respectively (see Note 7).

Evaluating impairment of nonfinancial assets
The Company assesses impairment on nonfinancial assets (i.e. other current assets, investment properties and property and equipment) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

If such indicators are present and where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Carrying values of nonfinancial assets as of December 31, 2017 and 2016 follow:

	2017	2016
Investment properties (Note 9)	**₱326,595,180**	₱352,476,979
Other current assets* (Note 8)	**42,402,723**	68,584,543
Property and equipment (Note 10)	**3,899,788**	3,953,390
	₱372,897,691	₱425,014,912

**Excluding utility deposits amounting to ₱2.00 million as of December 31, 2017 and 2016*

6. Cash and cash equivalents

	2017	2016
Cash on hand and in banks	**₱15,336,564**	₱9,637,080
Short-term investments	**49,218,740**	–
	₱64,555,304	₱9,637,080

Cash in banks earns annual interest at the respective bank deposit rates.

The Company placed short-term investments for varying periods of between one (1) day to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates ranging from 0.38% to 2.25% and 0.30% to 0.50% for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively. As of December 31, 2017 and 2016, the Company's short-term investments amounted to ₱49.22 million and nil, respectively.

Interest income earned from cash in banks and short-term investments amounted to ₱0.45 million and ₱2,313 for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively.

7. Receivables

	2017	2016
Receivable from sale of assets (Note 17)	**₱309,890,410**	₱332,691,722
Trade	**8,228,419**	4,368,148
Accrued rent receivable	**2,460,254**	2,066,132
Others	**537,317**	611,055
	₱321,116,400	₱339,737,057

Receivable from sale of assets pertains to unpaid balance of the total consideration.

Trade receivables are non-interest bearing and are generally on thirty (30) days term.

Accrued rent receivable represents the portion of the lease as a consequence of recognizing income on a straight-line basis.

Others include receivable from insurance company and from officers and employees.

Aging Analysis

The aging analysis of the Company's receivables and due from affiliates as of December 31, 2017 and 2016 follow:

	December 31, 2017						
		Neither Past	Past Due But Not Impaired				Past
	Total	Due Nor Impaired	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Due and Impaired
Receivables	₱321,116,400	₱11,339,589	₱788,684	₱405,492	₱10,111,407	₱298,471,228	₱–
Due from affiliates (Note 17)	2,311,541	2,311,541	–	–	–	–	–
	₱323,427,941	₱13,651,130	₱788,684	₱405,492	₱10,111,407	₱298,471,228	₱–

	December 31, 2016						
		Neither Past	Past Due But Not Impaired				Past
	Total	Due Nor Impaired	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Due and Impaired
Receivables	₱339,737,057	₱4,051,889	₱2,864,108	₱6,076,214	₱323,196,852	₱3,547,994	₱–
Due from affiliates (Note 17)	3,549,106	3,549,106	–	–	–	–	–
	₱343,286,163	₱7,600,995	₱2,864,108	₱6,076,214	₱323,196,852	₱3,547,994	₱–

8. Other Current Assets

	2017	2016
Input value-added tax (VAT)	**₱19,170,247**	₱36,867,812
Creditable withholding tax	**16,875,207**	25,493,043
Utility deposits (Note 20)	**2,004,000**	2,004,000
Advances to suppliers and contractors	**290,000**	460,502
Others	**6,067,269**	5,763,186
	₱44,406,723	₱70,588,543

Input VAT can be applied against future output VAT. The balance is recoverable in the future periods.

Creditable withholding tax pertains to the amount withheld by the Company's tenants from their income payment. This will be claimed as tax credit and will be used against future income tax payable.

Creditable withholding taxes applied against the current income tax payables amounted to ₱15.17 million and ₱3.33 million for the year ended December 31, 2017 and three months ended December 31, 2016, respectively.

Utility deposits consist primarily of meter deposits.

Advances to suppliers and contractors consist of advance payment which will be applied against progress billings.

Others consist of cleaning and maintenance supplies and construction materials.

9. Investment Properties

	December 31, 2017			
	Land	Building	Building Improvements and Equipment	Total
Cost				
At January 1, 2017	₱100,000,000	₱367,283,743	₱78,219,410	₱545,503,153
Additions	–	–	714,286	714,286
At December 31, 2017	100,000,000	367,283,743	78,933,696	546,217,439
Accumulated Depreciation				
At January 1, 2017	–	134,970,601	58,055,573	193,026,174
Depreciation (Note 14)	–	18,675,607	7,920,478	26,596,085
At December 31, 2017	–	153,646,208	65,976,051	219,622,259
Net Book Value at December 31, 2017	₱100,000,000	₱213,637,535	₱12,957,645	₱326,595,180

	December 31, 2016			
	Land	Building	Building Improvements and Equipment	Total
Cost	₱100,000,000	₱367,283,743	₱78,219,410	₱545,503,153
Accumulated Depreciation				
At October 1, 2016	–	130,301,699	56,090,334	186,392,033
Depreciation (Note 14)	–	4,668,902	1,965,239	6,634,141
At December 31, 2016	–	134,970,601	58,055,573	193,026,174
Net Book Value at December 31, 2016	₱100,000,000	₱232,313,142	₱20,163,837	₱352,476,979

The fair value of investment properties which has been determined based on valuations performed by independent professional qualified appraisers exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The fair value as of December 31, 2017 and 2016 amounted to ₱2,623.44 million and ₱2,617.86 million, respectively, which are based on independent third party appraisal reports, dated December 31, 2017 and September 30, 2013, respectively, which were updated by management as of December 31, 2017 and 2016.

The fair value of the investment properties was arrived at using Income Approach as of December 31, 2017 and 2016. The income approach, is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property.

For the year ended December 31, 2017 and for the three months ended December 31, 2016, the management elected to use the income approach as the appropriate valuation approach in valuing investment properties, as it mirrors the analysis of typical investors.

The fair value of the investment properties disclosed in the financial statements is categorized within level 3 of the fair value hierarchy.

Description of valuation techniques used and key inputs to valuation on mall included under investment properties as of December 31, 2017 and 2016 follows:

Property	Valuation technique	Significant unobservable inputs	Range (weighted average)
Mall	DCF method	discount rate	10.0%
		capitalization rate	8.0%-9.0%
		growth rate	0.0%-17.0%
		occupancy rate	72.0%-100.0%

The discounted cash flows, or DCF, valuation uses a fundamental approach in valuing the future economic benefits of a projected income stream.

The valuation process significantly consists of the following steps:
- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate; and
- Discounting process using an appropriate discount rate to arrive at an indicative market value

Rental income derived from investment properties amounted to ₱116.75 million and ₱28.57 million for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively.

Depreciation and amortization charged to operations amounted to ₱26.60 million and ₱6.63 million for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively (see Note 14).

Maintenance costs incurred from the use of investment properties amounted to ₱5.73 million and ₱2.43 million for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively (see Note 14).

There are no investment properties as of December 31, 2017 and 2016 that are pledged as securities to liabilities.

10. Property and Equipment

	December 31, 2017			
	Furniture and Fixtures	**Kitchen and Dining Equipment**	**Other Equipment**	**Total**
Cost				
At January 1, 2017	**₱6,596,883**	**₱6,581,756**	**₱4,658,284**	**₱17,836,923**
Additions	**24,286**	**–**	**1,380,180**	**1,404,466**
At December 31, 2017	**6,621,169**	**6,581,756**	**6,038,464**	**19,241,389**
Accumulated Depreciation and Amortization				
At January 1, 2017	**5,281,072**	**6,581,756**	**2,020,705**	**13,883,533**
Depreciation and amortization (Note 14)	**484,503**	**–**	**973,645**	**1,458,148**
At December 31, 2017	**5,765,575**	**6,581,756**	**2,994,350**	**15,341,681**
Net Book Value at December 31, 2017	**₱855,594**	**₱–**	**₱3,044,114**	**₱3,899,708**

	December 31, 2016			
	Furniture and Fixtures	Kitchen and Dining Equipment	Other Equipment	Total
Cost				
At October 1, 2016 and December 31, 2016	₱6,596,883	₱6,581,756	₱4,658,284	₱17,836,923
Accumulated Depreciation and Amortization				
At October 1, 2016	4,978,129	6,581,756	2,015,119	13,575,004
Depreciation and amortization (Note 14)	302,943	–	5,586	308,529
At December 31, 2016	5,281,072	6,581,756	2,020,705	13,883,533
Net Book Value at December 31, 2016	₱1,315,811	₱–	₱2,637,579	₱3,953,390

Depreciation expense charged to operations amounted to ₱1.46 million and ₱0.31 million for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively (see Note 14).

There are no property and equipment items as of December 31, 2017 and 2016 that are pledged as security to liabilities.

The cost of fully depreciated property and equipment still in use amounted to ₱11.80 million and ₱11.71 million as of December 31, 2017 and 2016, respectively.

11. Accounts Payable and Accrued Expenses

	2017	2016
Accounts payable	**₱41,899,533**	₱79,473,907
Accrued utilities expense	**6,460,611**	6,689,483
Accrued contracted services	**1,961,295**	6,200,364
Taxes and licenses payable	**74,603**	993,286
	₱50,396,042	₱93,357,040

Accounts payable mainly includes unpaid billings from suppliers and contractors, including retention payable, related to construction activities.

Taxes and licenses payable, accrued utilities expense and accrued contracted services are normally settled within one (1) year.

12. Deposits and Other Liabilities

	2017	2016
Deposits from lessees	**₱35,031,452**	₱33,266,137
Advances from marketing fund	**2,829,546**	2,581,007
Others	**7,203,978**	6,403,565
	₱45,064,976	₱42,250,709

Deposits from lessees represent cash received from tenants representing three (3) to six (6) months' rent which shall be refunded to tenants at the end of lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar type of instruments. The accretion expense on these deposits, recognized as "interest expense" under other income (charges) - net amounted to ₱0.23 million and ₱0.06 million for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively.

Advances from marketing fund pertain to collections from tenants and receipts from sponsors for mall promotion and advertising expenses.

Others include liabilities for goods received but have not been billed by the supplier as of period end.

13. Equity

The details of the number of shares as of December 31, 2017 and 2016 follow:

	Common Stock		Additional Paid-in Capital
	No. of shares	Amount	Amount
Authorized, issued and outstanding, ₱1 par value	100,000,000	₱100,000,000	₱450,000,000

Capital Management

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

The Company considers as capital its equity amounting to ₱663.81 million and ₱641.33 million as of December 31, 2017 and 2016, respectively.

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. The Company's capital represents total equity. No changes were made in the capital management objectives, policies or processes for the year ended December 31, 2017 and for the three months ended December 31, 2016.

The Company is not subject to externally imposed capital requirements.

Retained Earnings and Notes to Statements of Cash Flows

On November 13, 2017, the Board of Directors approved the declaration of cash dividends amounting to ₱25.00 million from the unrestricted retained earnings of the Company as of September 30, 2017 to all stockholders on record as of October 1, 2017. The cash dividends were paid on November 24, 2017.

Events after the Reporting Period

On April 6, 2018, the Board of Directors approved the declaration of cash dividends amounting to ₱20.00 million from the unrestricted retained earnings of the Company as of December 31, 2017 payable on or before May 6, 2018 to all stockholders on record as of March 31, 2018.

14. Costs of Rental Services

	2017 (One Year)	2016 (Three Months)
Depreciation and amortization (Notes 9 and 10)	**₱28,054,233**	₱6,942,670
Maintenance cost (Note 9)	**5,727,738**	2,426,312
	₱33,781,971	₱9,368,982

Maintenance cost pertains to supplies and repairs and maintenance on building and equipment.

15. Other Income (Expense) - Net

This account primarily includes commission received from the supplier of liquefied petroleum gas to tenants net of office and medicine supplies. Also, it includes excess of association dues over actual expenses incurred, penalties and late payment charges billed to tenants (Notes 7 and 17).

16. Income Tax

	2017 (One Year)	2016 (Three Months)
Current:		
Regular corporate income tax (RCIT)	**₱15,079,457**	₱3,334,770
Final	**89,195**	463
	15,168,652	3,335,233
Deferred	**26,955**	(59,278)
	₱15,195,607	₱3,275,955

The current provision for income tax pertains to RCIT and final tax. Final tax is paid at the rate of 20.00%, which is a final withholding tax on gross interest income. In 2017, the Company availed of the Optional Standard Deduction (OSD) in lieu of itemized deduction.

Under the Philippine tax rules, a corporation is allowed to deduct either (a) an optional standard deduction (OSD; 40% of gross income) or (b) itemized deductions in determining taxable income. On November 26, 2008, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (R.R.) No. 16-2008, Implementing the Provisions of Section 34 (L) of the Tax Code of 1997, as Amended by Section 3 of Republic Act No. 9504, Dealing on the OSD Allowed to Individuals and Corporation in Computing Their Taxable Income. Under R.R. No. 16-2008, corporate taxpayers subject to regular corporate income tax (RCIT) shall be allowed to use OSD in computing their taxable income. On a yearly basis, corporations may elect a standard deduction in an amount equivalent to 40% of gross income, as provided by law, in lieu of the allowed itemized deductions in computing RCIT. The availment of the OSD shall be irrevocable for the year which the return is made.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2017 (One Year)	2016 (Three Months)
Statutory income tax rate	**30.00%**	30.00%
Tax effect of interest income subjected to final tax	**(0.00)**	(0.00)
Difference between OSD and itemized deduction	**(5.81)**	–
Effective income tax rate	**24.19%**	30.00%

The components of net deferred tax liabilities as of December 31, 2017 and 2016 follow:

	December 31 2017	2016
Deferred tax asset		
Accrued pension expense	**₱81,898**	₱24,571
Accretion of deposits from lessees	**3,466**	3,466
	85,364	28,037
Deferred tax liabilities		
Unamortized capitalized interest expense	**(2,187,471)**	(2,358,088)
Accrued rental income	**(672,578)**	(554,342)
Accrued interest income	**(99,265)**	(19,931)
Accretion of deposits from lessees	–	–
	(2,959,314)	(2,932,361)
Net deferred tax liabilities	**(₱2,873,950)**	(₱2,904,324)

17. **Related Party Transactions**

Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions are generally settles in cash, unless otherwise stated.

The Company, in the normal course of business, has transactions with affiliates consisting principally of lease arrangements.

The amounts and balances arising from significant related party transactions are as follow:

	December 31, 2017			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Parent Company				
a) Receivable from sale of assets (Note 7)	₱–	₱309,890,410	Non-interest bearing; due and demandable	Unsecured; no impairment
Under common control of the Ultimate Parent Company				
b) Due from affiliates				
• Rental revenue	**42,484,908**	**2,311,541**	Three to five-year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
c) Due to affiliates				
• Sharing of expenses	**168,339**	**(168,339)**	Non-interest bearing; due and demandable	Unsecured
d) Cash (Note 6)				
• Cash in banks	**14,884,938**	**14,884,938**	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	**653**	–	–	–
• Short-term investments	**49,218,740**	**49,218,740**	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	**445,323**	**3,059**	–	–

	December 31, 2016			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Parent Company				
a) Receivable from sale of assets (Note 7)	₱–	₱332,691,722	Non-interest bearing; due and demandable	Unsecured; no impairment
Under common control of the Ultimate Parent Company				
b) Due from affiliates				
• Rental revenue	11,696,545	3,549,106	Three to five-year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
c)Due to affiliates				
• Sharing of expenses	15,776	(15,776)	Non-interest bearing; due and demandable	Unsecured
d) Cash (Note 6)				
• Cash in banks	9,214,893	9,214,893	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	200	–	–	–
• Short-term investments	13,700,000	–	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	2,113	–	–	–

Outstanding balances consist of the following:

	2017	2016
Cash and cash equivalents (Note 6)	**₱64,103,678**	₱9,214,893
Receivable from sale of assets (Note 7)	**309,890,410**	332,691,722
Due from affiliates	**2,311,541**	3,549,106
Due to affiliates	**(168,339)**	(15,776)

Significant transactions with related parties are as follows:

a) *Receivable from sale of assets*
In September 2016, the Company entered into a deed of absolute sale with RLC covering sale of certain assets constructed in the parcel of land owned by RLC for a selling price of ₱895,055,503, inclusive of VAT (see Note 9).

In September 30, 2016, RLC paid ₱500,000,000 of the purchase price of assets mentioned above and the remaining balance receivable amounted to ₱342.99 million. As of December 31, 2017 and 2016, the Company's receivable from sale of assets amounted to₱309.89 million and ₱332.69 million, respectively (see Note 7).

The receivable from sale of assets is non-interest bearing and is due and demandable.

b) *Due from affiliates*
The Company, in the normal course of business, has transactions with its affiliated companies consisting principally of lease arrangements on commercial properties.

c) *Due to affiliates*
The Company, in the normal course of business, has transactions with its affiliated companies consisting principally of reimbursement of expenses.

d) *Cash and cash equivalents*
The Company maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

The Company's key management personnel are employees of its Parent Company. The compensation of the said employees are paid by the Parent Company and as such, the necessary disclosures required under PAS 24, are included in the financial statements of the Parent Company.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. The Company has not recognized any impairment losses on amounts receivables from related parties for the year ended December 31, 2017 and for the three months ended December 31, 2016. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

18. Pension Plan

The Company has a noncontributory, defined benefit pension plans covering all of its regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

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

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with Robinsons Bank Corporation (RBC) as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Company, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions.

The retirement plan has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Company are represented in the Executive Retirement Committee. RBC manages the plan assets based on the mandate as defined in the trust agreement.

The components of pension expense (included in "Salaries, wages and employee benefits" under "General and administrative expenses" in the statements of comprehensive income) follow:

	2017 (One Year)	2016 (Three Months)
Current service cost	**₱288,147**	₱14,446
Net interest cost	**4,147**	851
	₱292,294	₱15,297

There are no plan amendments, curtailments or settlements for the year ended December 31, 2017 and for the three months ended December 31, 2016.

The remeasurements recognized in OCI follow:

	2017 (One Year)	2016 (Three Months)
Actuarial gain due to:		
Experience adjustments	**₱488,294**	₱–
Changes in demographic adjustments	**(270,617)**	–
Changes in financial assumption	**(26,579)**	–
	₱191,098	₱–

Changes in net defined benefit liability follow:

	2017	2016
Balance at beginning of year	**₱85,598**	₱70,301
Current service cost	**288,147**	14,446
Net interest cost	**4,147**	851
Actuarial gain due to:		
Experience adjustments	**488,294**	–
Changes in demographic adjustments	**(270,617)**	–
Changes in financial assumption	**(26,579)**	–
Balance at end of year	**₱568,990**	₱85,598

The Company does not expect to contribute to the defined benefit pension plan in 2018.

The principal assumptions used to determine the pension benefits of the Company as of December 31, 2017 and 2016 follow:

	2017	2016
Discount rate	**5.78%**	4.85%
Rate of salary increase	**5.50%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2017 and 2016, assuming if all other assumptions were held constant. The balances below show the addition/reduction in pension obligation assuming assumptions are changed:

		Increase (decrease) on pension liabilities	
		2017	2016
Discount rates	+1.00%	**(₱59,319)**	(₱9,635)
	-1.00%	**69,676**	11,622
Salary increase rates	+1.00%	**74,089**	12,106
	-1.00%	**(64,000)**	(10,177)

The Company does not maintain a fund for its retirement benefit obligation. While funding is not a requirement of law, there is a risk that the Company may not have the cash if several employees retire within the same year. Shown below is the maturity analysis of the undiscounted benefit payments of the company:

	Expected benefit payments		
Plan Year	**Normal retirement**	**Other than normal retirement**	**Total**
Less than one year	₱–	₱3,617	₱3,617
One to less than five years	–	108,507	108,507
Five to less than 10 years	188,062	355,798	543,860
10 to less than 15 years	741,441	485,807	1,227,248
15 to less than 20 years	315,294	485,950	801,244
20 to years and above	2,824,823	964,031	3,788,854
	₱4,069,620	₱2,403,710	₱6,473,330

19. Commitments

Operating lease commitments - Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms ranging from one (1) to five (5) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent which is a certain percentage of actual monthly sales or minimum monthly gross sales whichever is higher. Total rent income amounted to ₱116.75 million and ₱28.57 million for the year ended December 31, 2017 and for the three months ended December 31, 2016, respectively. Total percentage rent recognized as income for the year ended December 31, 2017 and for the three months ended December 31, 2016 amounted to ₱71.45 million and ₱18.11 million, respectively.

Future minimum rentals under these non-cancellable operating leases as of December 31, 2017 and 2016 are as follow:

	2017	2016
Within one (1) year	**₱48,062,603**	₱9,868,313
After one (1) year but not more than five (5) years	**26,533,086**	57,020,963
	₱74,595,689	₱66,889,276

For the year ended December 31, 2017, the net billings of utilities amounted to ₱0.17 million. For the three months ended December 31, 2016, the excess of CUSA over the total billings to tenants amounted to ₱4.78 million.

20. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, due from affiliates and due to affiliates. The main purpose of these financial instruments is to raise fund for the Company's operations. The Company has various other financial assets and liabilities such as receivables, utility deposits under other current assets, accounts payable and accrued expenses and deposits and other liabilities, which arise directly from its operations.

The main risks arising from our financial instruments are credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Company's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the BOD of the Company are ultimately responsible for the oversight of the Company's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee

The AC shall assist the Company's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Company. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;

c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Company's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)
To systematize the risk management within the Company, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:
a. recommending of risk policies, strategies, principles, framework and limits;
b. managing fundamental risk issues and monitoring of relevant risk decisions;
c. providing support to management in implementing the risk policies and strategies; and
d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one (1) of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies
The main risks arising from the use of financial instruments are credit risk and liquidity risk. The Company's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Company's receivables are actively monitored to avoid significant concentrations of credit risk.

The Company has adopted a no-business policy with customers lacking appropriate credit history where credit records are available.

With respect to credit risk arising from Company's financial assets, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The table below summarizes the maturity profile of the Company's financial instruments as of December 31, 2017 and 2016, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Company's financial instruments in order to provide a complete view of the Company's contractual commitments.

