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

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. 449;
Page No. 92;
Book No. 6;
Series of 2020

ATTY. CO[illegible] P. VILLARE[illegible]
Notary Public for Quezon City
Until December 31, 202[illegible]
PTR No. 929[illegible] - 1-2-2020/ QC
IBP No. 093[illegible] - 10-22-2019/ QC
Roll No. 30[illegible]57 - 05-09-[illegible]
MCLE V-0012536 - 12-21-2015
Adm. Matter No. NP-001(2020-2021)
TIN NO. 131-942-754

P&A Grant Thornton

An instinct for growth™

Punongbayan & Araullo
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6766 Ayala Avenue
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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

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Report of Independent Certified Public Accountants to Accompany Income Tax Return

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

We have audited the financial statements of Altus Property Ventures, Inc. (the Company) for the year ended December 31, 2019, on which we have rendered the attached report dated January 24, 2020.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8116539, January 2, 2020, Makati City
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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

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

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

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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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Altus Property Ventures, Inc. (the Company) for the year ended December 31, 2019, on which we have rendered our report dated January 24, 2020. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information are the responsibility of the Company's management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

January 24, 2020

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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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Altus Property Ventures, Inc. (the Company) for the year ended December 31, 2019, on which we have rendered our report dated January 24, 2020. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information are the responsibility of the Company's management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
SUPPLEMENTARY SCHEDULES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Others Required Information

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Schedule A - Financial Assets
December 31, 2019
(Amounts in Philippine Pesos)

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued

Not Applicable

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Schedule B - Amounts Receivable From Directors, Officers, Employees, Related Parties And Principal Stockholders (Other Than Related Parties)
December 31, 2019
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of the Period	Additions	Deductions			Ending Balance		Balance at End of the Period
		Amounts Granted	Amounts Collected	Amounts Written-off	Amounts Assigned	Current	Not Current	

Not Applicable

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Schedule C - Amounts Receivable From Related Parties Which Are Eliminated During The Consolidation Of Financial Statements
December 31, 2019
(Amounts in Philippine Pesos)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period

Not Applicable

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Schedule D - Intangible Assets - Other Assets
December 31, 2019
(Amounts in Philippine Pesos)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance

Not Applicable

ALTUS PROPERTY VENTURES, INC.

(Formerly Altus San Nicolas Corp.)

(A Subsidiary of JG Summit Holdings, Inc.)

Schedule E - Long Term Debt

December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet

Not Applicable

ALTUS PROPERTY VENTURES, INC.

(Formerly Altus San Nicolas Corp.)

(A Subsidiary of JG Summit Holdings, Inc.)

Schedule F - Indebtedness To Related Parties (Long-Term Loans From Related Companies)

December 31, 2019

(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of the Period	Balance at End of the Period

Not Applicable

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Schedule G - Guarantees Of Securities Of Other Issuers
December 31, 2019
(Amounts in Philippine Pesos)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

Not Applicable

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Schedule H - Capital Stock
December 31, 2019

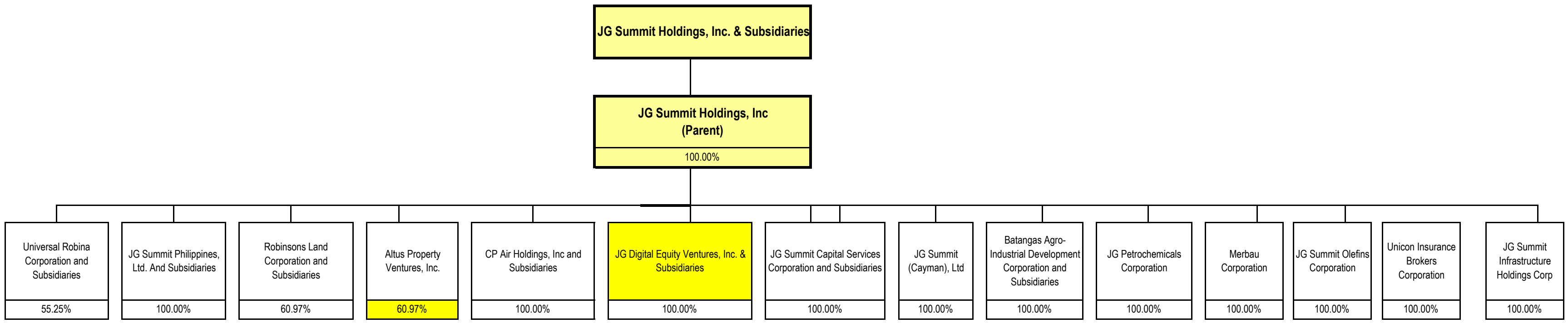
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P1 par value	100,000,000	100,000,000	-	67,078,720	17,092	32,904,188

