

SEC Number
File Number

CS200704758

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

(Company's Full Name)

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

(Company's Address)

8397-1888

(Telephone Number)

March 31, 2021

(Quarter Ended)

SEC Form 17Q

Form Type

Amendment Designation (if applicable)

Not Applicable

(Secondary License Type and File Number)

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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(F	o	r	m	e	r	l	y		A	l	t	u	s		S	a	n		N	i	c	o	l	a	s		C	o
r	p	.)																										

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

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Form Type

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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

Corporate.Secretary@altuspropertyventures.com.ph
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Company's Telephone Number

8397-1888

Mobile Number

N/A

No. of Stockholders

1,503

Annual Meeting (Month / Day)

Last Friday of May

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Kerwin Max S. Tan

Email Address

Kerwin.Tan@altuspropertyventures.com.ph

Telephone Number/s

8397-1888

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

14 th Floor Robinsons Cyberscape Alpha cor. Garnet and Sapphire Road, Ortigas Center, Pasig City

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

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

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2021**

2. SEC Identification Number: **CS200704758**

3. BIR Tax Identification No. **006-199-192-000**

4. Exact name of issuer as specified in its charter

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

5. **Ilocos Norte, Philippines** Province, Country or other jurisdiction of incorporation or organization
SEC Use Only) Industry Classification Code:

7. **Brgy. 1, San Francisco, San Nicolas, Ilocos Norte** Address of principal office
2901 Postal Code

8. **8397-1888** Issuer's telephone number, including area code

9. **Not Applicable**.....
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA2

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock	100,000,000 shares

11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange Common Stock

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. **See Exhibit II**

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

See Exhibit I


PART II—OTHER INFORMATION

Not applicable.

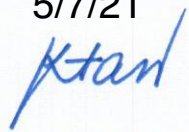
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer
Signature and Title
Date


FREDERICK D. GO
President and Chief Executive Officer
5/7/21

Issuer
Signature and Title
Date


KERWIN MAX S. TAN
Chief Finance Officer, Treasurer,
Compliance Officer and Chief Information Officer
5/7/21

ALTUS PROPERTY VENTURES, INC.
(Formerly Altus San Nicolas Corp.)
1st Quarter CY 2021 PERFORMANCE

I. Operations

For the first quarter of 2021, revenues posted a 34% decline versus the same period last year. This decline was attributed to the temporary and partial closure of mall areas during the community quarantine period, except for areas occupied by tenants that provided essential services such as the supermarket, banks, and pharmacies. Rent was also waived for non-operational tenants during the Enhanced Community Quarantine (ECQ). Other income (expenses) were down by 33% to (₱4.63 million) due to lower billings of utilities - net as a result of the temporary and partial mall closure during the ECQ. Despite these, APVI still generated a positive earnings before interest, taxes, depreciation and amortization (EBITDA) of ₱19.9 million, a decrease of 22% from the previous year. Furthermore, APVI managed to sustain its operations with its internally-generated funds during the year, resulting to zero cash burn.

The Company continues to be laser-focused on maintaining operational efficiency with costs of rental services declining by 62% to ₱2.61 million, and general and administrative expenses by 69% to ₱2.37 million. The decline in cost of rental services was mainly due to the adjustment in depreciation resulting from the change in the estimated useful lives of buildings and building improvements from 10-20 years to 20-40 years. This tempered the decline in earnings before interest and taxes (EBIT) which registered at ₱17.7 million from ₱19.3 million in the previous year. The revision in useful life was made in order for the depreciation expense to be more representative of the pattern of usage of the assets in line with peers. The decrease in general and administrative expenses was mainly attributable to lower level of professional, management and consultancy fees and taxes and licenses.

Meanwhile, tax cuts arising from the enactment of CREATE Act in March 2020 caused Net Income to decline by only 3% versus a year ago to ₱14.4 million.

On a sequential basis, the Company saw an improvement in its performance compared to the fourth quarter of 2020 with revenues increasing by ₱4.5 million or 20%. EBITDA and EBIT rose by 85% and 233%, respectively; while net income tripled to 327%.