The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	December 31, 2017					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More Than 5 years**	**Total**
Cash and cash equivalents	**₱64,555,304**	**₱–**	**₱–**	**₱–**	**₱–**	**₱64,555,304**
Receivables (Note 7)						
Receivable from sale of assets	**309,890,410**	**–**	**–**	**–**	**–**	**309,890,410**
Trade	**8,228,419**	**–**	**–**	**–**	**–**	**8,228,419**
Accrued rent receivable	**2,460,254**	**–**	**–**	**–**	**–**	**2,460,254**
Others	**537,317**	**–**	**–**	**–**	**–**	**537,317**
Due from affiliates	**2,311,541**	**–**	**–**	**–**	**–**	**2,311,541**
Utility deposits (Note 8)	**2,004,000**	**–**	**–**	**–**	**–**	**2,004,000**
Financial assets	**₱389,987,245**	**₱–**	**₱–**	**₱–**	**₱–**	**₱389,987,245**
Accounts payable and accrued expenses (Note 11)						
Accounts payable	**₱41,974,136**	**₱–**	**₱–**	**₱–**	**₱–**	**₱41,974,136**
Accrued utilities	**–**	**6,460,611**	**–**	**–**	**–**	**6,460,611**
Accrued contracted services	**–**	**1,961,295**	**–**	**–**	**–**	**1,961,295**
Due to affiliates	**168,339**	**–**	**–**	**–**	**–**	**168,339**
Deposits and other liabilities (Note 12)	**10,114,087**	**765,448**	**13,569,761**	**9,963,104**	**10,652,576**	**45,064,976**
Financial liabilities	**₱52,256,562**	**₱9,187,354**	**₱13,569,761**	**₱9,963,104**	**₱10,652,576**	**₱95,629,357**

	December 31, 2016					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 years	Total
Cash	₱9,637,080	₱–	₱–	₱–	₱–	₱9,637,080
Receivables (Note 7)						
Receivable from sale of assets	332,691,722	–	–	–	–	332,691,722
Trade	4,368,148	–	–	–	–	4,368,148
Accrued rent receivable	2,066,132	–	–	–	–	2,066,132
Others	611,055	–	–	–	–	611,055
Due from affiliates	3,549,106	–	–	–	–	3,549,106
Utility deposits (Note 8)	2,004,000	–	–	–	–	2,004,000
Financial assets	₱354,927,243	₱–	₱–	₱–	₱–	₱354,927,243
Accounts payable and accrued expenses: (Note 11)						
Accounts payable	₱79,473,907	₱–	₱–	₱–	₱–	₱79,473,907
Accrued utilities	–	6,689,483	–	–	–	6,689,483
Accrued contracted services	–	6,200,364	–	–	–	6,200,364
Due to affiliates	15,776	–	–	–	–	15,776
Deposits and other liabilities (Note 12)	7,217,653	1,199,725	4,983,255	18,253,362	10,596,714	42,250,709
Financial liabilities	₱86,707,336	₱14,089,572	₱4,983,255	₱18,253,362	₱10,596,714	₱134,630,239

The Company has no existing credit lines with different financing institutions as of December 31, 2017 and 2016.

21. Fair Value Measurement

The fair values of cash and cash equivalents, receivables, due from affiliates, 'utility deposits' under other current assets and deposits and other liabilities, accounts payable and accrued expenses (excluding taxes and licenses payable) and due to affiliates are approximately equal to their carrying amounts as of the reporting date due to the short-term nature of the transactions.

The fair value of deposits and other liabilities amounting to ₱40.96 million and ₱37.88 million as of December 31, 2017 and 2016, respectively, are based on the discounted value of future cash flows using the applicable rates for similar types of financial liabilities. The discount rates used range from

4.23% to 10.05% for the year ended December 31, 2017 and 4.11% to 5.56% for the three months ended December 31, 2016.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of fin ancial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2017 and 2016, there are no financial assets and financial liability measured at fair value.

SGV
Building a better working world

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

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

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Altus San Nicolas Corp.
Brgy. 1 San Francisco
San Nicolas, Ilocos Norte

We have audited the financial statements of Altus San Nicolas Corp. (the Company) for the year ended December 31, 2017, on which we have rendered the attached report dated April 6, 2018.

In compliance with Securities Regulation Code Rule No. 68, as Amended (2011), we are stating that the above Company has only one (1) stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-3 (Group A),
March 16, 2017, valid until March 15, 2020
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 6621321, January 9, 2018, Makati City

April 6, 2018

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1226 Makati City
Philippines

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and the Stockholders
Altus San Nicolas Corp.
Brgy. 1 San Francisco
San Nicolas, Ilocos Norte

We have audited in accordance with Philippine Standards on Auditing the financial statements of Altus San Nicolas Corp. as at December 31, 2017 and 2016 and for the year ended December 31, 2017 and for the three months ended December 31, 2016, and have issued our report thereon dated April 6, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of All the Effective Standards and Interpretations as of December 31, 2017 is the responsibility of the Altus San Nicolas Corp.'s management. This schedule is presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-3 (Group A),
March 16, 2017, valid until March 15, 2020
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 6621321, January 9, 2018, Makati City

April 6, 2018

ALTUS SAN NICOLAS CORP.

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS
DECEMBER 31, 2017

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing costs			✓
	Amendments to PFRS 1: Meaning of 'Effective PFRSs'			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based Payment, Classification and Measurement of Share-based Payment Transactions			✓
	Definition of Vesting Condition			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transaction		✓	
PFRS 3 (Revised)	Business Combinations			✓
	Accounting for Contingent Consideration in a Business Combination			✓
	Scope Exceptions for Joint Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
	Amendments to PFRS 4: Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4		✓	
PFRS 5	Financial Instruments, with PFRS 4			✓
	Amendments to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 7: Amendments to PFRS 7: Servicing Contracts			✓
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Prepayment Features with Negative Compensation		✓	
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of Standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Short-term receivable and payables	✓		
	Amendments to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts		✓	
IFRS 15	Revenue from Contracts with Customers		✓	
PFRS 16	Leases		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✓		
	Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7, Statement of Cash Flows, Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors			✓
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of servicing equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue regarding Discount Rate			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendments to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities			✓
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Interrelationship between PFRS 3 and PAS 40			✓
	Amendments to PAS 40: Investment Property, Transfers of Investment Property		✓	
PAS 41	Agriculture			✓
	Amendment to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments			✓
SIC-7	Introduction of the Euro			
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

* *Effectivity has been deferred by the Securities and Exchange Commission.*

Standards tagged as "Not applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2017.

Standards tagged as "Not adopted" are standards issued but not yet effective as of December 31, 2017. The Company will adopt the Standards and Interpretations when these become effective.

The Company will adopt the Standards and Interpretations when these become effective.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

FS FOR FILING WITH SEC

AFTER THE BIR HAS DULY STAMPED "RECEIVED."

SEC Registration Number

C	S	2	0	0	7	0	4	7	5	8

COMPANY NAME

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)

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

Brgy. 1, San Francisco, San Nicolas, Ilocos Norte

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	397-1888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8	Last Friday of May of each year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Anna Katrina C. De Leon	AnnaKatrina.DeLeon@robinsonsland.com	397-1888	N/A

CONTACT PERSON's ADDRESS

12th Floor Robinsons Cyberscape Alpha cor. Garnet and Sapphire Road, Ortigas Center, Pasig City

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

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

APVI
ALTUS PROPERTY VENTURES, INC.
(Formerly: Altus San Nicolas Corp.)
National Highway, Brgy. 1, San Francisco, San Nicolas, Ilocos Norte
Telephone No.(028) 8397-1888 loc. 36201

RECEIVED BY: 12/26/19
REGINE [signature]

November 15, 2019

Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.

The management of Altus Property Ventures, Inc. (Formerly Altus San Nicolas Corp.) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial statement process. The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

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

Frederick D. Go
Chairman and President

Kerwin Max S. Tan
Treasurer

SUBSCRIBED AND SWORN to before me this day 20 DEC 2019 at Q.C.

Signed this ___ day of ______.
Doc. No. 8__
Page No. __
Book No. __;
Series of 2019

ATTY. [signature] P. VILLARENA
Notary Public for Quezon City
Until December 31, 2019
PTR No. 7323___ - 1 ___ QC
IBP No. AR144___ - ___ QC
Roll No. 3___ - ___60
MCLE 5-001___ - 12 ___ 2015
Adm. Matter No. NP 270 (2018-2019)

SGV
Building a better working world

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Altus Property Ventures, Inc.
Brgy, 1 San Francisco
San Nicolas, Ilocos Norte

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We have previously issued an independent auditor's report dated April 3, 2019 on the financial statements as at December 31, 2018 and 2017 and for the years then ended and expressed an unqualified opinion on those financial statements. As discussed in Note 2, the Company reissued its financial statements as at December 31, 2018 and 2017 and for the years then ended to reflect the reclassification of liabilities from noncurrent to current.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Altus Property Ventures, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, as Amended (2011). Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2018,
February 9, 2018, valid until February 8, 2021
PTR No. 7332516, January 3, 2019, Makati City

November 15, 2019

REVENUE
Collection Section

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017 (As restated – see Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 17, 20 and 21)	**₱77,269,676**	₱64,555,304
Receivables (Notes 7, 17, 20 and 21)	**302,637,235**	321,116,400
Due from affiliates (Notes 7, 17, 20 and 21)	**2,000,170**	2,311,541
Other current assets (Notes 8, 20 and 21)	**15,132,360**	44,406,723
Total Current Assets	**397,039,441**	432,389,968
Noncurrent Assets		
Investment properties (Note 9)	**300,375,578**	326,595,180
Property and equipment (Note 10)	**3,319,510**	3,899,708
Other noncurrent asset (Note 8)	**13,196,700**	–
Total Noncurrent Assets	**316,891,788**	330,494,888
	₱713,931,229	₱762,884,856
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 11, 20 and 21)	**₱53,870,150**	₱59,239,884
Current portion of deposits and other liabilities (Notes 12, 20 and 21)	**22,460,508**	21,006,539
Due to affiliates (Notes 17, 20 and 21)	**239,792**	168,339
Total Current Liabilities	**76,570,450**	80,414,762
Noncurrent Liabilities		
Deposits and other liabilities - net of current portion (Notes 12, 20 and 21)	**12,129,290**	15,214,595
Pension liabilities (Note 18)	**660,848**	568,990
Deferred tax liabilities - net (Note 16)	**2,888,469**	2,873,950
Total Noncurrent Liabilities	**15,678,607**	18,657,535
Total Liabilities	**92,249,057**	99,072,297
Equity		
Capital stock (Note 13)	**100,000,000**	100,000,000
Additional paid-in capital (Note 13)	**450,000,000**	450,000,000
Retained earnings (Note 13)	**71,494,150**	113,672,772
Remeasurement of net defined benefit liabilities - net of tax (Note 18)	**188,022**	139,787
Total Equity	**621,682,172**	663,812,559
	₱713,931,229	₱762,884,856

See accompanying Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2018	2017
RENTAL REVENUE (Notes 9, 17 and 19)	**₱129,250,666**	₱116,748,439
COSTS OF RENTAL SERVICES (Note 14)	**33,896,722**	33,781,971
GROSS INCOME	**95,353,944**	82,966,468
GENERAL AND ADMINISTRATIVE EXPENSES		
Professional and consultancy fees	**7,961,329**	6,748,245
Salaries, wages and employee benefits	**5,847,000**	5,138,943
Taxes and licenses	**1,992,117**	1,904,924
Advertising	**1,378,474**	1,762,582
Insurance	**1,351,128**	1,294,046
Supplies	**1,230,637**	1,396,470
Travel and communication	**824,138**	1,711,456
	20,584,823	19,956,666
OPERATING INCOME	**74,769,121**	63,009,802
OTHER INCOME (EXPENSES)		
Interest income (Notes 6 and 17)	**2,069,854**	445,976
Interest expense (Note 12)	**(232,596)**	(227,123)
Billings of utilities - net (Note 19)	**(593,771)**	169,475
Other expense - net (Notes 15 and 17)	**(450,854)**	(584,903)
	792,633	(196,575)
INCOME BEFORE INCOME TAX	**75,561,754**	62,813,227
PROVISION FOR INCOME TAX (Note 16)		
Current	**17,746,529**	15,168,652
Deferred	**(6,153)**	26,955
	17,740,376	15,195,607
NET INCOME	**57,821,378**	47,617,620
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Remeasurement gain (loss) on net defined benefit liabilities (Note 18)	**68,907**	(191,098)
Income tax effect	**(20,672)**	57,329
	48,235	(133,769)
TOTAL COMPREHENSIVE INCOME	**₱57,869,613**	₱47,483,851

See accompanying Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 13)	Additional Paid-in Capital (Note 13)	Remeasurement of Net Defined Benefit Liabilities - net of tax (Note 18)	Retained Earnings (Note 13)	Equity
	For the Year Ended December 31, 2018				
Balances at January 1, 2018	**₱100,000,000**	**₱450,000,000**	**₱139,787**	**₱113,672,772**	**₱663,812,559**
Net income	–	–	–	**57,821,378**	**57,821,378**
Remeasurement gain on net defined benefit liabilities (Note 18)	–	–	**48,235**	–	**48,235**
Total comprehensive income	–	–	**48,235**	**57,821,378**	**57,869,613**
Dividends declared (Note 13)	–	–	–	**(100,000,000)**	**(100,000,000)**
Balances at December 31, 2018	**₱100,000,000**	**₱450,000,000**	**₱188,022**	**₱71,494,150**	**₱621,682,172**
	For the Year Ended December 31, 2017				
Balances at January 1, 2017	₱100,000,000	₱450,000,000	₱273,556	₱91,055,152	₱641,328,708
Net income	–	–	–	47,617,620	47,617,620
Remeasurement loss on net defined benefit liabilities (Note 18)	–	–	(133,769)	–	(133,769)
Total comprehensive income	–	–	(133,769)	47,617,620	47,483,851
Dividends declared (Note 13)	–	–	–	(25,000,000)	(25,000,000)
Balances at December 31, 2017	₱100,000,000	₱450,000,000	₱139,787	₱113,672,772	₱663,812,559

See accompanying Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱75,561,754**	₱62,813,227
Adjustments for:		
Depreciation and amortization (Notes 9, 10 and 14)	**28,024,612**	28,054,233
Pension expense (Note 18)	**160,765**	292,294
Interest expense	**232,596**	227,123
Interest income (Notes 6 and 17)	**(2,069,854)**	(445,976)
Operating income before changes in working capital	**101,909,873**	90,940,901
Changes in working capital:		
Decrease (increase) in:		
Receivables	**18,505,488**	18,623,716
Due from affiliates	**311,371**	1,237,565
Other current assets	**29,274,363**	26,181,820
Increase (decrease) in:		
Accounts payable and accrued expenses	**(5,369,734)**	(42,712,459)
Due to affiliates	**71,453**	152,563
Deposits and other liabilities	**(1,863,932)**	2,338,605
Net cash generated from operations	**142,838,882**	96,762,711
Interest received from cash in banks	**665**	653
Income taxes paid	**(17,746,529)**	(15,168,652)
Net cash flows provided by operating activities	**125,093,018**	81,594,712
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received from cash equivalents	**2,042,866**	442,264
Acquisitions of:		
Property and equipment (Note 10)	**(836,423)**	(1,404,466)
Investment properties (Note 9)	**(388,389)**	(714,286)
Increase in other noncurrent asset (Note 8)	**(13,196,700)**	–
Net cash flows used in investing activities	**(12,378,646)**	(1,676,488)
CASH FLOW FROM FINANCING ACTIVITY		
Dividends paid (Note 13)	**(100,000,000)**	(25,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**12,714,372**	54,918,224
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**64,555,304**	9,637,080
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱77,269,676**	₱64,555,304

See accompanying Notes to Financial Statements.

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the Company) was registered with the Securities and Exchange Commission (SEC) in the Philippines on March 28, 2007 with a corporate life of 50 years from the date of incorporation. The Company was organized to establish, manage and operate a commercial complex to lease commercial space. The Company's registered office address is located at Brgy. 1 San Francisco, San Nicolas, Ilocos Norte.

The Company is 100% owned by Robinsons Land Corporation (RLC or the Parent Company). The Company's Ultimate Parent Company is J.G. Summit Holdings, Inc. (JGSHI).

On September 30, 2016, the Company received the certificate of filing of Amended By-laws, amending the Company's year end from fiscal year ending September 30 to calendar year ending December 31, issued by the SEC. On January 9, 2017, the Bureau of Internal Revenue (BIR) issued a certificate granting the Company the change in accounting period.

On July 8, 2019, the Board of Directors (BOD) and stockholders approved the change in corporate name to Altus Property Ventures, Inc. The application for the change in name was approved by the SEC and BIR on September 3, 2019 and October 8, 2019, respectively.

The accompanying financial statements of the Company were approved and authorized for issue by the BOD on November 15, 2019.

2. Basis of Preparation

The Company's financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (₱) which is also the Company's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

The previously issued financial statements of the Company as at and for the years ended December 31, 2018 and 2017, on which we have issued our auditor's report dated April 3, 2019, have been restated because of the reclassifications of accounts in the financial statements. In 2018, the Company has reclassified the current portion of Deposits and other liabilities to current liabilities of the statements of financial position. Such reclassifications were made because management believes that the presentation will provide more reliable and relevant information to the users of the financial statements. In compliance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements,* the Company restated its statement of financial position as of December 31, 2017 because of the aforementioned reclassifications of accounts in its financial statements.

These reclassifications have no impact on prior year net income, total comprehensive income, equity, total assets, total liabilities and cash flows. Accordingly, no third statement of financial position as of January 1, 2017 has been presented. The effects of the restatement on the financial statements are summarized below:

	December 31		January 1,
	2018	2017	2017
Current liabilities			
Increase in current portion of deposits and other liabilities	₱22,460,508	₱21,006,539	₱19,771,426
Increase in accounts payable and accrued payables	9,099,416	8,843,842	8,595,303
Noncurrent liabilities			
Decrease in deposits and other liabilities - net of current portion	(31,559,924)	(29,850,381)	(28,366,729)
	₱–	₱–	₱–

In compliance with PAS 1, *Presentation of Financial Statements,* the Company restated its statement of financial position as of December 31, 2017 because of the aforementioned reclassifications of accounts in its financial statements.

Statement of Compliance

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

3. Changes in Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  Entities are required to apply the amendments to: (1) share-based payment transactions that are unvested or vested but unexercised as of January 1, 2018, (2) share-based payment transactions granted on or after January 1, 2018 and to (3) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. Retrospective application is required.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

- PFRS 9, *Financial Instruments*

  PFRS 9, Financial Instruments, replaces PAS 39, *Financial Instruments: Recognition and Measurement*, for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Company has applied PFRS 9 using modified retrospective method, with an initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under PAS 39. The adoption of PFRS 9 did not have material impact on the Company's financial statements.

  a) Classification and measurement

  Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

  The assessment of the Company's business model was made at the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was based on the facts and circumstances at the initial recognition of the assets.

  The classification and measurement requirements of PFRS 9 did not have a significant impact to the Company. The Company continued measuring at amortized cost all financial assets previously carried at amortized cost under PAS 39.

  The Company's cash and cash equivalents, refundable 'utility deposits' under other current assets, trade receivables and due from affiliates which were previously classified as loans and receivables are classified as financial assets at amortized cost beginning January 1, 2018.

  The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

  b) Impairment

  The adoption of PFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Company to recognize an allowance for ECL for all debt instruments not held at fair value through profit or loss and contract assets. The adoption of PFRS 9 ECL approach, however, did not materially impact the recognized impairment on the Company's financial assets. The Company's trade receivables are generally covered with security deposits while the counterparties for cash and cash equivalents and receivable from sale of assets have high credit rating and low probabilities of default, resulting in the ECL to be not material.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

  PFRS 15 established a new five-step model that applies to revenue arising from the contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or service to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The recognition and measurement requirements of PFRS 15 also apply to gains or losses on disposal of nonfinancial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business.

  The Company adopted the modified retrospective method of adoption.

  On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. This PIC Q&A includes the PIC Q&A 2018-12-H on the accounting for Common Usage Service Area (CUSA) charges.

  On February 8, 2019, the SEC issued SEC Memorandum Circular No. 3 Series of 2019 providing relief to the real estate industry by deferring the application of the certain provisions of PIC Q&A 2018-12 for a period of three years until December 31, 2020. The deferred provisions include PIC Q&A 2018-12-H.

  The SEC Memorandum Circular also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:
  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact to the financial statements had the concerned application guideline in the PIC Q&A has been adopted.
  d. Should any of the deferral options result into a change in accounting policy, such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

  Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  The Company availed of the deferral of adoption of PIC Q&A No. 2018-12-H. The Company is acting as a principal for the provision of air-conditioning services. Had the Company adopted the provisions of the PIC Q&A 2018-12-H, this would have resulted to the gross presentation of the related revenue and the related expenses and cost. Currently, the related revenue is presented net of costs and expenses. These would not result to any adjustment in the retained earnings as of January 1, 2018 and net income for the year ended December 31, 2018.

Standards and Interpretation Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements unless otherwise indicated.

Effective beginning January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The adoption of PFRS 16 has no significant impact to the Company as the Company does not have operating leases as a lessee.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, Investments in Associates and Joint Ventures.

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

    Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

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

Effective beginning January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

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

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Company.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning January 1, 2021

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

4. Summary of Significant Accounting Policies

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments - initial recognition and subsequent measurement effective January 1, 2018

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

a. Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

(a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As of December 31, 2018, the Company's financial assets at amortized cost includes cash and cash equivalents, receivables, due from affiliates and refundable utility deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

For cash and cash equivalents, the Company applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Company's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Company uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Company determines the ratings by reference to a comparable bank.

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

Determining the stage for impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets (due from affiliates) since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-off of financial assets
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Company has effectively exhausted all collection efforts).

b. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- *Financial liabilities at fair value through profit or loss*
- *Financial liabilities at amortized cost (Loans and borrowings)*

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

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

As of December 31, 2018, the Company's financial liabilities under this category include accounts payable and accrued expenses (except for statutory liabilities), due to affiliates, and deposit from lessees.

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

<u>Deposit from Lessees</u>
Deposits from lessees are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the "Deposit from lessees" in the statements of financial position) and amortized on a straight-line basis over the lease term.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The Company assesses that it has a currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Financial Instruments – Initial recognition and subsequent measurement prior to January 1, 2018

Financial Instruments
Date of recognition
The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
Financial assets within the scope of PAS 39 are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets, as appropriate. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments are required and the Company determines the classification of the financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All financial instruments are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable to transaction costs.

The Company's financial instruments are of the nature of loans and receivables and other financial liabilities as of December 31, 2017.

"Day 1" difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability.

In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Loans and Receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in the interest income in the statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized in the statement of comprehensive income.

As of December 31, 2017, the Company's loans and receivables include cash and cash equivalents, receivables, due from affiliates and refundable utility deposits.

Other Financial Liabilities

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

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

As of December 31, 2017, the Company's other financial liabilities include accounts payable and accrued expenses (except for statutory liabilities), due to affiliates and 'deposit from lessees'.

Deposit from Lessees

Deposits from lessees are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the "Deposit from lessees" in the statements of financial position) and amortized on a straight-line basis over the lease term.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities
Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Impairment of Financial Assets
The Company assesses at each reporting date whether a financial or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If there is an objective evidence of impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected credit losses that have not been incurred discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of allowance for impairment loss account. The amount of the loss shall be recognized in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company assesses that it has a currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Company. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property.