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Brgy. 1 San Francisco, San Nicolas, Ilocos Norte
(Amounts in Philippine Pesos)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2019

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements		P 71,494,150
Prior Years' Outstanding Reconciling Item, net of tax –		
Straight line adjustment rental income (PFRS 16)	(2,755,852)	
Discounting effect on security deposists (PFRS 9)	(112,231)	
Deferred tax asset	(64,692)	(2,932,775)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		68,561,375
Net Profit Actually Earned during the Period		
Net income per audited financial statements	64,484,592	
Discounting effect on security deposits (PFRS 9), net of tax	(199,117)	
Straight line adjustment rental income (PFRS 16), net of tax	252,006	64,537,481
		133,098,856
Other Transactions During the Year		
Declaration of dividends		(101,000,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Period		**P 32,098,856**

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2019



ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
(A Subsidiary of JG Summit Holdings, Inc.)
Financial Soundness Indicators
December 31, 2019 and 2018
(Amounts in Philippine Pesos)

		2019		2018	
I.	**Current Ratio**				
	Current Assets	**363,033,013**	**4.17**	397,039,441	5.19
	Current Liabilities	**87,144,926**		76,570,450	
II.	**Solvency Ratio**				
	Net Income after Tax + Non-Cash Expenses	**84,925,009**	**0.83**	85,845,990	0.93
	Total Liabilities	**101,750,407**		92,249,057	
III.	**Debt-to-equity Ratio**				
	Total Liabilities	**101,750,407**	**0.17**	92,249,057	0.15
	Total Equity	**585,166,764**		621,682,172	
IV.	**Asset-to-equity Ratio**				
	Total Assets	**686,917,171**	**1.17**	713,931,229	1.15
	Total Equity	**585,166,764**		621,682,172	
V.	**Interest Coverage Ratio**				
	Not applicable. The Company has no borrowings as of December 31, 2019 and 2018.				
VI.	**Gross Profit Ratio**				
	Gross Profit	**109,665,419**	**0.82**	95,353,944	0.74
	Total Revenues	**133,965,359**		129,250,666	
VII.	**EBITDA Margin**				
	EBITDA	**104,360,716**	**0.78**	101,749,108	0.79
	Total Revenues	**133,965,359**		129,250,666	
VIII.	**Net Profit Ratio**				
	Net Profit	**64,484,592**	**0.48**	57,821,378	0.45
	Total Revenues	**133,965,359**		129,250,666	
IX.	**Operating Margin Ratio**				
	Operating Profit	**73,274,785**	**0.55**	74,769,121	0.58
	Total Revenues	**133,965,359**		129,250,666	
X.	**Book Value Per Share**				
	Total Equity	**585,166,764**	**P 5.85**	621,682,172	P 6.22
	Number of Shares Outstanding	**100,000,000**		100,000,000	
XI.	**Earnings Per Share**				
	Net Profit	**64,484,592**	**P 0.64**	57,821,378	P 0.58
	Weighted Average No. of Shares	**100,000,000**		100,000,000	