Investment properties are depreciated on a straight-line basis over their estimated useful lives (EUL) as follow:

	Years
Building	20
Building improvements and equipment	10

The EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the acquisition or construction of property and equipment to the extent incurred during the period of construction and installation.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the EUL of five (5) years.

The EUL and depreciation method are reviewed and adjusted if appropriate, at each financial year-end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of comprehensive income in the year the asset is derecognized.

Other Assets

Other assets include advances to suppliers and contractors and Social Security System (SSS), creditable withholding tax (CWT), input value-added tax (VAT), trade accounts receivable-withholding tax, prepaid taxes, and others.

Creditable Withholding Tax

Creditable Withholding Tax represents the amount withheld by the payee from income payments. These are recognized upon collection of the related sales and are utilized as tax credits against income tax due.

Value-added Tax (VAT)

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

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Prepaid Taxes

Prepaid taxes are carried at cost less the amortized portion.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the Company's investment properties, property and equipment and other assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years, such reversal is recognized in the statement of comprehensive income.

Equity

Capital stock is measured at par value for all shares issued. When the Company issues more than one capital stock, a separate account is maintained for each class of stock and the number of shares issued.

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

Income Tax

Current income tax

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

Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Revenue Recognition - effective January 1, 2018

Principal versus agent considerations

The contract for the mall retail spaces leased out by the Company to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and common usage service area (CUSA) like maintenance, janitorial and security services.

For the electricity and water usage and CUSA, the Company determined that it is acting as an agent because the promise of the Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company and to provide services such as maintenance, janitorial and security services. The utility and service companies, and not the Company, are primarily responsible for the provisioning of the utilities while the Company, administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities. The Company does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the provision of air conditioning, the Company acts as a principal. This is because it is the Group who retains the right to direct the service provider of air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Company has the discretion on how to price the air conditioning charges. However, since the Company has availed of the relief to the real estate industry by deferring the application of accounting to CUSA charges discussed in PIC Q&A No. 2018-12-H, the Company retained its current assessment and accounting for air conditioning charges where the revenue is presented net of the related costs.

Revenue from Contract with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The following specific recognition criteria must also be met before revenue is recognized.

Other revenue and income recognition

Interest income
Interest income is recognized as the interest accrues using the effective interest rate (EIR) method.

Other income
Other income is recognized when earned.

Rental revenue
The Company leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Revenue Recognition prior to January 1, 2018</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the consideration received or receivable, taking into the account contractually defined terms of payment and excluding taxes or duties.

The following specific recognition criteria must also be met before revenue is recognized:

Rental revenue
The Company leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Interest income
Interest income is recognized as the interest accrues using the EIR method.

Other income
Other income is recognized when earned.

Cost and Expense Recognition
Cost and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost and expenses are recognized in the statement of comprehensive income:

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

Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:
a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or an extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

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

Company as a lessor
Leases where the Company retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income in the statements of comprehensive income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same basis as the lease income.

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

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

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

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

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

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments, estimates, and assumptions 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.

Operating lease commitments - Company as lessor
The Company has entered into commercial and office property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Company has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Company considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Company's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Company considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Estimates

The key estimates concerning the future and other key sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of property and equipment and investment properties

The Company estimates the useful lives of its depreciable property and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The carrying balances of the Company's depreciable assets amounted to ₱203.70 million and ₱230.49 million as of December 31, 2018 and 2017, respectively (see Notes 9 and 10).

Evaluation of impairment of financial assets - effective January 1, 2018

Trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

Cash and cash equivalents and due from affiliated company (RLC)

The Company uses the publicly available probability of default and loss given defaults. For banks that have no available ratings, the Company determines the ratings by reference to a comparable bank.

The probability of default is initially on historical observed rates of the counterparty. These rates are then calibrated to adjust the historical rates with forward-looking information. For instance, if forecast economic conditions (i.e., lending rate and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

The Company's trade receivables are generally covered with security deposits while the counterparties for cash and cash equivalents and receivable from sale of assets have high credit rating and low probabilities of default, resulting in the ECL to be not material. No impairment loss on trade receivables was recognized in 2018.

As of December 31, 2018, the carrying value of financial assets at amortized costs amounted to ₱383.91 million.

Estimating allowance for impairment losses prior to January 1, 2018
The Company assesses impairment losses at a level adequate to provide for potential uncollected receivables. The level of this allowance is evaluated by management based on factors that affect the collectability of the accounts. These factors include, but not limited to, the length of the Company's relationship with the tenant/buyer, the tenant's/buyer's payment behavior and other known market factors. Based on management's assessment, all receivables are recoverable.

The carrying values of the Company's receivables amounted to ₱321.12 million as of December 31, 2017 (see Note 7).

Evaluating impairment of nonfinancial assets
The Company assesses impairment on nonfinancial assets (i.e. other current assets, investment properties, and property and equipment) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

If such indicators are present and where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Carrying values of nonfinancial assets as of December 31, 2018 and 2017 follow:

	2018	2017
Investment properties (Note 9)	₱300,375,578	₱326,595,180
Other noncurrent assets (Note 8)	13,196,700	–
Other current assets* (Note 8)	13,128,360	42,402,723
Property and equipment (Note 10)	3,319,510	3,899,708
	₱330,020,148	₱372,897,611

**Excluding utility deposits amounting to ₱2.00 million as of December 31, 2018 and 2017*

6. Cash and Cash Equivalents

	2018	2017
Cash on hand	**₱118,544**	₱172,323
Cash in bank	**6,129,035**	15,164,241
Cash equivalents	**71,022,097**	49,218,740
	₱77,269,676	₱64,555,304

Cash in banks earns annual interest at the respective bank deposit rates.

The Company placed cash equivalents for varying periods of between one (1) day to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates ranging from 0.70% to 3.50% and 0.38% to 2.25% for the years ended December 31, 2018 and 2017, respectively.

Interest income earned from cash in banks and cash equivalents amounted to ₱2.07 million and ₱0.45 million for the years ended December 31, 2018 and 2017, respectively.

7. Receivables

	2018	2017
Receivable from sale of assets (Note 17)	**₱283,057,044**	₱309,890,410
Trade receivable	**16,183,714**	8,228,419
Accrued rent receivable	**2,755,852**	2,460,254
Others	**640,625**	537,317
	₱302,637,235	₱321,116,400

Receivable from sale of assets pertains to unpaid balance of the total consideration for the sale of certain assets to RLC.

Trade receivables are non-interest bearing and are generally on thirty (30) days term.

Accrued rent receivable represents the portion of the lease as a consequence of recognizing income on a straight-line basis.

Others include receivable from insurance company and from officers and employees.

As of December 31, 2018, the Company's trade receivables are generally covered with security deposits and therefore ECL is not material. All other financial assets at amortized cost are assessed to be under stage 1.

Aging Analysis

The aging analysis of the Company's receivables and due from affiliates as of December 31, 2017 follow:

	December 31, 2017						
		Neither Past	Past Due But Not Impaired				Past
	Total	Due Nor Impaired	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Due and Impaired
Receivables	₱321,116,400	₱309,810,817	₱788,684	₱405,492	₱10,111,407	₱–	₱–
Due from affiliates (Note 17)	2,311,541	2,311,541	–	–	–	–	–
	₱323,427,941	₱312,122,358	₱788,684	₱405,492	₱10,111,407	₱–	₱–

8. Other Assets

Other current assets

	2018	2017
Creditable withholding tax	**₱6,663,713**	₱16,875,207
Trade accounts receivable - withholding tax	**2,725,322**	2,496,020
Utility deposits (Note 20)	**2,004,000**	2,004,000
Prepaid taxes	**1,594,803**	1,605,446
Input value-added tax (VAT)	**1,228,769**	19,170,247
Advances to suppliers and contractors	**370,000**	290,000
Advances to SSS	**107,329**	20,350
Others	**438,424**	1,945,453
	₱15,132,360	₱44,406,723

Creditable withholding tax pertains to the amount withheld by the Company's tenants from their income payment. This will be claimed as tax credit and will be used against future income tax payable.

Creditable withholding taxes applied against the current income tax payables amounted to ₱17.33 million and ₱15.17 million for the years ended December 31, 2018 and 2017, respectively.

Trade accounts receivable - withholding tax pertains to creditable withholding taxes with no 2307 forms.

Utility deposits consist primarily of meter deposits.

Prepaid taxes pertain to real property tax paid for the next taxable year which was paid in the current year.

Input VAT can be applied against future output VAT. The balance is recoverable in the future periods.

Advances to suppliers and contractors consist of advance payment which will be applied against progress billings.

Others consist of cleaning and maintenance supplies and construction materials.

Other noncurrent asset
In 2018, the Company paid advances to contractor for the construction of a solar power facility amounting to ₱13.20 million.

9. Investment Properties

	December 31, 2018			
	Land	Building	Building Improvements and Equipment	Total
Cost				
At January 1	₱100,000,000	₱367,283,743	₱78,933,696	₱546,217,439
Additions	–	–	388,389	388,389
At December 31, 2018	100,000,000	367,283,743	79,322,085	546,605,828
Accumulated Depreciation				
At January 1, 2018	–	153,646,208	65,976,051	219,622,259
Depreciation (Note 14)	–	18,675,608	7,932,383	26,607,991
At December 31, 2018	–	172,321,816	73,908,434	246,230,250
Net Book Value at December 31, 2018	₱100,000,000	₱194,961,927	₱5,413,651	₱300,375,578

	December 31, 2017			
	Land	Building	Building Improvements and Equipment	Total
Cost				
At January 1, 2017	₱100,000,000	₱367,283,743	₱78,219,410	₱545,503,153
Additions	–	–	714,286	714,286
At December 31, 2017	100,000,000	367,283,743	78,933,696	546,217,439
Accumulated Depreciation				
At January 1, 2017	₱–	₱134,970,601	₱58,055,573	₱193,026,174
Depreciation (Note 14)	–	18,675,607	7,920,478	26,596,085
At December 31, 2017	–	153,646,208	65,976,051	219,622,259
Net Book Value at December 31, 2017	₱100,000,000	₱213,637,535	₱12,957,645	₱326,595,180

The fair value of investment properties which has been determined based on valuations performed by independent professional qualified appraisers exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The fair value as of December 31, 2018 and 2017 amounted to ₱871.41 million and ₱871.03 million, respectively, which is based on appraisal report dated December 31, 2017.

The fair value of the investment properties was arrived at using the Market Value Approach as of the date of the appraisal reports. Market Value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Rental income derived from investment properties amounted to ₱129.25 million and ₱116.75 million for the years ended December 31, 2018 and 2017, respectively.

Depreciation expense charged to operations amounted to ₱26.61 million and ₱26.60 million for the years ended December 31, 2018 and 2017, respectively (see Note 14).

Maintenance costs incurred from the use of investment properties amounted to ₱5.87 million and ₱5.73 million for the years ended December 31, 2018 and 2017, respectively (see Note 14).

There are no investment properties as of December 31, 2018 and 2017 that are pledged as securities to liabilities.

10. Property and Equipment

	December 31, 2018			
	Furniture and Fixtures	**Kitchen and Dining Equipment**	**Other Equipment**	**Total**
Cost				
At January 1, 2018	**₱6,621,169**	**₱6,581,756**	**₱6,038,464**	**₱19,241,389**
Additions	**13,125**	**–**	**823,298**	**836,423**
At December 31, 2018	**6,634,294**	**6,581,756**	**6,861,762**	**20,077,812**
Accumulated Depreciation and Amortization				
At January 1, 2018	**5,765,575**	**6,581,756**	**2,994,350**	**15,341,681**
Depreciation and amortization (Note 14)	**482,745**	**–**	**933,876**	**1,416,621**
At December 31, 2018	**6,248,320**	**6,581,756**	**3,928,226**	**16,758,302**
Net Book Value at December 31, 2018	**₱385,974**	**₱–**	**₱2,933,536**	**₱3,319,510**

	December 31, 2017			
	Furniture and Fixtures	Kitchen and Dining Equipment	Other Equipment	Total
Cost				
At January 1, 2017	₱6,596,883	₱6,581,756	₱4,658,284	₱17,836,923
Additions	24,286	–	1,380,180	1,404,466
At December 31, 2017	6,621,169	6,581,756	6,038,464	19,241,389
Accumulated Depreciation and Amortization				
At January 1, 2017	5,281,072	6,581,756	2,020,705	13,883,533
Depreciation and amortization (Note 14)	484,503	–	973,645	1,458,148
At December 31, 2017	5,765,575	6,581,756	2,994,350	15,341,681
Net Book Value at December 31, 2017	₱855,594	₱–	₱3,044,114	₱3,899,708

Depreciation expense charged to operations amounted to ₱1.42 million and ₱1.46 million for the years ended December 31, 2018 and 2017, respectively (see Note 14).

There are no property and equipment items as of December 31, 2018 and 2017 that are pledged as security to liabilities.

11. Accounts Payable and Accrued Expenses

	2018	2017 (As restated)
Accounts payable	**₱45,339,381**	₱50,743,375
Accrued utilities expense	**6,475,290**	6,460,611
Accrued contracted services	**1,890,411**	1,961,295
Taxes and licenses payable	**165,068**	74,603
	₱53,870,150	₱59,239,884

Accounts payable mainly includes unpaid billings from suppliers and contractors, including retention payable, related to construction activities.

Accrued utilities expense, accrued contracted services and taxes and licenses payable are normally settled within one (1) year.

12. Deposits and Other Liabilities

	2018	2017 (As restated)
Deposits from lessees	₱33,997,677	₱35,031,452
Others	592,121	1,189,682
	34,589,798	36,221,134
Less: current portion of deposits from lessees	22,460,508	21,006,539
	₱12,129,290	₱15,214,595

Deposits from lessees represent cash received from tenants representing three (3) to six (6) months' rent which shall be refunded to tenants at the end of lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar type of instruments. The accretion expense on these deposits, recognized as "interest expense" under other income (expenses) - net amounted to ₱0.23 million in 2018 and 2017. Unamortized discount on deposit from lessees amounted to ₱0.59 million and ₱0.67 million as of December 31, 2018 and 2017, respectively.

Others include liabilities for goods received but have not been billed by the supplier as of period end.

13. Equity

The details of the number of shares as of December 31, 2018 and 2017 follow:

	Common Stock		Additional Paid-in Capital
	No. of shares	Amount	Amount
Authorized, issued and outstanding, ₱1 par value	100,000,000	₱100,000,000	₱450,000,000

Capital Management

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

The Company considers as capital its equity amounting to ₱621.68 million and ₱663.81 million as of December 31, 2018 and 2017, respectively.

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 its shareholders, return capital to shareholders or issue new shares. No changes were made in the capital management objectives, policies or processes for the years ended December 31, 2018 and 2017.

The Company is not subject to externally imposed capital requirements.

Retained Earnings

On April 6, 2018, the Board of Directors approved the declaration of ₱200 dividends per share cash dividends amounting to ₱20.00 million from the unrestricted retained earnings of the Company as of December 31, 2017 to all stockholders on record as of March 31, 2018. The cash dividends were paid on May 7, 2018.

On September 7, 2018, the Board of Directors approved the declaration of ₱800 dividends per share cash dividends amounting to ₱80.00 million from the unrestricted retained earnings of the Company as of December 31, 2017 to all stockholders on record as of July 31, 2018. The cash dividends were paid on September 26, 2018.

On November 13, 2017, the Board of Directors approved the declaration of ₱250 dividends per share cash dividends amounting to ₱25.00 million from the unrestricted retained earnings of the Company as of September 30, 2017 to all stockholders on record as of October 1, 2017. The cash dividends were paid on November 24, 2017.

The details of the movement in cash flows from financing activities follow:

		Non-cash Changes		
	January 1, 2018	Declaration	Payment	December 31, 2018
Dividends payable	₱–	₱100,000,000	(₱100,000,000)	₱–

		Non-cash Changes		
	January 1, 2017	Declaration	Payment	December 31, 2017
Dividends payable	₱–	₱25,000,000	(₱25,000,0000)	₱–

14. Costs of Rental Services

	2018	2017
Depreciation and amortization (Notes 9 and 10)	**₱28,024,612**	₱28,054,233
Maintenance cost (Note 9)	**5,872,110**	5,727,738
	₱33,896,722	₱33,781,971

Maintenance cost pertains to supplies and repairs and maintenance on building and equipment.

15. Other Expense - Net

This account primarily includes amounts received from the supplier of liquefied petroleum gas to tenants and penalties and late payment charges billed to tenants, net of other miscellaneous expenses.

16. Income Tax

	2018	2017
Current:		
RCIT	**₱17,332,558**	₱15,079,457
Final	**413,971**	89,195
	17,746,529	15,168,652
Deferred	**(6,153)**	26,955
	₱17,740,376	₱15,195,607

The current provision for income tax pertains to RCIT and final tax. Final tax is paid at the rate of 20.00%, which is a final withholding tax on gross interest income. In 2018 and 2017, the Company availed of the Optional Standard Deduction (OSD) in lieu of itemized deduction.

Under the Philippine tax rules, a corporation is allowed to deduct either (a) an optional standard deduction (OSD; 40% of gross income) or (b) itemized deductions in determining taxable income. On November 26, 2008, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (R.R.) No. 16-2008, Implementing the Provisions of Section 34 (L) of the Tax Code of 1997, as Amended by Section 3 of Republic Act No. 9504, Dealing on the OSD Allowed to Individuals and Corporation in Computing Their Taxable Income. Under R.R. No. 16-2008, corporate taxpayers subject to regular corporate income tax (RCIT) shall be allowed to use OSD in computing their taxable income. On a yearly basis, corporations may elect a standard deduction in an amount equivalent to 40% of gross income, as provided by law, in lieu of the allowed itemized deductions in computing RCIT. The availment of the OSD shall be irrevocable for the year which the return is made.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2018	2017
Statutory income tax rate	**30.00%**	30.00%
Tax effect of interest income subjected to final tax	**(0.27)**	(0.00)
Difference between OSD and itemized deduction	**(6.25)**	(5.81)
Effective income tax rate	**23.48%**	24.19%

The components of net deferred tax liabilities as of December 31, 2018 and 2017 follow:

	2018	2017
Deferred tax assets		
Pension liabilities	**₱198,254**	₱170,697
Deferred rent income	**142,034**	172,936
	340,288	343,633
Deferred tax liabilities		
Unamortized capitalized interest expense	**(2,059,510)**	(2,230,127)
Accrued rental income	**(826,756)**	(738,076)
Accrued interest	**(175,703)**	(200,600)
Others	**(166,788)**	(48,780)
	(3,228,757)	(3,217,583)
Net deferred tax liabilities	**(₱2,888,469)**	(₱2,873,950)

Provision for (benefit) from income taxes related to the remeasurement of net defined benefit liabilities amounted to (₱0.02 million) and ₱0.06 million in 2018 and 2017, respectively.

17. Related Party Transactions

Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions are generally settles in cash, unless otherwise stated.

The Company, in the normal course of business, has transactions with affiliates consisting principally of lease arrangements.

The amounts and balances arising from significant related party transactions are as follow:

	December 31, 2018			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Parent Company				
a) Receivable from sale of assets (Note 7)	₱–	₱283,057,044	Non-interest bearing; due and demandable	Unsecured; no impairment
Under common control of the Ultimate Parent Company				
b) Due from affiliates				
• Rental revenue	68,031,942	2,000,170	Three to five-year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
c) Due to affiliates				
• Sharing of expenses	71,454	(239,792)	Non-interest bearing; due and demandable	Unsecured
d) Cash (Note 6)				
• Cash in banks	5,849,201	5,849,201	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	665	–	–	–
• Cash equivalents	71,022,097	71,022,097	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	2,020,840	29,382	–	–

	December 31, 2017			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Parent Company				
a) Receivable from sale of assets (Note 7)	₱–	₱309,890,410	Non-interest bearing; due and demandable	Unsecured; no impairment
Under common control of the Ultimate Parent Company				
b) Due from affiliates				
• Rental revenue	62,702,259	2,311,541	Three to five-year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
c) Due to affiliates				
• Sharing of expenses	168,339	(168,339)	Non-interest bearing; due and demandable	Unsecured
d) Cash (Note 6)				
• Cash in banks	14,884,938	14,884,938	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	653	–	–	–
• Cash equivalents	49,218,740	49,218,740	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	105,603	3,059	–	–

Outstanding balances consist of the following:

	2018	2017
Cash and cash equivalents (Note 6)	**₱76,871,298**	₱64,103,678
Receivable from sale of assets (Note 7)	**283,057,044**	309,890,410
Due from affiliates	**2,000,170**	2,311,541
Due to affiliates	**(239,792)**	(168,339)

Significant transactions with related parties are as follows:

a) *Receivable from sale of assets*
In September 2016, the Company entered into a deed of absolute sale with RLC covering sale of certain assets constructed in the parcel of land owned by RLC for a selling price of ₱895.06 million inclusive of VAT.

On September 30, 2016, RLC paid ₱500.00 million of the purchase price of assets mentioned above. As of December 31, 2018 and 2017, the Company's receivable from sale of assets amounted to ₱283.06 million and ₱309.89 million, respectively (see Note 7).

The receivable from sale of assets is non-interest bearing and is due and demandable.

b) *Due from affiliates*
The Company, in the normal course of business, has transactions with its affiliated companies consisting principally of lease arrangements on commercial properties.

c) *Due to affiliates*
The Company, in the normal course of business, has transactions with its affiliated companies consisting principally of reimbursement of expenses.

d) Cash and cash equivalents
The Company maintains savings and current accounts and time deposits with an entity under common control of the Ultimate Parent Company which is a local commercial bank. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

The Company's key management personnel are employees of its Parent Company. The compensation of the said employees are paid by the Parent Company and as such, the necessary disclosures required under PAS 24, are included in the financial statements of the Parent Company.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. The Company has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2018 and 2017. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

18. Pension Plan

The Company has a noncontributory, defined benefit pension plans covering all of its regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

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

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with Robinsons Bank Corporation (RBC) as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Company, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions.

The retirement plan has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Company are represented in the Executive Retirement Committee. RBC manages the plan assets based on the mandate as defined in the trust agreement.

The components of pension expense (included in "Salaries, wages and employee benefits" under "General and administrative expenses" in the statements of comprehensive income) follow:

	2018	2017
Current service cost	**₱127,982**	₱288,147
Net interest cost	**32,783**	4,147
	₱160,765	₱292,294

There are no plan amendments, curtailments or settlements for the years ended December 31, 2018 and 2017.

The remeasurements recognized in OCI follow:

	2018	2017
Actuarial loss (gain) due to:		
Experience adjustments	₱19,257	₱488,294
Changes in demographic adjustments	11,440	(270,617)
Changes in financial assumption	(99,604)	(26,579)
	(₱68,907)	₱191,098

Changes in net defined benefit liability follow:

	2018	2017
Balance at beginning of year	₱568,990	₱85,598
Current service cost	127,982	288,147
Net interest cost	32,783	4,147
Actuarial gain due to:		
Experience adjustments	19,257	488,294
Changes in demographic adjustments	11,440	(270,617)
Changes in financial assumption	(99,604)	(26,579)
Balance at end of year	₱660,848	₱568,990

The Company does not expect to contribute to the defined benefit pension plan in 2019.

The principal assumptions used to determine the pension benefits of the Company as of December 31, 2018 and 2017 follow:

	2018	2017
Discount rate	7.36%	5.78%
Rate of salary increase	5.70%	5.50%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2018 and 2017, assuming if all other assumptions were held constant. The balances below show the addition/reduction in pension obligation assuming assumptions are changed:

		Increase (decrease) on pension liabilities	
		2018	2017
Discount rates	+1.00%	(₱60,909)	(₱59,319)
	-1.00%	70,870	69,676
Salary increase rates	+1.00%	77,057	74,089
	-1.00%	(67,099)	(64,000)

The Company does not maintain a fund for its retirement benefit obligation. However, the Company has sufficient cash if several employees retire within the same year. Shown below is the maturity analysis of the undiscounted benefit payments of the Company:

	2018	2017
Less than one year	₱20,707	₱3,617
One to less than five years	143,694	108,507
Five to less than 10 years	692,618	543,860
10 to less than 15 years	1,244,150	1,227,248
15 to less than 20 years	884,262	801,244
20 to years and above	4,547,168	3,788,854
	₱7,532,599	₱6,473,330

19. Commitments

Operating lease commitments - Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. These noncancelable leases have remaining noncancelable lease terms ranging from one (1) to five (5) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent which is a certain percentage of actual monthly sales or minimum monthly gross sales whichever is higher. Total rent income amounted to ₱129.25 million and ₱116.75 million for the years ended December 31, 2018 and 2017, respectively. Total percentage rent recognized as income for the years ended December 31, 2018 and 2017 amounted to ₱78.05 million and ₱71.45 million, respectively.

Future minimum rentals under these non-cancellable operating leases as of December 31, 2018 and 2017 are as follow:

	2018	2017
Within one (1) year	₱32,255,420	₱48,062,603
After one (1) year but not more than five (5) years	29,175,933	26,533,086
	₱61,431,353	₱74,595,689

For the years ended December 31, 2018 and 2017, the net billings of utilities amounted to (₱0.59 million) and ₱0.17 million, respectively

20. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, due from affiliates, refundable utility deposits, accounts payable and accrued expenses (except for statutory liabilities), due to affiliates, and deposit and other liabilities. The main purpose of these financial instruments is to raise fund for the Company's operations. The Company has various other financial assets and liabilities such as receivables, utility deposits under other current assets, accounts payable and accrued expenses and deposits and other liabilities, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Company's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the BOD of the Company are ultimately responsible for the oversight of the Company's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. -

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee

The AC shall assist the Company's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Company. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Company's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)

To systematize the risk management within the Company, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

a. recommending of risk policies, strategies, principles, framework and limits;
b. managing fundamental risk issues and monitoring of relevant risk decisions;
c. providing support to management in implementing the risk policies and strategies; and
d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one (1) of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies

The main risks arising from the use of financial instruments are credit risk and liquidity risk. The Company's policies for managing the aforementioned risks are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Company's receivables are actively monitored to avoid significant concentrations of credit risk.

The Company has adopted a no-business policy with customers lacking appropriate credit history where credit records are available.

With respect to credit risk arising from Company's financial assets, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The table below summarizes the maturity profile of the Company's financial instruments as of December 31, 2018 and 2017, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Company's financial instruments in order to provide a complete view of the Company's contractual commitments.

The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	December 31, 2018					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 years	Total
Cash and cash equivalents	₱77,269,676	₱–	₱–	₱–	₱–	₱77,269,676
Receivables: (Note 7)						
Receivable from sale of assets	283,057,044	–	–	–	–	283,057,044
Trade receivable	16,183,714	–	–	–	–	16,183,714
Accrued rent receivable	2,755,852	–	–	–	–	2,755,852
Others	640,625	–	–	–	–	640,625
Due from affiliates	2,000,170	–	–	–	–	2,000,170
Utility deposits (Note 8)	2,004,000	–	–	–	–	2,004,000
Financial assets	₱383,911,081	₱–	₱–	₱–	₱–	₱383,911,081
Accounts payable and accrued expenses: (Note 11)						
Accounts payable	₱45,339,381	₱–	₱–	₱–	₱–	₱45,339,381
Accrued utilities	–	6,475,290	–	–	–	6,475,290
Accrued contracted services	–	1,890,411	–	–	–	1,890,411
Due to affiliates	239,792	–	–	–	–	239,792
Deposits and other liabilities (Note 12)	17,974,893	96,000	4,505,808	12,598,775	–	35,175,476
Financial liabilities	₱63,554,066	₱8,461,701	₱4,505,808	₱12,598,775	₱–	₱89,120,350

	December 31, 2017					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 years	Total
Cash and cash equivalents	₱64,555,304	₱–	₱–	₱–	₱–	₱64,555,304
Receivables: (Note 7)						
Receivable from sale of assets	309,890,410	–	–	–	–	309,890,410
Trade receivable	8,228,419	–	–	–	–	8,228,419
Accrued rent receivable	2,460,254	–	–	–	–	2,460,254
Others	537,317	–	–	–	–	537,317
Due from affiliates	2,311,541	–	–	–	–	2,311,541
Utility deposits (Note 8)	2,004,000	–	–	–	–	2,004,000
Financial assets	₱389,987,245	₱–	₱–	₱–	₱–	₱389,987,245
Accounts payable and accrued expenses: (Note 11)						
Accounts payable	₱50,743,375	₱–	₱–	₱–	₱–	₱50,743,375
Accrued utilities	–	6,460,611	–	–	–	6,460,611
Accrued contracted services	–	1,961,295	–	–	–	1,961,295
Due to affiliates	168,339	–	–	–	–	168,339
Deposits and other liabilities (Note 12)	20,331,862	–	1,125,407	15,432,531	–	36,889,800
Financial liabilities	₱71,243,576	₱8,421,906	₱1,125,407	₱15,432,531	₱–	₱96,223,420

The Company has no existing credit lines with different financing institutions as of December 31, 2018 and 2017.

21. Fair Value Measurement

The fair values of cash and cash equivalents, receivables, due from affiliates, 'utility deposits' under other current assets and deposits and other liabilities, accounts payable and accrued expenses (excluding taxes and licenses payable) and due to affiliates are approximately equal to their carrying amounts as of the reporting date due to the short-term nature of the transactions.

The carrying value of deposits and other liabilities as of December 31, 2018 and 2017 amounted to ₱43.69 million and ₱45.06 million, respectively. The fair value of deposits and other liabilities amounting to ₱43.22 million and ₱40.96 million as of December 31, 2018 and 2017, respectively, are based on the discounted value of future cash flows using the applicable rates for similar types of financial liabilities. The discount rates used range from 4.23% to 10.05% and 4.23% to 10.05% for the years ended December 31, 2018 and 2017, respectively.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2018 and 2017, there are no financial assets and financial liability measured at fair value.

The fair value of deposits and other liabilities disclosed in the financial statements is categorized under level 3. There has been no reclassification from Level 1 to Level 2 or 3 category.

22. Subsequent Events

The Company filed an application with the SEC to list its shares by way of introduction. Accordingly, on July 31, 2019, the Board of Directors of the Parent Company approved the declaration of a property dividend consisting of up to 100,000,000 common shares of the Company with a par value of ₱1.00 per share to all eligible stockholders of the Parent Company as of record date of August 15, 2019. The payment shall be set at a future date, subject to regulatory approvals.

The property dividend will be paid at a ratio of one share of the Company for every 51 and 9,384/10,000 shares of the Parent Company.

On June 24, 2019, the Company declared cash dividends in the amount of ₱51.00 million from the unrestricted retained earnings of the Company as of May 31, 2019 to all stockholders of record as of May 31, 2019 and paid on June 28, 2019.

On March 22, 2019, the Company declared cash dividends in the amount of ₱50.00 million from the unrestricted retained earnings of the Company as of December 31, 2018 to all stockholders of record as of February 28, 2019 and paid on March 29, 2019.

SGV
Building a better working world

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ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Altus Property Ventures, Inc.
Brgy. 1 San Francisco
San Nicolas, Ilocos Norte

We have audited the financial statements of Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the Company) for the year ended December 31, 2018, on which we have rendered the attached report dated November 15, 2019.

In compliance with Securities Regulation Code Rule No. 68, as Amended (2011), we are stating that the above Company has only one (1) stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2018,
February 9, 2018, valid until February 8, 2021
PTR No. 7332516, January 3, 2019, Makati City

November 15, 2019

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and the Stockholders
Altus Property Ventures, Inc.
Brgy, 1 San Francisco
San Nicolas, Ilocos Norte

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Altus Property Ventures Inc. (formerly Altus San Nicolas Corp) (the Company) as at December 31, 2018 and 2017, and for the years then ended, and have issued our report thereon dated November 15, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index of the Company's Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
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PTR No. 7332516, January 3, 2019, Makati City

November 15, 2019

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2018

ALTUS PROPERTY VENTURES, INC.

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

DECEMBER 31, 2018

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2018:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions		✓	
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements			✓
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts		✓	
PFRS 15	Revenue from Contracts with Customers	✓		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
PAS 23	Borrowing Costs			✓
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements			✓
PAS 28	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property		✓	
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	✓		
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-21	Levies	✓		
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration			✓
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC-15	Operating Leases—Incentives			✓
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓

THE COMPANY
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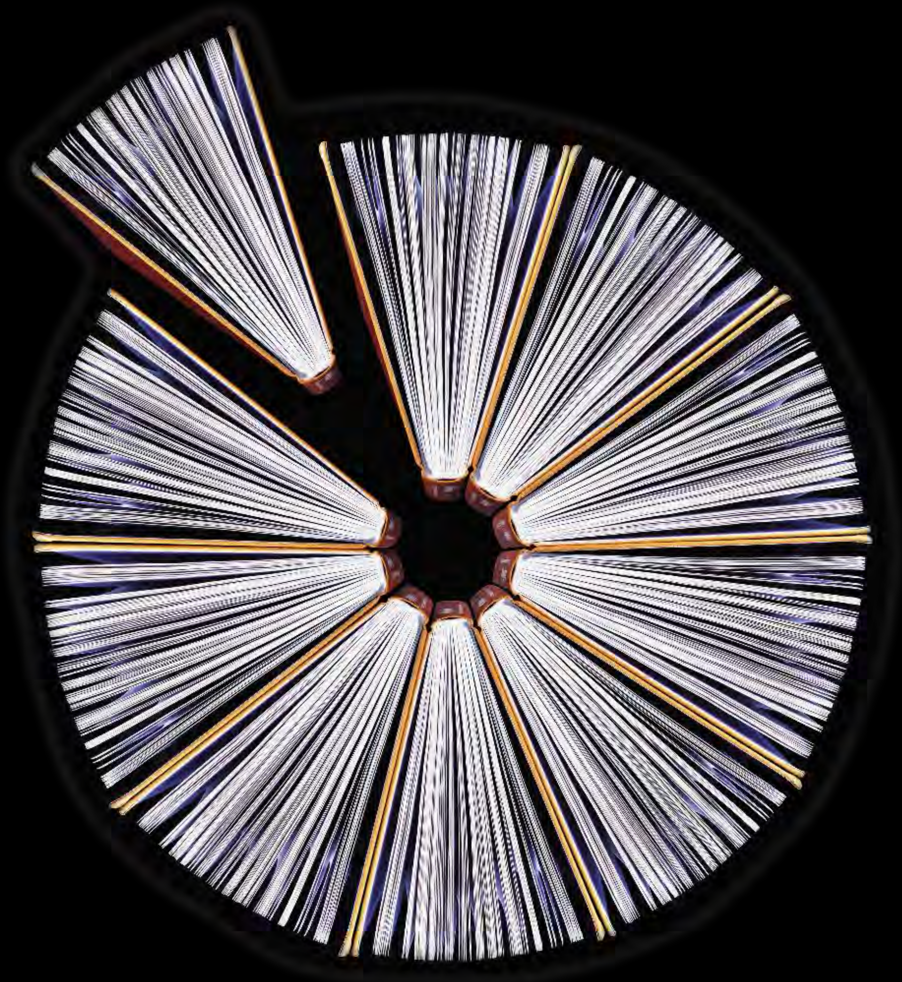

Project Ace

Fairness opinion final report

This Final Report has been prepared on the basis of the limitations set out in the Scope and Bases of Work in Appendix A1 and the matters noted in the transmittal letter over the page. For your convenience, this document may have been made available to you in electronic as well as hard copy format. Multiple copies and versions of this document may, therefore, exist in different media. Only the final signed copy should be regarded as definitive. No third party may place any reliance whatsoever upon this Final Report.

Contents

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Important Notice

Numbers presented throughout this document may not precisely add up to the totals presented in the tables due to rounding.

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19 September 2019

Project Ace

Attention:
Mr. Frederick D. Go
President and Chief Executive Officer

Robinsons Land Corporation
Level 2, Galleria Corporate Center, Ortigas, Quezon City
Philippines

Altus Property Ventures, Inc.
Barangay 1, San Francisco
San Nicolas, Ilocos Norte
Philippines

Dear Gentlemen:

We enclose our fairness opinion report (the "Final Report") prepared in connection with our engagement with Robinsons Land Corporation ("RLC") and Altus Property Ventures, Inc. ("APVI") – formerly Altus San Nicolas Corporation ("ASNC") (collectively the "Client") to issue a fairness opinion on the fair value of APVI equity shares (the "Services") in relation to its distribution as property dividend to the stockholders of RLC and listing by way of introduction, in compliance with the requirements of the Philippine Stock Exchange and in accordance with the terms of the engagement letter dated 30 August 2019 (the "Engagement Letter").

The Final Report is confidential to the Client (as defined in the Engagement Letter) and is subject to the restrictions on use specified in the Engagement Letter. No other party is entitled to rely on the Final Report for any purpose and we accept no responsibility or liability to any other party whatsoever in respect of the contents of this Final Report and the Services as outlined in the Engagement Letter.

We draw your attention to Appendix A1 titled "Scope and Bases of Work" in which we refer to the scope of our work, sources of information and the limitations of the work undertaken.

Our work has been limited by the time and the information made available to us and the scope of our work. In performing our engagement, we have relied upon and have assumed that all information provided to us is true, accurate, not misleading, and complete in all respects as at the date of this Final Report and that all information which is or may be relevant to our engagement has been duly provided to us and drawn to our attention by Client.

The projected financial statements are the sole responsibility of the Client as set out in Appendix A3, Management representation letter. While care has been exercised in reviewing all information furnished to us by management of the Client and certain publicly available information that we have gathered and considered relevant, we have not independently verified such information, whether written or verbal.

We have completed our Final Report on 19 September 2019 and we have not updated our work since this date. The Final Report is solely for your information. You agree that, without our prior written consent, you will not circulate, quote or otherwise refer to the Final Report or a copy of all or any portion thereof.

Yours sincerely

Diane S. Yap

Diane S. Yap
Partner

Executive summary

Executive summary | Glossary of terms

Entities involved

Deloitte Philippines or Firm	Navarro Amper & Co.
Client	Robinsons Land Corporation and Altus Property Ventures Inc.
APVI	Altus Property Ventures, Inc.
ASNC	Altus San Nicolas Corporation
Representative	Diane S. Yap
RLC	Robinsons Land Corporation

Valuation

ABV	Adjusted book value
CAPEX	Capital expenditures
CAPM	Capital asset pricing model
COS	Cost of services
DCF	Discounted cash flow
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
ERP	Equity risk premium
EUL	Estimated useful life
FCFF	Free cash flow to the firm
GDP	Gross domestic product
GPC	Guideline public company
GPM	Gross profit margin

Valuation (continued)

LTM	Last twelve months
NOPAT	Net operating profit after tax
OPEX	Operating expense
PV	Present value
P/B	Price-to-book
WACC	Weighted average cost of capital
Valuation Date	30 June 2019

Others

1H, 2H	First half, Second half
c.	Circa (approximate)
DPO	Days payable outstanding
DSO	Days sales outstanding
EIU	Economist Intelligence Unit
K or 000, M, B, T	In thousands, millions, billions, trillions
n/a	Not applicable
PAS	Philippine Accounting Standard
Php	Philippine Peso
PSE	Philippine Stock Exchange
SKF	Santos Knight Frank Inc.
sqm	Square meters

Executive summary | Summary of valuation results

DCF, ABV, and GPC are the valuation methodologies used to value the business of APVI.

Valuation purpose

- We have been engaged by Robinsons Land Corporation ("RLC") to issue a fairness opinion on the fair value of Altus Property Ventures, Inc. ("APVI") equity shares as of 30 June 2019 ("Valuation date") in relation to the distribution of APVI's shares as property dividend to the stockholders of RLC and listing by way of introduction (the "Transaction"), in compliance with the requirement of the Philippine Stock Exchange ("PSE").

Valuation approaches and methodologies

- For this valuation exercise the standard of value is fair market value. The fair market value is defined as *"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*
- We have performed the indicative valuation of APVI using the:
  - Income approach, with the Discounted cash flow ("DCF") method;
  - Cost approach, with Adjusted book value ("ABV") method; and
  - Market approach, with Guideline public company ("GPC") method.

Key assumptions

- We have considered the following factors in estimating the fair market value of the equity of APVI:
  - Economic factors (i.e., economic growth, inflation, and other external factors affecting the markets in which the business operates in);
  - Strategic attractions of the business – its particular strengths, weaknesses, and market position of the businesses; and
  - The performance and growth trajectory of APVI as supported by its five (5)-year cash flow projection.
- The premise of value adopted in arriving at our value is going concern basis.

Discounted cash flow

- Free cash flow to the firm ("FCFF") are derived from the net operating profit after tax ("NOPAT"), after adjustments to depreciation, amortization, capital expenditures ("CAPEX") and changes in net working capital.
- Projected FCFF for APVI are for FY19 to FY24. A terminal growth rate is applied on FY24 revenue to calculate the terminal value.

Terminal growth rate

- The terminal growth rate is assumed to be 5.0%, which is aligned with the annual escalation rate of 5.0% per management representation and sample contracts reviewed.

Discount rate

- We have applied a weighted average cost of capital ("WACC") in the range of 11.8% to 12.5%. Please refer to the WACC calculation in Appendix A4.

Discounting convention

- We have used a mid-period discounting to convention, which assumes that the cash flows are received at the middle of each period.

Executive summary | Summary of valuation results

APVI's indicative equity value range per share is around Php10.10 to Php12.20, which considers the DCF, ABV, and GPC methods.

DCF method

- The five (5)-year financial forecast prepared by the Client and provided on 16 August 2019 formed the basis of our indicative valuation of APVI. Other accounts not included as part of APVI's projections have been set up based on selected relevant growth rates and historical percentage to revenue or other accounts, where applicable.
- Using the DCF method, the indicative equity value of APVI is around Php1.2B, with corresponding equity value per share ranging from Php11.58 to Php12.42.

Php'000	Low	High
Present value of cash flows	358,118	363,937
Present value of terminal value	560,304	637,587
Indicative enterprise value	**918,422**	**1,001,524**
Plus: Cash and cash equivalents	126,388	126,388
Plus: Surplus assets	167,830	167,830
Less: Non-current liabilities	(53,465)	(53,465)
Indicative value of invested capital	**1,159,175**	**1,242,277**
Less: Total debt	(748)	(748)
Indicative equity value	**1,158,427**	**1,241,529**
Divided by: shares issued and outstanding ('000)	100,000	100,000
Indicative equity value per share (Php)	**11.58**	**12.42**

ABV method

- The ABV method is heavily driven by the latest market values of APVI's investment properties and solar facility.
- As seen below, APVI's indicative fair value range calculated using the ABV method is Php1.3B with corresponding equity value per share of Php13.6.

Php'000	ABV
Net assets - controlling, marketable basis	**1,359,903**
Divided by: shares issued and outstanding ('000)	**100,000**
Indicative value per share (Php)	**13.60**

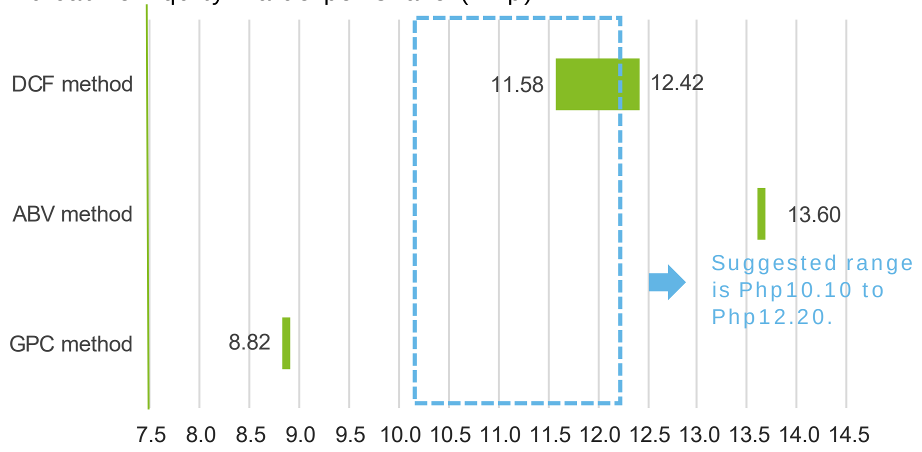
GPC method

- In order to select an appropriate valuation multiple for the entities, we selected nine (9) listed companies (with seven (7) other companies being used as part of the beta calculation) from the Philippines who operate in the same industry and have similar operating risks.
- We calculated the indicative equity value using the selected market multiple derived from the comparable companies. Please refer to Appendix A5 and Appendix A6 for more information on the selected GPC.
- Based on the GPC method, the indicative equity value of APVI is around Php881.8M, with corresponding equity value per share of Php8.82.

Conclusion

- We have assessed the indicative fair value of a share in APVI to be in the range of Php10.10 to Php12.20 as of 30 June 2019. The fair value per share calculated by the Client is within the value range we have assessed. Accordingly, we are of the opinion that the fair value per share calculated by the Client is fair.

Indicative Equity Value per share (Php)



Overview

Overview | Transaction overview

RLC declared that it would distribute APVI's shares as property dividend to its stockholders.

Ownership structure of APVI

Transaction overview

- RLC, a publicly listed company in the PSE, is engaged in the development and operation of shopping malls and hotels, offices, residential properties, warehouse facilities, and mixed-use properties located in key cities and other urban areas nationwide.
- APVI, formerly ASNC, is registered with the Securities and Exchange Commission to engage in the business of selling, acquiring, building, constructing, developing, leasing, disposing of real properties such as land, buildings, shopping malls, commercial centers, housing projects of all types, hotels, motels and other variants, mixed-used property projects, industrial estates, infrastructure projects, amusement and recreation parks or theme parks and property development of all kinds and nature.
- In a disclosure to the PSE dated 31 July 2019, the Board of Directors of RLC, on 31 July 2019 approved RLC's plan to issue property dividend consisting of up to one hundred million (100,000,000) common shares of APVI with a par value of one Philippine peso (Php1.00) to all eligible stockholders of RLC as of 15 August 2019.
  - The property dividend shall be paid at a ratio of one (1) share of APVI for every 51.9384 shares of RLC.
  - The PSE disclosure was amended in 28 August 2019 to reflect the change of name from ASNC to APVI.

APVI overview

- APVI has an outstanding capital stock of 100,000,000 common shares.
- As seen in the opposite diagram, it is a wholly-owned subsidiary of RLC and does not have shareholdings in other entities.
- APVI currently operates as a shopping mall known as Robinsons Place Ilocos. Per appraisal report of Santos Knight Frank Inc. ("SKF"), APVI owns five (5) contiguous lots containing an aggregate area of 20,319 square meters ("sqm").

Overview | Engagement overview

The Firm was contracted by RLC to perform fairness opinion services in relation to the issuance of property dividend of APVI to existing shareholders of RLC and listing by way of introduction as of the Valuation Date.

Engagement overview

- Navarro Amper & Co. (the "Firm") has been contracted by RLC to issue a fairness opinion report in relation to the issuance of property dividend of APVI to existing shareholders of RLC and listing by way of introduction as of the Valuation Date.
- We do not express an opinion about the fairness of the Transaction's compensation to any of the directors, officers or employees to respective shareholders.
- Our opinion is released upon the review and approval by a committee created within the Firm.
- The Firm is represented by Diane S. Yap (the "Representative"). A brief description of the Firm and educational and professional qualifications of its Representative is detailed on the right.
- Prior to this engagement, the Firm has not acted as a financial advisor of RLC or APVI, or any of the parties involved in the transaction and, as such, have neither received nor intended to receive any compensation from any party. Apart from normal professional fees payable to us in connection with the performance of the Services, no arrangement exists whereby we will receive any fees or benefits from RLC, or any party in connection with the Services.
- The Firm and its Representative have an understanding of and comply with the requirements of the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, including the independence requirements, national ethical requirements and quality control procedures applicable to the Services. Furthermore, the Firm and its Representative are guided by the Ethical Principles set by Deloitte Touche Tohmatsu Limited.

The Firm

- Navarro Amper & Co. is an affiliate of Deloitte Southeast Asia Ltd, a member of Deloitte Asia Pacific Limited and of the Deloitte Network.
- Deloitte Asia Pacific Limited comprise of Deloitte practices operating in more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei, Tokyo and Yangon.
- The Firm provides valuation services through its Financial Advisory practice.

The Representative

- Diane S. Yap is a Firm Partner and the Head of the Firm's Financial Advisory services. The Firm Representative is a Certified Public Accountant with over 24 years of audit and financial advisory experience in the Philippines, United States and Singapore. The Firm Representative has extensive experience in the audit of multinational companies and Philippine public-listed companies and has been involved in mergers and acquisitions advisory engagements including due diligence and valuation for clients in diverse industries.
- The Firm Representative earned her Master in Business Administration degree from the University of the Philippines.
- She is an authorized representative to act on behalf of the Firm in relation to any transaction with the PSE in relation to the Firm's engagement with RLC to issue a fairness opinion on the fair value of APVI's equity shares in relation to its property dividend transaction.

Overview | Engagement overview

In relying on any financial analyses provided to the Firm or derived therefrom, it is assumed that they have been reasonably prepared.

1. Limited use and distribution

- We understand that the output from our engagement will be used by the Client for public disclosure relating to the Transaction. This report relates to the provision of fair valuation services to comment on the fairness of value of APVI shares as property dividends to the stockholders of RLC.
- Other than this engagement, we have had no involvement in any other aspect of the Transaction. We do not, by this report or otherwise, advise, recommend, evaluate, comment or form any judgment or opinion on the legal, commercial or financial rationale, merits or risks of the Transaction or its relative merits as compared to any alternative transaction. We do not comment on the future growth prospects or earnings potential of APVI. Such advice, recommendation, evaluation, comment, judgment or opinion is and remains the sole responsibility of Client. This report does not constitute and cannot be construed as advice, a recommendation or any form of judgment or opinion to any person on the Transaction and so, it may not be relied upon as such by any person.
- The Firm will not render any advice as to whether, or at what price the Transaction should be entered into.
- We have no obligation to update this Final Report or our recommended valuation for information that may come to our attention after the date of this Final Report.

2. Full disclosure by Management

- Management confirms to us that, to the best of their knowledge and belief, the information contained in this report constitutes a full and true disclosure of all relevant and material facts on APVI and there is no other information or fact, the omission of which would cause any of the information disclosed to us or relied by us or any information contained herein to be untrue, incomplete or misleading in any material respect.

3. Reliance on information supplied

- We have held discussions with the Client and have relied on the historical financial information, financial forecasts, technical and financial experts' reports and agreements summarized in Appendix A1, and other information provided to us by RLC and APVI.
- These information are the sole responsibility of RLC and APVI. While care has been exercised in reviewing all information furnished to us by the Client and certain publicly available information that we have gathered and considered relevant, we have not independently verified such information, whether written or verbal.
- In performing our engagement, we have relied upon and have assumed that all information provided to us is true, accurate, not misleading and complete in all respects as at this date and that all information which is or may be relevant to our engagement has been duly provided to us and drawn to our attention by Management.

Overview | Engagement overview

The valuation inputs used in our fairness opinion is based on the market, economic, industry, and other conditions prevailing as of the Valuation Date.

4. No verification of information supplied

- We cannot and do not warrant, opine or accept any responsibility for the accuracy, completeness or adequacy of such information including, without limitation, the financial forecasts (if any) we received from RLC and APVI. We have not carried out any work which constitutes an audit in accordance with generally accepted auditing standards including any in-depth investigation or a physical inspection of any of the acquired properties or assets.

5. Management's responsibility for projections

- We do not express any opinion on and we do not take any responsibility for or in relation to the financial projections supplied to us by Management. We have further assumed that all bases and assumptions, statements of fact, beliefs, opinions and intentions made by the Management in preparing the financial forecasts, in representing the reasonableness and achievability of those forecasts and in relation to the investee companies have been reasonably made after due and careful enquiry.
- We assume no responsibility for any financial reporting judgments, which are appropriately those of Management. Management accepts the responsibility for any related financial reporting with respect to the assets, properties, or business interests encompassed by this engagement

6. Variance of projections from outcomes and basis to conclude

- The valuation inputs used in our fairness opinion is based on the market, economic, industry and other conditions prevailing as at the Valuation Date, using data known at the time when the review was conducted, and the information made available to us by Management. We assume no responsibility to update, revise or reaffirm our evaluation or assumptions in light of any subsequent events or circumstances that may affect our opinion or any factors or assumptions contained herein.
- We also note that by its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore, no indisputable single value. Whilst we consider our range of values to be both reasonable and defensible based on the information available to us, others may place a different value on the investees' amounts.

7. Good title, no encumbrance and responsible use

- We assume no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable, unless otherwise stated. The subject assets, properties, or business interests are valued free and clear of any or all liens or encumbrances, unless otherwise stated. We assume responsible ownership and competent management with respect to the subject assets, properties, or business interests.

8. No testimony required

- We, by reason of this engagement, are not required to furnish a complete report, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question unless arrangements have been previously made.

Overview | Historical financial highlights

EBITDA and EBITDA margin is improving in the last two (2) years, primarily due to cost and operational efficiencies coupled with revenue growth.

Historical income statement

Php'000	FY17	FY18	1H19
Revenue	**116,748**	**129,251**	**67,948**
Cost of services	(33,782)	(33,897)	(11,389)
Gross profit	**82,966**	**95,354**	**56,559**
Operating expenses			
Advertising	(1,763)	(1,378)	(321)
Professional and consultancy fees	(6,748)	(7,961)	(14,050)
Taxes and licenses	(1,905)	(1,992)	(1,186)
Salaries, wages and employee benefits	(5,139)	(5,847)	(2,454)
Insurance	(1,294)	(1,351)	(1,215)
Travel and communication	(1,711)	(824)	(74)
Supplies and others	(1,812)	(2,275)	5,405
	(20,372)	(21,628)	(13,895)
EBIT	**62,594**	**73,726**	**42,664**
Add: depreciation	28,054	28,025	10,057
EBITDA	**90,648**	**101,751**	**52,721**
Y-o-Y growth			
Revenue	*n/a*	*10.7%*	*n/a*
Gross profit	*n/a*	*14.9%*	*n/a*
Operating expenses	*n/a*	*6.2%*	*n/a*
EBIT	*n/a*	*17.8%*	*n/a*
EBITDA	*n/a*	*12.2%*	*n/a*
Common size ratio			
Gross profit	*71.1%*	*73.8%*	*83.2%*
Operating expenses	*(17.4%)*	*(16.7%)*	*(20.4%)*
EBIT	*53.6%*	*57.0%*	*62.8%*
EBITDA	*77.6%*	*78.7%*	*77.6%*

Source: Audited financial statements; Deloitte analysis

Financial performance

Revenue

- Revenue is recognized on a straight-line basis over the lease term, or based on a certain percentage of gross revenues of tenants.
- Revenue increased by 10.7% in FY18 due to increase in rental income from exhibits and supermarket.
  - In the last two (2) years, variable rent portion of revenue, on average, accounts for c.61% of total revenue. This is mainly driven by rental income from department store and supermarket.
- Management represented that the usual lease term for small tenants is one (1) to two (2) years and five (5) to 10 years for anchor tenants (e.g., department store, supermarket).
- For the purpose of the valuation exercise, projected revenue is based on contractual cash flows per lease contract (i.e., lease rates are escalated at c.5% annually).
  - This method does not take into account lease equalization per Philippine Account Standard ("PAS") 17. To align with this, the corresponding balance sheet items pertaining to lease equalization (i.e., accrued rent receivables and deferred tax liabilities arising from accrued rental income) is also excluded in the computation of working capital in DCF. Kindly refer to the succeeding pages for further details.

Cost of services and gross profit

- Cost of services ("COS") consist of depreciation of existing facilities and maintenance costs, with depreciation accounting for c.83% of total COS.
- APVI's gross profit and gross profit margin ("GPM") are improving in the last two (2) years, with a GPM of 73.8% by FY18.

Operating expenses

- Operating expense ("OPEX"), which is mainly driven by professional and consultancy fees, and personnel costs. As a percentage of revenue, OPEX improves from 17.4% in FY17 to 16.7% in FY18 mainly due to revenue growth.
- Other income and expense are already reflected in OPEX under supplies and others account.

Overview | Historical financial highlights

Core working capital, as a percentage of revenue, declines from 25.7% as at Dec'17 to 29.6% as at Jun'19.

Historical balance sheet

Php'000	Dec'17	Dec'18	Jun'19
Investment properties	326,595	300,376	291,037
Property and equipment - solar facility	-	-	39,590
Property and equipment - others	3,900	3,320	2,718
Other non-current assets	-	13,197	-
Non-current assets	**330,495**	**316,893**	**333,345**
Trade receivables	8,228	16,184	6,653
Accrued rent receivables	2,460	2,756	2,146
Due from related parties	2,312	2,000	2,052
Accounts payable - operations	(34,467)	(31,249)	(22,244)
Other payables	(8,497)	(8,530)	(8,715)
Core working capital	**(29,964)**	**(18,839)**	**(20,108)**
Accounts payable - construction	(7,433)	(4,991)	(4,064)
Other receivables	310,427	283,698	160,706
Other current assets	44,406	15,133	7,124
Other liabilities	(48,107)	(46,817)	(49,401)
Other working capital	**299,293**	**247,023**	**114,365**
Net working capital	**269,329**	**228,184**	**94,257**
Cash and cash equivalents	64,555	77,270	126,388
Pension liabilities	(569)	(661)	(748)
Net debt	**63,986**	**76,609**	**125,640**
Net assets	**663,810**	**621,686**	**553,242**
As a % of revenue			
Trade, accrued rent receivables, and due from related parties	*11.1%*	*16.2%*	*16.0%*
Other payables	*(7.3%)*	*(6.6%)*	*(12.8%)*
Core working capital	*(25.7%)*	*(14.6%)*	*(29.6%)*

Source: Audited financial statements; Deloitte analysis

Financial position

Non-current assets

- Investment properties consist of land, building, building improvement and equipment net of accumulated depreciation.
  - As at Jun'19, there are no investment properties that are pledged as securities to liabilities.
  - As at Jun'19, the appraised value of APVI's investment properties, including the solar facility, using the income method amounted to Php1.5B.
- Property and equipment pertaining to solar facility relates to the ongoing construction of the project, which is expected to be completed by Sep'19. Management represented that cost to complete is Php4.4M.
- Other property and equipment consist of furniture and fixture and other equipment net of accumulated depreciation.
- Other non-current assets pertain to paid advances to contractor for the construction of a solar power facility.

Core working capital (operating assets/ liabilities)

- Trade receivables are generally on a 30 days term.
- Accrued rent represents the portion of the lease as a consequence of recognizing income on a straight line basis per International Financial Reporting Standards 16 and PAS 17. This is excluded in the calculation of the adjusted working capital for the purposes of this valuation to align with the recognition measurement of revenues, which is contract based.
- Due from related parties mainly pertain to leasing agreements on commercial properties.
- Accounts payable, which mainly pertains to payables arising from the operations of APVI, improves from Php34.5M as at Dec'17 to Php22.2M as at Jun'19.
- Other payables pertain to accrued utilities expenses, accrued contracted services, and taxes and licenses payable, which are all normally settled within one (1) year.

Overview | Historical financial highlights

APVI does not have significant debt with in the last two (2) years.

Core working capital (operating assets/ liabilities) (continued)

- As seen below, APVI's core working capital will result to a lower days sales outstanding ("DSO") post-PAS 17 adjustment.

Php'000	Dec'17	Dec'18	Jun'19
Revenue per AFS	116,748	129,251	67,948
Impact of PAS 17	(550)	207	428
Rental Revenue per contract	**116,198**	**129,458**	**68,376**
Receivables per AFS[1]	13,000	20,940	10,851
Impact of PAS 17	(2,460)	(2,756)	(2,146)
Adjusted AR	**10,540**	**18,184**	**8,705**
DSO - per AFS	41	48	42
DSO - adjusted	33	40	36
DPO[2]	(145)	(272)	(253)

Notes:
(1) Receivables presented includes due from related parties but excludes receivables from sale of assets and other receivables
(2) Days payable outstanding ("DPO") is calculated based on cost of services, operating expenses, and average other payables for the prior and current year.
Source: Audited financial statements; Deloitte analysis

Other current assets and liabilities

- We have excluded accounts payables, which pertains to unpaid billings from supplier and contractors, including retention payable related construction activities, in the core working capital due to the nature of the balances.
- Other receivables mainly pertain to the unpaid portion of the total consideration the sale in FY16 of APVI's assets to RLC.
- Deposits and other liabilities mainly consist of collections from tenants and deposits received for mall promotion and advertising expenses.
- Deferred tax liabilities primarily pertain to unamortized capitalized interest expense, accrued rental income, and accrued interest income.

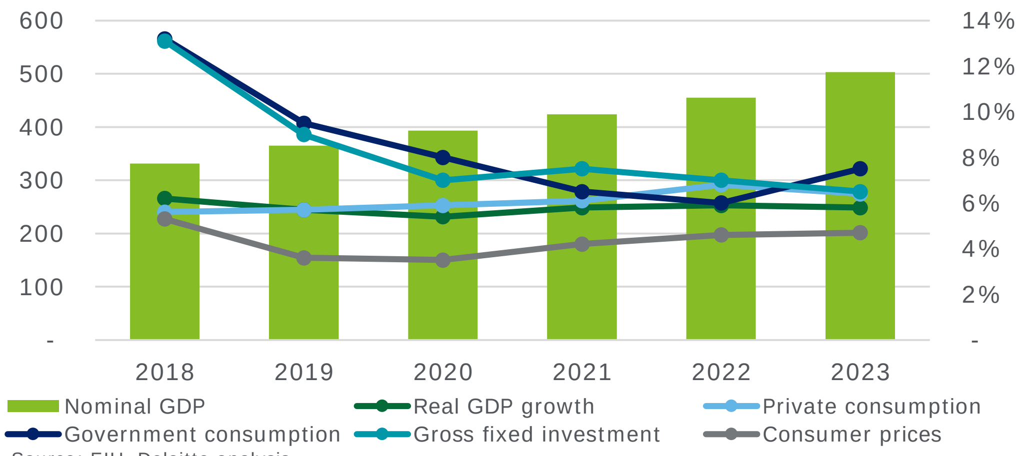
Net debt

- Cash and cash equivalents pertains to short-term investments, actual bank balance and cash on hand as of Jun'19.
- Pension liabilities pertain to APVI's non-contributory, defined benefit pension plan covering all its regular and permanent employees.

Overview | Economic outlook

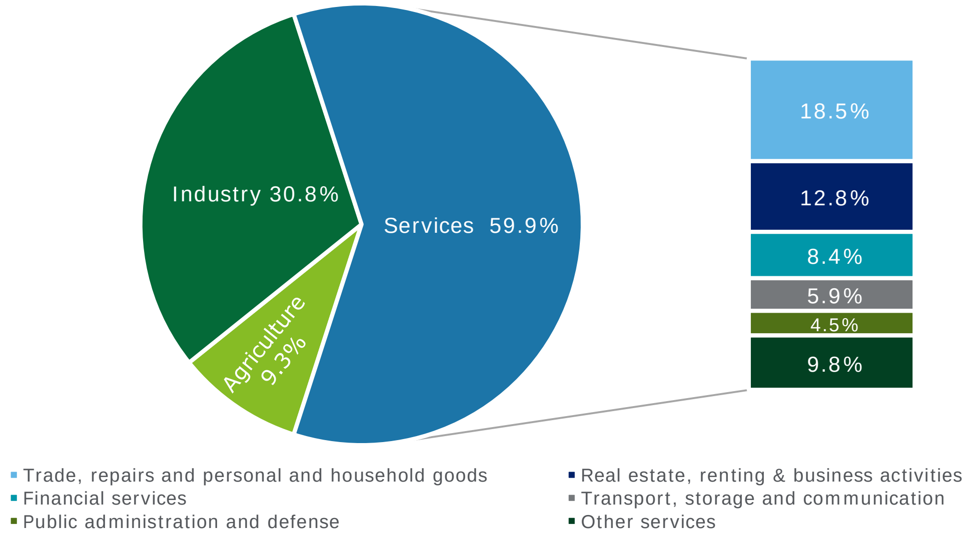
Infrastructure-related activities drive economic growth.

Philippine economy



Source: EIU, Deloitte analysis

2018 Nominal GDP composition



Source: EIU, Philippine Statistics Authority, Deloitte analysis

GDP and inflation

- From 2014 to 2018, the average Philippine Gross Domestic Product ("GDP") is 6.4% due to an average of 14.8% investment spending growth. Economist Intelligence Unit ("EIU") forecasts the GDP year-on-year growth to drop to an average of 5.8% in 2019 to 2023, with a corresponding decline in investment spending to an average of 7.4%. This is due to investors' uncertainty about the current political administration. However, the government's "Build, build, build" program is expected to offset the decline in investment.
- Although private consumption is expected to be the main driver of economic growth for the next five (5) years, rising inflation and interest rates will adversely affect it. Lower global commodity prices are expected to briefly alleviate inflation and in return, boost private consumption to an average of 5.6% annually from 2019 to 2023. The EIU also expects Philippine Peso to depreciate as a result of current account deficits.
- Consumer inflation is expected to average 3.6% in 2019 and is expected to follow a similar trend in 2020 before returning to 4.5% until 2023. This is due to changes in oil prices, dwindling Philippine peso, heaving indirect taxes and imports.
- The Philippine Statistics Authority posted a GDP growth of 6.1% in the fourth quarter of 2018; making a full year growth of 6.2% growth and revealed the main contributors to be construction activities, sales and repairs of automotive and other personal and household goods. On a per sector basis, "industry" had the fastest growth of 6.8%, while services, which has the highest contribution of 59.9% grew by 6.6% and agriculture grew by only 0.8% in 2018.

Methodologies

Methodologies | Valuation approaches and methodologies

Common market practice and the valuation methodologies, which are applicable to corporate entities and businesses, are discussed below.

	Income approach	Market approach	Asset approach
	Discounted cash flow method	Guideline public companies method	Adjusted book value method
Overview	• A method whereby the present value of future expected net cash flows is calculated using a discount rate.	• A method whereby market multiples are derived from the prices of companies that are engaged in the same or similar line of business and that are actively traded on a free and open market (i.e., comparable companies).	• A way of determining a value indication of a business, business ownership, or security using methods based on the value of the assets, net of liabilities, and preferred shareholdings.
Methodology	• Discount the projected free cash flows to the firm using the weighted average cost of capital, which is the weighted average, at market value, of the cost of all financing sources in the comparable companies' capital structure. • FCFF represents an income measure before payment to any capital holders, whether debt or equity.	• Benchmark the value of the business vis-à-vis its comparable companies, determined by the Firm's judgment, using applicable multiples (e.g., Enterprise Value / Last twelve months' ("LTM") Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), price-to-book ("P/B")).	• Adjust the recorded assets and liabilities to their fair market value.

Note: Those approaches in blue outline were selected for this valuation.

Financial projections

Financial projections | Projected income statement

EBITDA margin is stable at 78.1% throughout the projected period, which is lower than the EBITDA margin recorded in FY18.

Projected income statement

Php'000	FY18	1H19	FY19F	2H19	FY20	FY21	FY22	FY23
Revenue	**129,251**	**67,948**	**139,407**	**71,459**	**146,378**	**153,696**	**161,381**	**169,450**
Cost of services	(33,897)	(11,389)	(35,166)	(23,777)	(37,712)	(38,087)	(38,481)	(38,894)
Gross profit	**95,354**	**56,559**	**104,241**	**47,682**	**108,666**	**115,609**	**122,900**	**130,556**
Operating expense	(21,628)	(13,895)	(23,217)	(9,322)	(24,484)	(25,711)	(27,002)	(28,360)
EBIT	**73,726**	**42,664**	**81,024**	**38,360**	**84,182**	**89,898**	**95,898**	**102,196**
Add: depreciation	28,025	10,057	26,913	16,856	30,212	30,212	30,212	30,212
EBITDA	**101,751**	**52,721**	**107,937**	**55,216**	**114,394**	**120,110**	**126,110**	**132,408**
Y-o-Y growth								
Revenue growth	*n.a*	*n.a*	*7.9%*	*n.a*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Common size ratio								
Cost of services	*(26.2%)*	*(16.8%)*	*(25.2%)*	*(33.3%)*	*(25.8%)*	*(24.8%)*	*(23.8%)*	*(23.0%)*
Gross profit	*73.8%*	*83.2%*	*74.8%*	*66.7%*	*74.2%*	*75.2%*	*76.2%*	*77.0%*
Operating expenses	*(16.7%)*	*(20.4%)*	*(16.7%)*	*(13.0%)*	*(16.7%)*	*(16.7%)*	*(16.7%)*	*(16.7%)*
EBIT	*57.0%*	*62.8%*	*58.1%*	*53.7%*	*57.5%*	*58.5%*	*59.4%*	*60.3%*
EBITDA	*78.7%*	*77.6%*	*77.4%*	*77.3%*	*78.2%*	*78.1%*	*78.1%*	*78.1%*

Overview

- The Client provided a five (5)-year projection based on the current and expected future market conditions of the real estate sector (owners of commercial properties sub-sector). The financial projections were then validated by testing its reasonableness by comparing projected revenue growth rates and its corresponding operational expense against the historical performance of APVI.
- The projected 2H19 figures were derived from deducting the actual 1H19 results from the projected FY19 figures.
- Based on a 99.0% occupancy rate, revenue year-on-year growth from FY19 to FY23 is 5.0%. This is aligned with the annual escalation rate of 5.0% per management representation and sample contracts reviewed.
- It is also noted that there are no plans firmed up to date as far as the major renovations on its existing property.
- Projected revenues did not take into account lease equalization of rental payments and corresponding balance sheet accounts are also excluded in the valuation exercise.

Cost of services

- The depreciation component of the cost of services is projected to increase by Php1.1M in FY19 due to the acquisition of solar facility, which is expected to be fully operational by Sep'19. The Php4.4M full-year impact is reflected in the projections beginning FY20. As at Jun'19, capitalized costs of this project amounted to Php39.6M.
- Meanwhile, repairs and maintenance is expected to be c.5.1% of total revenue throughout the projected period, which is higher than the 4.5% recorded in FY18.

Operating expenses

- OPEX, as percentage of revenue, is fixed at 16.7% throughout the projected period. This is also consistent with historical figures in FY18.
- Detailed breakdown of OPEX as a percentage of revenue:

Expense type	%
Professional and consultancy fees	*6.5%*
Salaries, wages and employee benefits	*4.4%*
Supplies and others	*1.8%*
Others	*4.0%*
	16.7%

Financial projections | Others

Management represented that no projections was provided for working capital due to it having an immaterial impact.

Incremental net working capital

Php'000	Jun'19	Dec'19	Dec'20	Dec'21	Dec'22	Dec'23
Days sales outstanding (DSO)	35.6	35.6	35.6	35.6	35.6	35.6
Trade receivables and due from related parties	8,705	13,935	14,273	14,986	15,735	16,522
Days payable outstanding (DPO)	(223.3)	(223.3)	(223.3)	(223.3)	(223.3)	(223.3)
Accounts and other payables	(30,959)	(40,498)	(38,051)	(39,030)	(40,061)	(41,145)
Core working capital	**(22,254)**	**(26,563)**	**(23,778)**	**(24,044)**	**(24,326)**	**(24,623)**
Prior working capital		22,254	26,563	23,778	24,044	24,326
Changes in net working capital		**(4,309)**	**2,785**	**(266)**	**(282)**	**(297)**

Working capital

- Management represented no projections was provided for working capital due to it having an immaterial impact given the nature of the business wherein trade receivables are collected within 30 to 60 days and trade payables are settled in the same manner.
  - Based on the latest historical financials, we noted that the adjusted DSO is 36 days and average DPO is 223 days. For details, kindly refer to the Overview section.
- Using the adjusted DSO and DPO, we estimated APVI’s working capital requirements.
  - APVI’s Jun’19 trade receivables and due from related parties is Php8.7M and is projected to grow to Php16.5M by Dec’23.
  - Meanwhile, the projected accounts payable – operations and other payables is expected to grow to Php41.1M by Dec’23.

Capital expenditures

- Management represented that it is expected to incur additional cost amounting to Php4.4M to complete its solar facility. The expected CAPEX is also included in the DCF calculation.
- In addition to the CAPEX for the solar facility, APVI expects that its capital expenditures, which includes renovation and preventive maintenance and is based on the historical annual CAPEX spend, during the projected period to be Php8.0M annually. Management represented that estimated useful life (“EUL”) for these CAPEX is 10 years. The corresponding depreciation expense is also included in the DCF calculation.

Valuation results

Valuation results | DCF method

The indicative equity value range for APVI on a controlling basis using the DCF method is around Php1.2B.

Discounted cash flow method

Php'000		2H19	FY20	FY21	FY22	FY23	FY24	Terminal
EBIT		38,360	83,381	88,298	93,499	98,996	104,816	107,768
EBIT margin		*53.7%*	*57.0%*	*57.4%*	*57.9%*	*58.4%*	*58.9%*	*57.7%*
Income taxes	*30.0%*	(11,508)	(25,014)	(26,490)	(28,050)	(29,699)	(31,445)	(32,330)
NOPAT		26,852	58,367	61,808	65,449	69,297	73,371	75,438
Plus: Depreciation		16,856	31,012	31,812	32,612	33,412	34,212	38,212
Less: Capex		(4,399)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(38,212)
Less: Incremental NWC		4,309	(2,785)	266	282	297	307	322
Net available cash flow		**43,618**	**78,594**	**85,886**	**90,343**	**95,006**	**99,890**	**75,760**
Periods discounting		0.25	1.00	2.00	3.00	4.00	5.00	5.00
PV factor - high	*11.8%*	0.97	0.89	0.80	0.72	0.64	0.57	0.57
PV of cash flow - high		**42,410**	**70,269**	**68,684**	**64,623**	**60,786**	**57,165**	**363,937**
PV factor - low	*12.5%*	0.97	0.89	0.79	0.70	0.62	0.55	0.55
PV of cash flow - low		**42,343**	**69,830**	**67,830**	**63,423**	**59,285**	**55,407**	**358,118**

Php'000	Low	High
Present value of cash flows	358,118	363,937
Present value of terminal value	560,304	637,587
Indicative enterprise value	**918,422**	**1,001,524**
Plus: Cash and cash equivalents	126,388	126,388
Plus: Surplus assets	167,830	167,830
Less: Non-current liabilities	(53,465)	(53,465)
Indicative value of invested capital	**1,159,175**	**1,242,277**
Less: Total debt	(748)	(748)
Indicative equity value	**1,158,427**	**1,241,529**
Divided by: shares issued and outstanding ('000)	100,000	100,000
Indicative equity value per share (Php)	**11.58**	**12.42**

DCF method

- The DCF method estimates fair market value by discounting a company's future cash flows to their net present value.
- As at the Valuation Date, the indicative equity value of APVI on a controlling and marketable basis is around Php1.2B.

Future cash flows

- APVI prepared a five (5)-year financial projections. Please refer to the Financial Projections section for a detailed discussion.
- Projected working capital is calculated based on APVI's latest available financials with adjusted sales outstanding of 36 days and average payable outstanding of 223 days based on the latest historical financial information.
- Projected annual capital expenditures is Php8.0M. 2H19 CAPEX is the cost to complete of the solar facility amounting to Php4.4M.
  - Management represented that the annual CAPEX includes renovation and preventive maintenance costs to extend the useful life of the asset. The Php8.0M CAPEX is based on the Client's historical annual spend and effectively sufficient to keep the property under a going-concern basis.
  - The terminal value was calculated under this assumption, based on Management's representation that it can still generate a reasonable level of cash flows beyond its EUL.
  - Management does not plan to do any major renovations on its Ilocos Norte property.

Valuation results | DCF method

The indicative equity value range for APVI on a controlling basis using the DCF method is around Php1.2B.

Discount rate

- The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal after tax discount rate in the range of 11.8% to 12.5% to discount the future cash flows of APVI to their present value.
- The supporting calculations to the discount rate are provided in Appendix A4.

Discounting convention

- We have used a mid-period discounting to convention, which assumes that the cash flows are received at the middle of each period. With this, we extended the projections to FY24 to cover five (5) full projected periods, while maintaining the same growth rates and margins as the prior periods.

Terminal value

- The terminal value estimates the value of the ongoing cash flows after the forecast period. We have estimated the terminal value based on the forecast cash flows in FY24, the discount rate and an estimate of the long-term cash flow growth rate.
- We have assumed a nominal long-term growth rate of 5.0%, being APVI's projected annual escalation rate.

Surplus assets

- Surplus assets are those assets owned by APVI that are surplus to its main operating activities, (i.e., non-core income generating). These include:

Php'000	Jun'19
Other receivables	160,706
Other current assets	7,124
	167,830

Non-current liabilities

- Non-current liabilities include the following:

Php'000	Jun'19
Deposits and other liabilities	(46,623)
Accounts payable - construction	(4,064)
Due to related parties	(85)
Deferred tax liabilities - others	(2,693)
	(53,465)

- Non-current liabilities exclude deferred tax liabilities arising from accrued rental income to align with the projected revenue, which did not take into account lease equalization of rental.

Indicative equity value

- The indicative equity value range for APVI on a controlling basis using the DCF method is around Php1.2B, and corresponding indicative equity value per share ranges from Php11.58 to Php12.42.

Valuation results | ABV method

The indicative equity value for APVI using the ABV method is around Php1.3B.

Adjusted book value method as at Jun'19

Php'000	Reported	Adjustments	Adjusted
Investment properties	291,037	1,152,373	1,483,000
Property and equipment - solar facility	39,590		
Property and equipment - others	2,718	-	2,718
Non-current assets	**333,345**	**1,152,373**	**1,485,718**
Trade receivables	6,653	-	6,653
Accrued rent receivables	2,146	-	2,146
Due from related parties	2,052	-	2,052
Accounts payable - operations	(22,244)	-	(22,244)
Other payables	(8,715)	-	(8,715)
Core working capital	**(20,108)**	**-**	**(20,108)**
Accounts payable - construction	(4,064)	-	(4,064)
Other receivables	160,706	-	160,706
Other current assets	7,124	-	7,124
Due to related parties	(85)	-	(85)
Deposits and other liabilities	(46,623)	-	(46,623)
Deferred tax liabilities - others	(2,693)	(345,712)	(348,405)
Other working capital	**114,365**	**(345,712)**	**(231,347)**
Net working capital	**94,257**	**(345,712)**	**(251,455)**
Cash and cash equivalents	126,388	-	126,388
Pension liabilities	(748)	-	(748)
Net debt	**125,640**	**-**	**125,640**
Net assets	**553,242**	**806,661**	**1,359,903**

Php'000	ABV
Net assets - controlling, marketable basis	**1,359,903**
Divided by: shares issued and outstanding ('000)	100,000
Indicative value per share (Php)	**13.60**

ABV method

- In absence of market value indication for the following balance sheet items, we have assumed their carrying values at 30 June 2019 as their market values: property and equipment – others, other non-current assets, trade and other receivables, accrued rent receivables, accounts and other payables, other current assets, deposits and liabilities, deferred tax liabilities, and cash and cash equivalents.

Adjustments

- The adjustment of Php1.2B relates to the revaluation of the properties based on the latest appraised values provided by Management.
- The appraisal exercise was conducted by SKF, an independent property appraiser. SKF performed both cost and income approaches and concluded that the market value of the following properties is Php1.5B as at Jun'19. The appraisal report assumes a going concern basis.
  - Land: This consists of five (5) contiguous lots having a total area of 20,319 sqm.
  - Building: This pertains to Robinsons Place Ilocos - Main Mall, which is a two (2)-storey, reinforced concrete structure.
  - Other land improvements: This include concrete pavement, driveways, sidewalks, parking areas, and sewerage treatment plant.
  - Machinery and equipment: This includes centralized air conditioning and ventilating systems, standby power and electrical distribution system, fire fighting and fire protection system, and solar facility.
  - Kindly refer to Appendix A7 for a breakdown of the appraisal report results.
- The corresponding deferred tax liability pertains to the approximate tax impact of selling the property (i.e., capital gains tax liability) arising from the appraised value of APVI's investment properties. This is reflected in the ABV calculation as at 30 June 2019 amounting to Php345.7M.

Valuation results | GPC method

The indicative equity value for APVI using the GPC method is around Php881.8M.

Summary of observed multiples

Php'000	P/B
Range of multiples	**1.0x - 2.4x**
Third quartile	1.6x
Average	1.4x
Median	1.2x
First Quartile	1.1x
Selected multiple (median)	1.2x

Financial data (Php'000)	
Net assets as at 30 June 2019	553,242
Preliminary indicative equity value	**641,042**
Plus: Cash and cash equivalents	126,388
Plus: Surplus assets	167,830
Less: Non-current liabilities	(53,465)
Indicative equity value	**881,795**
Divided by: shares issued and outstanding ('000)	100,000
Indicative equity value per share	**8.82**

Source: Management information, Deloitte analysis

GPC method

- In order to select an appropriate valuation multiple for APVI, we have sought similar companies operating in the real estate sector (owners of commercial properties sub-sector), which have approximate levels of profitability with APVI.
- To decide the appropriate multiples to be applied, we have used the median of the respective multiples, which takes into account the limited population of GPC and the spread in the range of the observed value. The median multiple from the GPC used in the valuation is 1.2x P/B.
- We used APVI's reported net asset as of Jun'19. The indicative equity value from the GPC method taking into account all other non-operating balance sheet items (i.e., cash and cash equivalents, surplus assets, non-current liabilities) thus produces a valuation of Php881.8M, with corresponding equity value per share of Php8.82.

Appendices

Appendices | A1: Scope and Bases of Work

Principal assumptions

- The scope of our work is set out in the signed Engagement Letter. Our work, which is summarised in this Final Report, has been limited to matters which we have identified that would appear to us to be of significance within the context of our scope as set out in the Engagement Letter, together with variations, if any, set out in this section.
- This fairness opinion report is subject to specific assumptions we consider necessary or appropriate. The principal assumptions made for the purpose of the valuation report are as follows:
  - The information provided fairly reflects the historical and future financial performance and position of APVI;
  - There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor any litigation pending or threatened, which would have a material impact on APVI;
- In view of the Purpose and scope of our engagement, the comments and observations included in this Final Report are limited principally to those matters that, based on discussions with you, would appear to be of significance or interest to you or that might require further consideration or follow-up in connection with the Services.

Sources of Information

- In completing our work, we have relied on the integrity of the information and data supplied to us by the Client's Management. We have relied on the available published market and other public information.
- We are not required to and have not carried out an audit on the financial statements or components of the financial statements of APVI. We have used available published market information where appropriate, for which we are not responsible in terms of content and accuracy.
- We have not verified the truth or accuracy of any information or materials provided or made available to us during the performance of the Services, beyond making a value judgment on the reasonableness of the data.

Sources of Information (continued)

- Since our engagement does not encompass the evaluation of or comment on the financial, legal, and commercial merits and/or risks of the Services, we do not express any opinion thereon. We also do not express any views on the future growth prospects and earnings potential of APVI.
- Further, we are not required to validate the assumptions and the forecasts that are provided to us by the RLC and APVI.
- We have held discussions with the Client and have relied on the historical financial information, financial forecasts, technical and financial experts' reports and agreements summarized below, and other information provided to us by the RLC and APVI.
  - 2015, 2016, 2017, and 2018 audited financial statements;
  - 1H19 interim financial reports;
  - Management projections for 2019 to 2023;
  - Rental income breakdown for 2014 to 2018;
  - Appraisal report of properties by SKF as at 30 June 2019;
  - Receivable and payable aging reports as at 30 June 2019
  - Actuarial valuation report as at 31 December 2018; and
  - Sample lease contracts with tenants.
- These information are the sole responsibility of RLC and APVI. While care has been exercised in reviewing all information furnished to us by APVI and certain publicly available information that we have gathered and considered relevant, we have not independently verified such information, whether written or verbal.

Updating of the Report

- We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

Appendices | A1: Scope and Bases of Work

Other assumptions and limiting conditions

This Final Report has been prepared pursuant to the following general assumptions and general limiting conditions:

- The analyses, advice, recommendations, opinions, or conclusions contained herein are valid only as of the indicated date and only for the indicated Purpose.
- The analyses and estimates contained herein are for the exclusive use of the Client for the sole and specific purposes noted herein and may not be used for any other purpose by the Client or any other party. Furthermore, the analyses and estimates are not intended by the Firm and should not be construed by the reader to be investment advice in any manner whatsoever.
- Possession of this Report, or a copy thereof, does not carry with it the right of publication or distribution to or use by any third party. Any third party that uses the information contained herein does so at its sole risk and agrees to hold the Firm and its respective personnel harmless from any claims resulting from use by any other third party. Access by any third party does not create privity between the Firm and any third party.
- No part of the contents of this Report (particularly the analyses or estimates; the identity of any personnel of the Firm, or any reference to any of their professional designations or to the Firm) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent of the Firm.
- No item in this Report shall be changed by anyone other than the Firm, and the Firm shall have no responsibility for unauthorized changes.
- Neither the Firm nor its personnel, by reason of this engagement, is required to furnish a complete Report, or to give testimony, or to be in attendance in court with reference to the subject assets, properties, or business interests unless arrangements have been previously made in writing.

Other assumptions and limiting conditions (continued)

- We have relied on the representations of the Client or its representatives concerning the usefulness and condition of all real and personal property, intangible assets, or investments used or held in any subject business, as well as the amounts and settlement dates of its liabilities, except as specifically stated to the contrary in this Report. We have not attempted to confirm whether all assets of any subject business are free and clear of liens and encumbrances or that the entity has good and marketable title to any assets.
- We assume that subject assets, properties, or business interests are free and clear of any or all liens or encumbrances, unless otherwise stated herein.
- We assume no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests is assumed to be good and marketable, unless otherwise stated herein.
- We assume that the subject assets, properties, or business interests are responsibly owned and competently managed.
- We assume that the Client is in full compliance with all applicable state, and local regulations and laws unless noncompliance is stated, defined, and considered in this Report.
- Unless otherwise stated, no effort has been made to determine the possible effect, if any, on any subject asset, property, or business interest due to future state, or local legislation, including any environmental or ecological matters or interpretations thereof.
- We assume no responsibility for any financial or tax reporting requirements; such reporting requirements are the responsibility of the Client for whom this analysis was prepared.

Appendices | A2: Engagement letter

NavarroAmper&Co.

STRICTLY PRIVATE & CONFIDENTIAL

30 August 2019

Robinsons Land Corporation
Level 2, Galleria Corporate Center
Ortigas Center, Quezon City
Philippines

Altus Property Ventures, Inc.
Barangay 1, San Francisco
San Nicolas, Ilocos Norte
Philippines

Attention of: Mr. Frederick D. Go
President and Chief Executive Officer, Robinsons Land Corporation

Subject: Project Ace

Dear Gentlemen,

This letter confirms the engagement of Navarro Amper & Co. ("Deloitte" or the "Firm") by Robinsons Land Corporation ("RLC") and Altus Property Ventures, Inc. ("APVI") – formerly Altus San Nicolas Corporation (collectively the "Client") to issue a fairness opinion on the fair value of APVI equity shares (the "Services") in relation to the distribution of APVI's shares as property dividend to the stockholders of RLC (the "Transaction"), in compliance with the requirement of the Philippine Stock Exchange ("PSE").

Background of the Transaction

In a disclosure to the PSE dated 31 July 2019, the Board of Directors of RLC, on 31 July 2019 approved the company's plan to issue property dividend consisting of up to one hundred million (100,000,000) common shares of APVI with a par value of one Philippine peso (Php1.00) to all eligible stockholders of RLC as of 15 August 2019. The property dividend shall be paid at a ratio of one (1) share of APVI for every 51.9384 shares of RLC.

RLC, a publicly listed company in the PSE, is engaged in the development and operation of shopping malls and hotels, and mixed-use properties located in key cities and other urban areas nationwide.

APVI is registered with the Securities and Exchange Commission ("SEC") to engage in the business of selling, acquiring, building, constructing, developing, leasing, disposing of real properties such as land, buildings, shopping malls, commercial centers, housing projects of all types, hotels, motels and other variants, mixed-used property projects, industrial estates, infrastructure projects, amusement and recreation parks or theme parks and property development of all kinds and nature.

We understand that conclusions of the Services will be disclosed in Client's circular (the "Circular") to its shareholders in relation to the Transaction and our fairness opinion report ("Deliverable") incorporating the conclusions of the Services will be included in the Circular or made available to the PSE and the public.

Deloitte

Services

We have set forth in Attachment B the scope of work for the Services.

The Services, consistent with the nature of this engagement, are limited in scope. These have been established based on our discussions with you and may be changed by mutual agreement or can be modified, with your concurrence, as additional information is obtained or unforeseen matters arise during the course of our engagement. It is our understanding that you have determined that the scope of work set forth in Attachment B is sufficient for your purposes. If we were to perform additional scope, other matters might come to our attention that would be reported to you.

The Client is responsible for determining the price range with which negotiations shall occur with respect to the Transaction, as well as the ultimate price to be paid in connection with the Transaction. The Firm will not render any advice as to whether, or at what price, the Transaction should be entered into.

The Client accepts ownership and responsibility of the final estimated fair values.

The Services are not designed to and are not likely to reveal fraud or misrepresentation. Accordingly, we cannot accept responsibility for detecting fraud (whether by management or by external parties) or misrepresentation.

The Services will be performed solely for the information of and assistance to Client in connection with the Transaction. The Services will be limited in nature and will not comprehend all matters relating to the Transaction that might be pertinent or necessary to the Client's evaluation of the Transaction. Accordingly, the Services should not be taken to supplant other inquiries and procedures that Client should undertake for the Transaction. Deloitte makes no representation as to the sufficiency of the Services for purposes of the Transaction. At the conclusion of the engagement, Client shall acknowledge its sole responsibility for the sufficiency of the Services performed. In addition, Deloitte will be unable to express, and will not express, any opinion or other form of assurance concerning the merits of the Transaction other than the fair value of APVI's shares.

The performance of the Services does not constitute an audit, compilation, or review of APVI's financial statements or specified elements, accounts or items thereof, in accordance with generally accepted auditing standards or other applicable audit or attestation professional standards, nor an examination or compilation of, or any application of agreed upon procedures to, any prospective financial statements, or an appraisal of APVI, or any of APVI's assets and liabilities, other than the assets and liabilities valued pursuant to the Services. Neither Deloitte nor any of the Client Communications (referred to in Section 1.1 of Attachment A) will express an opinion or any other form of assurance with respect to any matters as a result of the performance of the Services, including, without limitation, concerning the (i) financial statements of APVI, or any financial or other information, or operating or internal controls of APVI, taken as a whole, for any date or period, (ii) merits of the Transaction including, without limitation, the consideration to be paid, and/or (iii) fairness of the contemplated terms of the Transaction other than the fair value of APVI's shares.

We note that our Services exclude the following:

- Deloitte will not translate any data provided by the Client that is not in the English language. Any required translation will need to be undertaken by the Client;
- As general practice, our Services do not include the provision of the valuation analysis model. However, we will insert all the relevant analysis in our final deliverable; and
- Our Services do not include the valuation of any fixed assets including real estate held by APVI. We can assist you in appointing a tangible asset appraiser and/or provide real estate valuation/appraisal as additional scope based on your request.

The Services is solely for the purpose stated above and is not to be reproduced or used for any other purpose.

Appendices | A2: Engagement letter

Reliance on information and limitations

The Services and the results thereof will be based substantially on information provided by or on behalf of APVI, supplemented by publicly available information. We assume no responsibility and no representations with respect to the accuracy or completeness of any information provided by or on behalf of APVI.

We shall not be verifying the truth or accuracy of all information or materials provided or made available to us during the performance of the Services, beyond making a value judgement on the reasonableness of the data.

As part of our normal procedures, before we finalize our report we will issue a draft version to you for your confirmation or corrections in relation to the factual material provided by, and the opinions attributed to APVI as set out in the draft. We will amend our report for your comments and/or corrections and if necessary issue an updated draft incorporating any corrections so advised prior to finalization of our report. If, after consultation with you, we are unable to comply with the scope of work, for example due to limitations on the information made available, we will note in our report any major areas where the scope of work was limited or amended.

The Client agrees to sign a representation letter, to be prepared by the firm, which, among other things, will confirm the Client's responsibility for all prospective financial information and the underlying assumptions therein used in connection with any projections, forecasts or analytical models. The draft Management Representation Letter is set out in Attachment C.

In performing the Services, we would place reliance on APVI's projections. Our scope of work excludes providing a view on the reasonableness of the projections or undertaking any independent market study. In addition, where applicable, we will place reliance on the Client on the legal ownership of the intellectual property rights and the extent of protection such legal ownership affords in the Philippines.

For the avoidance of doubt, our scope of work does not encompass the evaluation of or comment on the financial, legal and commercial merits and/or risks of the Transaction and we do not express any opinion thereon. We do not address the financial, strategic, commercial, financial or relative merits of the Transaction. Our scope of work does not require us to express, and we do not express, a view on the future growth prospects and earnings potential of APVI.

The Client will not challenge our final report in any legal proceedings or otherwise.

Use of Report

We understand the report may be disclosed to the shareholders and Board of Directors before making it as an attachment to your disclosure to the PSE and applications to the SEC. To the maximum extent permitted by law, we are not responsible to you or any other party for any loss you or any other party may suffer in connection with the access to or use of our report or any of our Client Communications.

Schedule of Our Work/ Deliverables

We will begin our work upon your acceptance of this engagement letter and when we have ascertained that the majority of information required for the Services is ready (the "Start-date"). We expect our engagement fieldwork to extend for a period of approximately three (3) weeks from the Start-date. Thereafter, we will issue you a draft fairness opinion report. Finalization of draft report will depend on the discussions with the Client and/ or their advisors. We can issue the final fairness opinion report after three to five days from receipt of comments on the draft report from the Client. In our timetable, we have assumed that we will be able to gain full access to management, staff and records during our review period. In the event of any absences, our deliverables will be delayed accordingly.

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Professional Fees

Our fees are based on the time our personnel devote to a project at hourly rates that recognize their experience, special skills and the value they bring to the project. Our proposed fees exclude reasonable actual out-of-pocket expenses ("OPE") related to the engagement such as travel, meals, telephone and Taxes, which will be billed based on actual cost incurred. The OPE shall be billed to your account without need of supporting documents other than the billing statement. As agreed with you, we anticipate our maximum OPE to be [redacted] Our charges also do not include 12% Value-added Tax ("VAT"). The VAT will be included in our invoice as a separate item.

Our fees for this engagement are P[redacted]ly.

We will, of course, endeavor to keep the costs as low as possible. Our fees are also net of applicable taxes including withholding taxes that may be applicable and these will be borne by Client.

It is our normal practice to render interim billings as our work progresses (invoices upon receipt). The proposed payment schedule in connection with this engagement is as follows:

30% – Upon signing of the engagement letter
50% – Upon submission of draft deliverable
20% – Upon submission of final deliverable

If there is a need for additional Services or other needs for extension of our services, we will seek your approval before providing the additional services.

Furthermore, should the work required subsequently found to be substantially more than anticipated or if there is a need for additional procedures or other needs for extension of our services, we will seek your prior written approval before providing the additional services. Our fees for such additional services or extension of time spent shall be based on our preferential hourly rates.

We understand that RLC will not be responsible or liable for payment of any of the professional fees, the taxes, OPEs, expenses or any other amounts incurred in connection with the performance of the Services. These shall be paid by APVI.

We are pleased to have this opportunity to serve you and assure you that this engagement will be given our close attention.

We look forward to hearing from you. Please do not hesitate to contact the undersigned at (63) 2 581 9053.

Yours faithfully,

Diane S. Yap
Partner

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Appendices | A2: Engagement letter

Acknowledgement

The Services hereunder shall be provided under the provisions of this letter and Attachment A "Standard Business Terms and Acknowledgements" and Attachment B "Scope of Work" attached hereto which are incorporated herein by reference and which shall apply as if set out in full herein. This letter, together with the Attachments, describes our complete understanding with respect to the Services. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral, among the parties. The agreements of the Client and the Firm contained in this letter shall survive the completion or termination of this engagement. In the event of a conflict between the provisions of this letter and any of the provisions set forth in Attachment A, the provisions of Attachment A shall govern.

Agreed and approved on behalf of Robinsons Land Corporation by:

Name:	Mr. Frederick D. Go	Signature:	
Title:	President and Chief Executive Officer	Date:	30 August 2019

Agreed and approved on behalf of Altus Property Ventures, Inc. by:

Name:	Mr. Kerwin S. Tan	Signature:	Ktan
Title:	Treasurer and Compliance Officer	Date:	30 August 2019

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ATTACHMENT A

STANDARD BUSINESS TERMS AND ACKNOWLEDGEMENTS

The engagement letter and any appendices other than these standard business terms issued by Navarro Amper & Co. (the "Firm") and addressed to Trans World Trading Company, Incorporated ("Transworld" or the "Client") (collectively the "Engagement Letter") constitute the whole agreement between the Client and the Firm in relation to the services, deliverables and work product described in the Engagement Letter (the "Services"). For the purposes of this Engagement Letter, the Client, shall include such Client's subsidiaries and/or affiliates as identified in the Engagement Letter (together with the Client, the "Client Group"). The Client represents and warrants that it has the power and authority to execute this agreement on behalf of, and to bind, itself and its subsidiaries and/or affiliates identified in the Engagement Letter.

The Firm and its affiliated entities are affiliates of Deloitte Southeast Asia Ltd, a member of Deloitte Asia Pacific Limited and of the Deloitte Network. "Deloitte" or the "Deloitte Network" refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Neither DTTL, nor any member firm of DTTL or their affiliated entities has any liability for each other's debts, obligations, acts or omissions. Each member firm of DTTL, and each of its related entities or affiliated entities is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu" or other related names; and services are provided by member firms or their related entities or affiliated entities and not by DTTL.

This engagement letter is between the Client and the Firm only. In the course of providing the services the Firm may, at its discretion, draw on the resources of other DTTL member firms and their related entities ("other Deloitte Firms"). Any partner, director or employee of any other Deloitte Firms who deal with you in connection with our services does so on behalf of the Firm alone. The Firm accepts responsibility for the actions of any partner, director or employee of any other Deloitte Firms assisting in the provision of our services as set out in this Engagement Letter.

The provisions of the preceding paragraphs have been stipulated by the Firm expressly for the benefit of other Deloitte Firms, their partners, directors and employees (together "the Beneficiaries"). You agree that each of the Beneficiaries shall have the right to rely on the aforementioned paragraphs as if they were parties to this engagement letter. Each of the other Deloitte Firms which may agree to assist in the provision of our services does so in reliance on the protections afforded to it by the aforementioned paragraphs, the benefit of which we formally accept on their behalf. You acknowledge and agree that no affiliated or related entity of the Firm, whether or not acting as a subcontractor, shall have any liability hereunder to you or any other person and you will not bring any action against any such affiliated or related entity in connection with this engagement.

1. Services.

The Client specifically acknowledges and agrees to the following:

1.1 It is understood and agreed that the Services may include recommendations, but all decisions in connection with the implementation and acceptance of such recommendations shall be the responsibility of, and made by, the Client. In connection with the Services, the Firm shall be entitled to rely on all decisions and approvals of the Client.

1.2 The performance of the Services does not constitute (i) a recommendation regarding the acquisition or financing of any business, assets, liabilities or securities, (ii) a market or financial feasibility study, (iii) a solvency opinion, or (iv) an examination or compilation of, or the performance of agreed upon procedures with respect to prospective financial information in accordance with Philippine audit or attestation professional standards. The Services and the Client Communications are not intended to be, and shall not be construed to be, "investment advice". It is understood that the Firm will not provide, nor will it be responsible for providing, legal advice hereunder. In addition, financial forecasts are the responsibility of management of the Client. In this regard, management of the Client is responsible for representations about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of its forecasted results and the Firm has no responsibility therefore or for the achievability of the results forecasted. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

1.3 The performance of the Services is heavily dependent upon the Client and its advisors (where applicable) having provided the Firm not only accurate and complete versions of materials and information requested by the Firm, but also upon the Client, and its respective advisors having provided all relevant materials and information and answered the Firm's questions fully and accurately. The Firm has no responsibility for the accuracy or completeness of the information provided by, or on behalf of, the Client even if the Firm had reason to know or should have known of such inaccuracy or incompleteness. This engagement cannot be relied upon to disclose errors or fraud should they exist.

2. Communications – Use and distribution.

2.1 The nature of the Services may necessitate informal communication to the Client of the Firm's findings that result from performing the Services as those Services are performed. Therefore, it will not be possible for all of the Firm's communications to be in the form of written reports. Accordingly, any information, documents, or other communications provided by the Firm, whether in writing or otherwise, including, without limitation, any reports

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Appendices | A2: Engagement letter

(including, without limitation, the Firm's final written report, if any, on the Services performed hereunder) or memoranda the Firm may issue, should be considered by the Client in the context of the nature of the Services that the Firm has agreed to provide. Such information, documents, communications and any drafts thereof, including, without limitation, any draft or final reports or memoranda, whether in writing or otherwise, are herein referred to collectively as the "Client Communications."

2.2 The Client agrees that the Client Communications, except for the final report, are solely for the Client's informational purposes and internal use in connection with the Proposed Transaction or Purpose, and are not intended to be relied upon by or for the benefit of any person or entity other than the Client. The Client further agrees that none of the Client Communications shall be circulated, quoted, disclosed or distributed to, nor will reference to any of the Client Communications be made to, anyone who is not (i) a member of management or of the board of directors of the Client, who may use the Client Communications solely for purposes of the Client's evaluation of the Proposed Transaction, (ii) a legal advisor of the Client acting strictly in an advisory capacity to the Client, who may use the Client Communications solely to assist the Client in connection with the Client's evaluation of the Proposed Transaction, provided that the Client shall ensure that such legal advisor does not further circulate, quote, disclose or distribute any of the Client Communications, or refer to the Firm in connection with the Proposed Transaction or any related transaction or any of the Client Communications, or (iii) any other professional advisor of the Client acting strictly in an advisory capacity to the Client, who may use the Client Communications solely to assist the Client in connection with the Client's evaluation of the Proposed Transaction and who has agreed in writing not to further circulate, quote, disclose or distribute any of the Client Communications, or refer to the Firm in connection with the Proposed Transaction or any related transaction or any of the Client Communications.

2.3 Where applicable, for purposes of the preceding paragraph, the term "professional advisor" does not include, among others, lenders or other financial institutions participating in or considering participating in any financing relating to the Proposed Transaction. In addition, the Client agrees that it will not refer, generically, by name or otherwise to the Firm or the Services in any written materials relating to the Proposed Transaction (other than in written materials provided solely to a member of management or the board of directors of the Client), including, without limitation, any publicly filed documents, without the prior written consent of the Firm for each requested use or reference.

3. Electronic communication.

3.1 During the engagement, both parties may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus- or error-free and information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Both parties agree to accept these risks and so each of us will be responsible for protecting their own systems and interests in relation to electronic communications. Neither party will have any liability to the other party on any basis for any loss or damage arising from or in connection with the electronic communication of information between both parties or their reliance on such information.

4. Spreadsheet & Computer Modelling.

4.1 In the course of providing the Services, we may make reference to spreadsheets and or computer models (together the "models") that you may provide to us or ask us to rely upon (the "Models") or that we may have used in connection with the Services. All models have limits and may not produce valid results for all possible combinations of input data; errors and potential errors may thus go unnoticed. Our work will be focused on the key outputs of the Models. As part of our work we may perform certain test checks on formulae and calculations within the Models for arithmetic and internal consistency but we will not be responsible for reviewing or testing the logical integrity of or detecting any errors in any of the Models.

4.2 In some cases, it may be expedient for us to provide you for your convenience with a copy of one or more of our Models by way of explanation or illustration of our Services or related advice. Where we agree to do so, any such model will have been developed solely for our internal use and incidental to our providing the Services and advice during the engagement rather than being the Client Communication of itself. Consequently, without in anyway qualifying the Services and the Client Communications pursuant to this engagement, in providing you with any of our Models, we make no representation, warranty or undertaking (express or implied) in relation to and take no responsibility for the accuracy, suitability, adequacy, completeness or reasonableness of any of our Models for your own use. Prior to manipulating or placing any reliance on any Models, you are advised to carry out appropriate checks upon them.

5. Confidentiality.

5.1 To the extent that, in connection with this engagement, the Firm comes into possession of any proprietary or confidential information of the Client, the Firm will not disclose such information to any third party without the Client's consent. The Client hereby consents to the Firm disclosing such information (a) to other Deloitte Firms for the provision of services in connection with this engagement or parties entitled to receive the Client Communications under this Engagement Letter, (b) as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining hereto, or (c) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by the Firm in breach hereof, (ii) becomes available to the Firm on a non-confidential basis from a source other than the Client which the

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Firm believes is not prohibited from disclosing such information to the Firm by obligation to the Client, (iii) is known by the Firm prior to its receipt from the Client without any obligation of confidentiality with respect thereto, or (iv) is developed by the Firm independently of any disclosures made by the Client to the Firm of such information.

5.2 The Client acknowledges and agrees that the Firm may use the Client's name and/or a general description of any services provided to the Client in client lists and similar limited distribution materials prepared for the Firm's marketing purposes as an entity that the Firm has been privileged to serve.

6. Limitation on liability and Indemnification.

6.1 The Client agrees that the Firm and its personnel shall not be liable to the Client, its shareholders, subsidiaries or its associated or related parties for any claims, liabilities, or expenses in any way arising out of or relating to services provided under this engagement for an aggregate amount exceeding one time the fees paid by the Client to the Firm for the services performed pursuant to this engagement. In no event shall the Firm, its directors, principals or employees be liable for (a) direct losses in the nature of damages for harm to business, lost revenues, lost profits or opportunity costs; and (b) consequential, special, indirect, incidental, punitive or exemplary loss, damage, cost or expenses (including, without limitation, lost profits and opportunity costs), relating to this engagement or the Proposed Transaction.

6.2 The Client agrees to indemnify and hold harmless the Firm, its directors, principals and employees from and against any and all actions, claims, liabilities and expenses (including without limitation, reasonable legal fees and expenses) brought against, paid or incurred by any of them at any time, in any way arising out of or relating to (i) this engagement or the Proposed Transaction (where applicable), except to the extent finally judicially determined to have resulted primarily from fraud and/or intentional misconduct of the Firm, (ii) a breach or an alleged breach by the Client or any of its personnel of any provision of these terms or the engagement letter to which these terms are attached, including, without limitation, the restrictions on use and distribution of the Client Communications, and (iii) the access to or use of the Client Communications by any professional advisor of the Client authorized hereunder.

6.3 The provisions of this Section shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. In circumstances where all or any portion of the provisions of this Section are finally judicially determined to be unavailable, the Firm's aggregate liability for any claims, liabilities, or expenses relating to this engagement or the Proposed Transaction (where applicable) shall not exceed an amount which is proportional to the relative fault that the Firm's conduct bears to all other conduct giving rise to such claims, liabilities, or expenses.

6.4 The limitation on liability provision of this engagement letter shall apply regardless of the form of action, loss, damage, claim, liability, cost, or expenses whether in contract, statute, tort (including without limitation, negligence), or otherwise. The agreements and undertakings of the Client contained in this engagement letter, including without limitation, those pertaining to restrictions on the Client Communications use and distribution, limitation on liability, shall survive the completion or termination of this engagement.

7. Non-exclusivity.

7.1 The Firm is prohibited to grant exclusivity to our clients. If such an engagement is being performed or were to be undertaken, the engagement team providing services to you hereunder would be separate from any engagement team providing services to such other parties, if any.

7.2 Confidential information, including the identity of the Client, obtained in the Firm's engagement with the Client will not, without the Client's prior permission, be disclosed to such other parties, if any. Similarly, the Firm and its personnel will have no responsibility to the Client to use or disclose information, including the identity of such other parties, if any, the Firm possesses by reason of such services for such other parties, if any, whether or not such information might be considered material to the Client. The Firm believes that any such relationships will not impair the objectivity of the Firm and its personnel in the performance of the Services. However, the Firm is bringing the possibility of these relationships to the Client's attention to avoid any misunderstanding.

8. Payment.

8.1 The Firm reserves the right to impose a late charge of the lesser of (i) 1% per month or (ii) the highest rate allowable by law, in each case compounded monthly to the extent allowable by law, for properly submitted invoices for which payment is not received within thirty (30) days of the invoice date.

8.2 The Firm reserves the right to suspend its services at any time if its accounts are not being satisfied on a timely basis. In the event of a delay in the timing of the Transaction or in the event of the cancellation of the Transaction, the Firm would expect to be paid at that time for all work performed to that point. Circumstances encountered during the performance of the Services that warrant additional time or expense or modifications to the scope of the procedures could cause us to be unable to deliver the Services within the above estimates. The Firm will endeavor to notify the Client of any such circumstances as they arise.

8.3 In addition, the Firm will be compensated for any time and expenses (including, without limitation, reasonable legal fees and expenses) that the Firm may incur in considering or responding to discovery requests or other requests for documents or information, or in participating as a witness or otherwise in any legal, regulatory, arbitration, or other proceedings, including, without limitation, those other than as a result of or in connection with this engagement.

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Appendices | A2: Engagement letter

9. Assignment.

9.1 Except as provided below, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. The Firm may assign or subcontract its rights and obligations hereunder to any affiliate or related entity without the consent of the Client.

10. Client's Responsibilities.

10.1 The Client shall cooperate with the Firm in the performance by the Firm of its services hereunder, including, without limitation, providing the Firm with reasonable facilities and timely access to data, information and personnel of the Client.

10.2 The Client will, without limitation, be responsible for the following in connection with the Firm's services hereunder: preparation of any prospective financial information, including, without limitation, financial projections supported by appropriate assumptions which, to the Client's best knowledge and belief represent the results of operations and changes in financial position.

10.3 Client agrees that the Firm is not being engaged to provide, nor shall it be responsible for providing: (i) legal advice or (ii) for participation in the preparation or interpretation of any legal documents. The Client agrees that the responsibility for the preparation, negotiation, review, and execution of all documentation with respect to any transaction shall be solely that of the Client in consultation with its legal counsel. Client also agrees that it shall be solely responsible for the accuracy, completeness and appropriateness of any external memorandum, including, without limitation, all information contained in or omitted from any such memorandum. The Client also acknowledges that the Firm cannot commit the Client to the terms of any transaction or consummate any transaction on behalf of the Client, and that only the Client, must make all decisions that commit the Client with respect to any transaction.

10.4 It is expressly understood that with respect to the services hereunder the Firm's reports, recommendations, analyses, conclusions and other documents, if any, whether written or oral, do not, in whole or in part, constitute an audit, or solvency opinion or feasibility determination. Where applicable, the Client is solely responsible for determining the price range within which negotiations shall occur with respect to the Proposed Transaction as well as the ultimate price to be paid in connection with the Proposed Transaction. The Firm will not render any advice as to whether, or at what price the Proposed Transaction should be entered into.

11. Force majeure.

11.1 The Firm shall not be liable for any delays or non-performance resulting from circumstances or causes beyond its reasonable control, including, without limitation, acts or omissions or the failure to cooperate by the Client (including, without limitation, entities or individuals under its control, or any of their respective officers, directors, employees, other personnel and agents), acts or omissions or the failure to cooperate by any third party, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

12. Warranties.

12.1 You hereby acknowledge that the Firm has not made any warranties or guarantees with respect to the Proposed Transaction or Service and your ability to achieve your objectives from the Proposed Transaction (where applicable).

13. Limitations on actions.

13.1 No action, regardless of form, relating to the engagement, may be brought by either party more than one year after the cause of action has accrued, except any action for non-payment of fees and expenses may be brought at any time whether before or after the expiration of the said one year period.

14. Independent contractor.

14.1 It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor, partner, fiduciary or representative of the other. Neither party shall act or represent itself, directly or by implication, in any such capacity in respect of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

15. Intellectual property.

15.1 The Firm retains copyright in all material provided to the Client or otherwise generated in the course of carrying out the engagement.

15.2 The Client shall keep confidential any methodologies and technology used by the Firm to carry out an engagement.

16. Survival and interpretation.

16.1 The agreements and undertakings of the Client contained in the engagement letter to which these terms are attached, together with these terms, shall survive the expiration or termination of this engagement.

17. Comments on the legal documentation.

17.1 The Client will appreciate that the precise wording of legal documentation is primarily a matter for lawyers and will reflect matters outside our expertise. The Firm's comments and suggestions should not be relied upon as being suitable for incorporation into any agreement without further consideration by the Client's legal advisors.

17.2 The Firm will not advise or make any representations to the Client regarding questions of legal interpretation or compliance. Any final agreement will be the product of negotiation between the parties and as such will contain clauses which reflect the interests of the other party (as well as the interests and requirements of the Client). It is a matter for the Client to determine whether the Client is

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prepared to accept those clauses in all the circumstances.

18. Personal Data.

18.1 Each party shall comply with their respective obligations under the applicable data protection laws to the extent in connection with this Engagement Letter and the Services it stores, processes and transfers any personal data to which data protection laws apply ("Personal Data"). In relation to any Client Group or third party Personal Data which is processed by the Firm as part of the Services, the Firm as data processor will (i) process such Personal Data only in accordance with lawful and reasonable instructions of the Client; and (ii) in compliance with legally required security obligations applicable to a data processor.

18.2 The Client confirms that it has obtained all legally required authorizations to transfer any Personal Data to the Firm and to contractors providing administrative, infrastructure and other support services to the Firm as well as to any Deloitte Firms (including any Subcontractors) and their respective personnel, and to any subcontractor, including across borders.

19. Anti-corruption.

19.1 The Firm understands that the Client maybe subject to laws that prohibit bribery and/or providing anything of value to government officials with the intent to influence that person's actions in respect of the Client. The Firm may be subject to similar laws and codes of professional conduct and has its own internal policies and procedures which prohibit illegal or unethical behaviors. In providing the Services, the Firm undertakes not to offer, promise or give financial or other advantage to another person with the intention of inducing a person to perform improperly or to reward improper behavior for the benefit of the Client.

20. Entire agreement.

20.1 These terms, the engagement letter to which these terms are attached, including exhibits, constitute the entire agreement between the Firm and the Client with respect to this engagement, supersede all other oral and written representations, understanding or agreements relating to this engagement, and may not be amended except by written agreement signed by the parties.

20.2 In the event of any conflict, ambiguity, or inconsistency between these terms and the engagement letter to which these terms are attached, these terms shall govern and control. All notices hereunder shall be (i) in writing, (ii) delivered to the representatives of the parties at the addresses first set forth in the engagement letter, unless changed by either party by notice to the other party, and (iii) effective upon receipt.

21. Governing law and jurisdiction.

21.1 The terms of the engagement letter, including other appendices, and all matters relating to this engagement (whether in contract, statute, tort (such as negligence), or otherwise), shall be governed by and construed in accordance with Philippine laws. It is irrevocably agreed that the courts of Pasig City, Philippines shall have exclusive jurisdiction to hear and determine any disputes that may arise in connection with this engagement.

21.2 If any provision of this letter is determined by a court of competent jurisdiction to be in violation of any applicable law or otherwise invalid or unenforceable, the remaining provisions contained in this letter shall otherwise continue in full force and effect, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties set forth herein.

21.3 Except as expressly provided in this Engagement Letter, no person other than a party to this Engagement Letter may enforce it. Notwithstanding any benefits or rights conferred by this Engagement Letter on any third party, the parties to this Engagement Letter may agree to vary or rescind this Engagement Letter without any third party's consent.

22. Termination.

22.1 It is understood that the services to be provided by us under this Engagement Letter may be terminated by either of us upon written notice to the other without liability or continuing obligation to either of us except that the provisions relating to fees and confirmations and further undertakings will continue in force and remain operative. For the avoidance of doubt, we shall be entitled (in the event of such termination) to fees based on the time already spent by the service team on this engagement and disbursements already incurred in accordance with this Engagement Letter.

22.2 The Firm may terminate this Engagement Letter in whole or in part, with immediate effect upon written notice to the Client if the Firm determines that a governmental, regulatory, or professional entity, or other entity having the force of law has introduced a new, or modified an existing, law, rule, regulation, interpretation, or decision, or circumstances change (including, without limitation, changes in ownership of the Client or of its affiliates) the result of which would render the Firm's performance of any part of this Engagement Letter illegal or otherwise unlawful or in conflict with independence or professional rules. Client shall only be liable to pay for Services rendered up to the point of such termination.

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Appendices | A2: Engagement letter

ATTACHMENT B

SCOPE OF WORK

1. Preparation

- Obtain an understanding of the business and operations of APVI.
- Review any related documents (e.g., legal and financial due diligence report) and financial models on APVI's historical and prospective performance.

2. Valuation

- Hold discussions and regular Q&A sessions with the respective management on matters pertinent to our work including the bases of assumptions and the preparation of the projections.
- Depending on the valuation methodologies chosen, obtain the valuation parameters as at Valuation Date through internal and external sources.
- Consider the application of premium for control or discounts for lack of control, discounts for lack of marketability, size premia and/or size discount in our valuation.
- Derive an estimate of the indicative fair value range of the equity shares of APVI as at Valuation Date.

3. Documentation

- Document the work performed in our fairness opinion report outlining our approach, assumptions and summary of indicative fair value range of equity shares.

VALUATION METHODOLOGIES

We shall consider the following valuation approaches in performing the Services. These valuation methods will be evaluated according to their appropriateness, given the conditions particular to the business and operations of APVI, to identify the method/s to be employed. We will use at least two methodologies, which we will confirm with you.

1. Market approach

- Benchmark the value of APVI vis-à-vis its comparable companies, determined by Deloitte's judgment, using applicable multiples.

2. Cost approach

- Adjust APVI's assets and liabilities, including off-balance sheet, intangible and contingent liabilities, if any, to their fair market value.
- We may have to rely on specialist valuation(s) to estimate the realizable values of selected and material assets. Our scope and fees do not include such specialist valuation(s).

3. Income approach

- Discount the projected free cash flow using the appropriate discount rate, at market value, of the cost of all financing sources in the business enterprise's capital structure.

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ATTACHMENT C

MANAGEMENT REPRESENTATION LETTER

[•]

Navarro Amper & Co.
19th Floor Net Lima Plaza
5th Ave. corner 26th St.
Bonifacio Global City, Taguig 1634
Philippines

Attention: Diane S. Yap, Partner

Gentlemen:

This representation letter is provided to you in connection with your engagement by Robinsons Land Corporation ("RLC") and Altus Properties Ventures Inc. ("APVI") – formerly Altus San Nicolas Corporation (collectively the "Client") to issue a fairness opinion on the fair value of APVI equity shares (the "Services") in relation to the distribution of APVI's shares as property dividend to the stockholders of RLC (the "Transaction"), in compliance with the requirement of the Philippine Stock Exchange ("PSE").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial and/or non-financial information relating to the engagement

1. We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated [•].
2. The schedule of all prospective financial information and the underlying assumptions therein used in connection with any projections, forecasts or analytical models provided are complete to support the APVI's business and financial plans throughout the projection period. The Management of APVI is responsible for all information and representation contained in the projected financial statements. The said projected financial statements reflect the Management's judgment, and based on present circumstances, are the most likely set of conditions and the course of action that the Management is likely to undertake.
3. [As applicable] We have provided you with the appraisal reports from third-party appraisers, which you deemed necessary for the performance of the Services. APVI is responsible for all the information contained in the appraisal reports, which form part of your analyses and estimation.

Information provided

4. We have provided you with:
    - Access to all information of which we are aware that is relevant to the performance of the Services;
    - Additional information that you have requested from us for the purpose of the engagement; and
    - Unrestricted access to persons within APVI from whom you determined it necessary to perform your work.
5. We have responded fully to your inquiries.
6. We have no knowledge of any significant matters contrary to your findings.

Yours faithfully,

Frederick D. Go
President and Chief Executive Officer

Appendices | A3: Management representation letter

APVI

ALTUS PROPERTY VENTURES, INC.
BRGY. 1, SAN FRANCISCO, SAN NICOLAS, ILOCOS NORTE, PHILIPPINES 2901

MANAGEMENT REPRESENTATION LETTER

17 September 2019

Navarro Amper & Co.
19th Floor Net Lima Plaza
5th Ave. corner 26th St.
Bonifacio Global City, Taguig 1634
Philippines

Attention: Diane S. Yap, Partner

Madam:

This representation letter is provided to you in connection with your engagement by Robinsons Land Corporation ("RLC") and Altus Property Ventures, Inc. ("APVI") – formerly Altus San Nicolas Corporation (collectively the "Client") to issue a fairness opinion on the fair value of APVI equity shares (the "Services") in relation to the distribution of APVI's shares as property dividend to the stockholders of RLC and the listing by way of introduction of said shares (the "Transaction"), in compliance with the requirement of the Philippine Stock Exchange ("PSE").

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial and/or non-financial information relating to the engagement

1. We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated 30 August 2019.
2. The schedule of all prospective financial information and the underlying assumptions therein used in connection with any projections, forecasts or analytical models provided are complete to support the APVI's business and financial plans throughout the projection period. The Management of APVI is responsible for all information and representation contained in the projected financial statements. The said projected financial statements reflect the Management's judgment, and based on present circumstances, are the most likely set of conditions and the course of action that the Management is likely to undertake.
3. We provided you with the appraisal reports from third-party appraisers, which you deemed necessary for the performance of the Services. APVI is responsible for all the information contained in the appraisal reports, which form part of your analyses and estimation.
4. We confirmed the property can still generate a reasonable level of cash flows beyond its estimated useful life and the estimated Php8.0M annual capital expenditures is sufficient to keep the property under a going-concern basis. This annual capital expenditure budget includes renovation and preventive maintenance costs and is based on our historical annual capital expenditure spend. There are no plans firmed up to-date as far as major renovations on the property.

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Information provided

5. We have provided you with:
    - Access to all information of which we are aware that is relevant to the performance of the Services;
    - Additional information that you have requested from us for the purpose of the engagement; and
    - Unrestricted access to persons within APVI from whom you determined it necessary to perform your work.
6. We have responded fully to your inquiries.
7. We have no knowledge of any significant matters contrary to your findings.

Yours faithfully,

ALTUS PROPERTY VENTURES, INC.

By:

Mr. Frederick D. Go
Chairman and President

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Appendices | A4: Weighted average cost of capital

Discount rate

- The discount rate represents the overall rate of return that the investment in APVI is expected to generate considering the inherent risks and costs in undertaking the project.

Weighted average cost of capital

- The WACC is the weighted average of all costs of financing, such as debt and equity. To arrive at a discount rate from a market participant's perspective, the data variables are sourced from market data and comparable companies.
- The WACC is represented by the formula:

$$WACC = w_d \, r_d + w_e \, r_e$$

- where w_d is the weight of debt financing from the targeted debt-to-capital ratio, w_e is the weight of equity financing from the targeted equity-to-capital ratio, r_d is the after-tax cost of debt, and r_e is the cost of equity.

Cost of debt

- We utilized a pre-tax cost of debt of 4.3% based on the corporate bond rate for a mature market, which will be adjusted to the Philippine default spread to account for the local debt risk.
- This is then converted to the local currency by multiplying it by the ratio of Philippine inflation to US inflation. As seen below, the after-tax cost of debt is 4.8%.

Variables	Low	High	Description
Corporate bond yield (a)	4.3%	4.3%	Investment grade yield for a mature market
Philippine default spread (b)	2.1%	2.1%	From Damodaran w ebsite
Pre-tax cost of debt (USD) (c)	6.5%	6.5%	(a + b)
Philippines inflation (d)	2.2%	2.2%	25-year projected average
US inflation (e)	1.8%	1.8%	25-year projected average
Pre-tax cost of debt (PHP) (f)	6.8%	6.8%	Based on average quoted lending rates as of Valuation date
Tax Rate (g)	30.0%	30.0%	Corporate income tax in the Philippines
After-tax cost of debt	**4.8%**	**4.8%**	(f) * (1- (g))

Source: Deloitte analysis

Comparable companies – capital structure and beta estimation

- Beta (β) measures the volatility of the stock relative to market fluctuations. A beta that is equal or greater to one implies that the company stock moves together or is more sensitive with idiosyncratic changes in the economy. Conversely, a beta less than one implies that the investment is more resilient to market fluctuations.
- Comparable companies operating in the same industry were identified to estimate the capital structure and the raw beta. The raw betas were adjusted using the Marshall Blume formula to reflect stock reversion. The adjusted beta will then be unlevered to remove the debt impact for each of the comparable companies, and will be relevered using (1) the tax rate of the subject companies acquired, and (2) the median capital structure of the comparable companies. The information was gathered using the S&P Capital IQ database.
- The relevering of beta can be computed as:

$$\boldsymbol{\beta}_L = \boldsymbol{\beta}_U \left((1 + (1 - t)) * (Debt/Equity)\right)$$

- where $\boldsymbol{\beta}_L$ is the levered beta, $\boldsymbol{\beta}_U$ is the unlevered beta, t is the corporate income tax rate, and Debt/Equity is the median capital structure of the comparable companies.
- The median debt-to-capital ratio is 28.9%. Conversely, the median equity-to-capital ratio is 71.1%.
- The median unlevered beta is 0.80, while the relevered beta is 1.02.

Appendices | A4: Weighted average cost of capital

Cost of equity

- The cost of equity can be estimated using the capital asset pricing model ("CAPM"). The CAPM can be represented by the general formula:

$$r_e = r_f + \boldsymbol{\beta}\ (\text{ERP}) + \text{other premiums}$$

- where r_e is the cost of equity, r_f is the risk-free rate, β is the relevered beta, ERP is the equity risk premium, and "other premiums" are adjustments consisting of size premium, country risk premium, and company-specific risk premium.
  - The 25-year risk-free rate used is the 5.1% market yield on Philippine treasury bonds from the Bangko Sentral ng Pilipinas as of Valuation Date; and
  - The equity risk premium for Philippines is 6.9% calculated by taking the difference of the total market return as estimated by Deloitte with the risk free rate.
  - The effected adjusted premiums are as follows:
    - Size premium of 2.5% to 3.5% using the decile ranking approach to reflect the inverse relationship of return volatility and company size.
- As seen below, the cost of equity capital ranges from 14.7% to 15.6%.

Variables	Low	High	Description
Market return (a)	12.0%	12.0%	Deloitte advisory research
Risk free rate (b)	5.1%	5.1%	Yield on 25-year Philippine bonds as of Valuation Date
Equity risk premium (c)	6.9%	6.9%	a - b
Relevered beta (d)	1.02	1.02	computed
Preliminary cost of equity (e)	12.2%	12.2%	b + (c * d)
Size premium (f)	2.5%	3.5%	Decile ranking per Duff and Phelps
Cost of Equity (Php)	**14.7%**	**15.6%**	e + f

Source: Deloitte analysis

WACC estimation

- As seen below, the estimated WACC using the traditional method ranges from 11.8% to 12.5%.

Variables	Low	High	Description
After-tax cost of debt (a)	4.8%	4.8%	Deloitte calculation
Cost of equity (b)	14.7%	15.6%	Deloitte calculation
Debt-to-capital ratio (c)	28.9%	28.9%	Median of the comparable companies
Equity-to-capital ratio (d)	71.1%	71.1%	Median of the comparable companies
Traditional WACC	**11.8%**	**12.5%**	(a) * (c) + (b) * (d), rounded

Source: Deloitte analysis

Appendices | A5: Comparable companies

No.	Comparable companies	Description
1	Robinsons Land Corporation (PSE:RLC)	Robinsons Land Corporation, together with its subsidiaries, engages in acquiring, developing, operating, leasing, disposing, and selling real properties in the Philippines. It operates through five divisions: Commercial Center, Residential, Office Buildings, Hotels and Resorts, and Infrastructure and Integrated Developments. The company also develops and sells residential condominium spaces, as well as high-end horizontal residential projects; and develops and leases office spaces, as well as owns and operates a chain of hotels in various locations in the Philippines. It is involved in the development of warehouse and logistics facilities; and development of mixed-use property projects. As of December 31, 2018, it operated 51 shopping malls. The company was founded in 1980 and is based in Quezon City, the Philippines. Robinsons Land Corporation is a subsidiary of JG Summit Holdings, Inc.
2	Megaworld Corporation (PSE:MEG)	Megaworld Corporation, together with its subsidiaries, develops, markets, and leases real estate properties in the Philippines. It operates through Real Estate, Rental, and Hotel Operations segments. It develops mixed-use planned communities or townships, including residential, commercial, office, leisure, entertainment, and educational/training components. The company's real estate portfolio comprises residential condominium units, subdivision lots and townhouses, and condominium-hotel projects, as well as office projects and retail spaces. It is also involved in the lease of office and retail spaces; and property-related activities, such as project design, construction oversight, and property management, as well as provision of business process outsourcing, educational facilities, restaurants, cafes, cocktail bars, lounges, inns, apartments, private clubs, and other related businesses. In addition, the company owns, leases, and manages hotels. As of July 30, 2019, Megaworld Corporation had 17 lifestyle malls across the Philippines, and a total retail space portfolio of approximately 710,000 square meters. The company was formerly known as Megaworld Properties & Holdings, Inc. and changed its name to Megaworld Corporation in August 1999. The company was founded in 1989 and is based in Taguig, the Philippines. Megaworld Corporation is a subsidiary of Alliance Global Group, Inc.
3	Filinvest Land, Inc. (PSE:FLI)	Filinvest Land, Inc., together with its subsidiaries, operates as a real estate developer in the Philippines. The company operates through Real Estate and Leasing segments. The Real Estate segment engages in the acquisition of land; planning and development of integrated residential communities; and development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club, and condominium buildings. The Leasing segment is involved in the operation of Festival Supermall, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Alabang, Muntinlupa city, Pasay city, Cebu city, and Tagaytay city. Filinvest Land, Inc. also engages in the construction, marketing, and recreational sports and nature club operations, as well as district cooling systems operations. The company was formerly known as Citation Homes, Inc. and changed its name to Filinvest Land, Inc. in July 1993. Filinvest Land, Inc. was incorporated in 1989 and is based in Mandaluyong, the Philippines. Filinvest Land, Inc. is a subsidiary of Filinvest Development Corporation.
4	SM Prime Holdings, Inc. (PSE:SMPH)	SM Prime Holdings, Inc., together with its subsidiaries, develops, conducts, operates, and maintains shopping center spaces in the Philippines, China, and Southeast Asia. The company operates through four segments: Mall, Residential, Commercial, and Hotels and Convention Centers. It leases mall and food court; and sells cinema tickets, as well as offers amusement services, including bowling and ice skating. The company is also involved in the development and sale of residential properties, such as houses and leisure homes; development and leasing of office buildings, as well as the operation and management of office buildings and other land holdings; and development and management of various hotel and convention center properties. As of December 31, 2018, it had six hotels located in Tagaytay City, Batangas, Pampanga, Cebu City, Davao City, and Pasay City; four convention centers; and three trade halls. The company was founded in 1994 and is based in Pasay City, the Philippines.
5	Cebu Holdings, Inc. (PSE:CHI)	Cebu Holdings, Inc. owns, develops, markets, and manages real properties in the Philippines. It operates through Commercial Development, Residential Development, Shopping Centers, Corporate Business, and Others segments. The Commercial Development segment develops and sells commercial lots and club shares. The Residential Development segment develops and sells residential lots and condominium units. The Shopping Centers segment develops shopping centers and leases retail space and land therein to third parties; operates movie theaters, food courts, entertainment facilities, and car parks in its shopping centers; and operates and manages malls. The Corporate Business segment develops and leases office buildings. The Others segment engages in the investment in joint ventures and sale of non-core assets. Cebu Holdings, Inc. also owns and operates City Sports Club Cebu, a recreational and sports resort; and develops and operates a hotel. The company was incorporated in 1988 and is headquartered in Cebu City, the Philippines. Cebu Holdings, Inc. is a subsidiary of Ayala Land, Inc.

Appendices | A5: Comparable companies

No.	Comparable companies	Description
6	Sta. Lucia Land, Inc. (PSE:SLI)	Sta. Lucia Land, Inc. operates as a real estate development company in the Philippines. Its property portfolio comprises residential lots, townhouses, condominiums, and condotels. The company also develops, sells, and leases malls and commercial lots. In addition, it provides housing construction and marketing services; and sells properties on installment facilities. The company was formerly known as Zipporah Realty Holdings, Inc. and changed its name to Sta. Lucia Land, Inc. in 2007. Sta. Lucia Land, Inc. was incorporated in 1966 and is headquartered in Cainta, the Philippines. Sta. Lucia Land, Inc. is a subsidiary of Sta. Lucia Realty and Development Inc.
7	Starmalls, Inc. (PSE:STR)	Starmalls, Inc., through its subsidiaries, engages in the development and leasing of retail malls and business process outsourcing commercial centers in the Philippines. It leases space to retail businesses that include supermarkets, as well as retail of apparels, construction materials, home/building appliances, and furnishings. The company was formerly known as Polar Property Holdings Corp. and changed its name to Starmalls, Inc. in June 2012. The company was incorporated in 1969 and is based in Las Piñas, the Philippines. Starmalls, Inc. is a subsidiary of Vista Land & Lifescapes, Inc.
8	Vista Land & Lifescapes, Inc. (PSE:VLL)	Vista Land & Lifescapes, Inc., an investment holding company, operates in the real estate industry in the Philippines. It operates through Horizontal Projects, Vertical Projects, and Commercial and Others segments. The company is involved in the development and sale of residential lots and units, and residential high-rise condominium; and development, leasing, and management of shopping malls and commercial centers, as well as operation of hotel. It also develops, leases, and markets retail malls; and develops and operates BPO commercial centers. The company was incorporated in 2007 and is based in Mandaluyong City, the Philippines. Vista Land & Lifescapes, Inc. is a subsidiary of Fine Properties, Inc.
9	DoubleDragon Properties Corp. (PSE:DD)	DoubleDragon Properties Corp., together with its subsidiaries, engages in the real estate development business in the Philippines. The company develops, markets, sells, and leases land, buildings, condominium units, town houses, apartments, house and lot packages, and other forms of real estate products; and constructs, manages, and administers buildings, such as condominiums, apartments, hotels, restaurants, and stores or other structures, as well as constructs, develops, builds, operates, and maintains commercial centers or malls. It is also involved in maintaining, preserving, preparing, and cleaning buildings, condominiums, townhouses, hotels, amusement or recreational places or counters, office premises, factories, shops, equipment, and facilities; and providing janitorial services and window cleaning, as well as carpentry works, plumbing, electrical, painting, landscaping, gardening, and ground maintenance services to various kinds of buildings. In addition, it finances, designs, constructs, develops, operates, and maintains ferry terminal in Iloilo City-Guimaras, as well as provides industrial warehouse leasing services. The company was formerly known as Injap Land Corporation and changed its name to DoubleDragon Properties Corp. in July 2012. DoubleDragon Properties Corp. was incorporated in 2009 and is headquartered in Pasay City, the Philippines.

Appendices | A6: GPC multiples

GPC - Multiples

No.	Companies	Country	Ticker	P/B
1	Robinsons Land Corporation	Philippines	RLC	1.4x
2	Megaworld Corporation	Philippines	MEG	1.0x
3	Cebu Holdings, Inc.	Philippines	CHI	1.2x
4	Sta. Lucia Land, Inc.	Philippines	SLI	1.1x
5	Starmalls, Inc.	Philippines	STR	2.4x
6	Vista Land & Lifescapes, Inc.	Philippines	VLL	1.0x
7	DoubleDragon Properties Corp.	Philippines	DD	1.7x
	Valuation multiple (median)			**1.2x**

Appendices | A7: Appraisal report

Appraisal report summary

Php'000	Jun'19
Cost approach	
Building	464,180
Land	327,000
Machinery and equipment	172,315
Other land improvements	9,585
	973,080
Income approach	**1,483,000**
SKF's appraisal report	**1,483,000**

Source: Management information

NavarroAmper&Co.

Deloitte.