II. Financial Resources and Liquidity

APVI's financial position remains solid with total assets ending at ₱715.26 million and total equity at ₱621.24 million as of March 31, 2021.

As of December 31, 2020, total assets ended at ₱703.65 million while total equity finished at ₱606.83 million.

Cash registered at ₱235.79 million as of March 31, 2021 increasing by 8% from December 31, 2020 mainly due to net cash generated from operations in the first quarter. Other current assets decreased by 30% to ₱7.10 million due to the application of creditable withholding tax as tax credits against the Company's income tax payments.

Current ratio ended at 5.00:1 from last year end's 4.57:1.

Earnings per share for the first three months of the year posted to ₱0.14 per share while as of December 31, 2020 was at ₱0.22 per share.

Book value stood at ₱6.21 per share as of March 31, 2021 compared to ₱6.07 per share as of December 31, 2020.

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

Unaudited Interim Condensed Financial Statements
March 31, 2021 and for the Three Months Ended March 31, 2021 and 2020
*(With Comparative Audited Statement of Financial Position
as of December 31, 2020)*

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)
UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱235,785,649	₱218,962,064
Receivables (Note 5)	168,569,623	168,563,860
Due from affiliates (Note 13)	28,853	26,334
Other current assets (Note 6)	7,100,092	10,122,103
Total Current Assets	411,484,217	397,674,361
Noncurrent Assets		
Investment properties - net (Note 7)	261,125,984	262,546,194
Property and equipment - net (Note 8)	42,650,744	43,433,774
Total Noncurrent Assets	303,776,728	305,979,968
	₱715,260,945	₱703,654,329
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 9)	₱54,982,175	₱57,411,004
Current portion of deposits and other liabilities (Note 10)	27,259,868	29,550,900
Total Current Liabilities	82,242,043	86,961,904
Noncurrent Liabilities		
Noncurrent portion of deposits and other liabilities (Note 10)	8,555,811	6,302,564
Pension liabilities	1,528,540	1,528,540
Deferred tax liabilities - net	1,691,127	2,029,352
Total Noncurrent Liabilities	11,775,478	9,860,456
Total Liabilities	94,017,521	96,822,360
Equity		
Capital stock (Note 11)	100,000,000	100,000,000
Additional paid-in capital (Note 11)	450,000,000	450,000,000
Retained earnings (Note 11)	71,346,966	56,935,511
Remeasurement of net defined benefit liabilities - net of tax	(103,542)	(103,542)
Total Equity	621,243,424	606,831,969
	₱715,260,945	₱703,654,329

See accompanying Notes to Unaudited Interim Financial Statements.

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)
UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For Three Months Ended March 31	
	2021	2020
RENTAL REVENUES (Note 14)	₱27,427,902	₱41,310,311
COSTS OF RENTAL SERVICES (Note 12)	2,609,598	6,788,607
GROSS INCOME	24,818,304	34,521,704
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries, wages and employee benefits	1,277,827	1,407,156
Taxes and licenses	899,101	1,295,209
Professional, management and consultancy fees (Note 13)	100,360	4,376,549
Travel and communication	65,357	306,029
Supplies	25,000	182,706
Advertising	1,293	173,813
	2,368,938	7,741,462
OPERATING INCOME	22,449,366	26,780,242
OTHER INCOME (EXPENSES)		
Interest income (Note 4)	125,839	490,130
Billings of utilities - net	(3,949,709)	(7,743,639)
Other income (expense) - net (Note 9)	(804,353)	303,345
	(4,628,223)	(6,950,164)
INCOME BEFORE INCOME TAX	17,821,143	19,830,078
PROVISION FOR INCOME TAX	3,409,688	4,988,555
NET INCOME	14,411,455	14,841,523
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME	₱14,411,455	₱14,841,523
Basic and Diluted Earnings Per Share (Note 11)	₱0.14	₱0.15

See accompanying Notes to Unaudited Interim Financial Statements.

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)
UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020

For the Three Months Ended March 31, 2021

	Capital Stock (Note 11)	Additional Paid-in Capital (Note 11)	Remeasurement of net defined benefit liabilities - net of tax	Retained Earnings (Note 11)	Total Equity
Balances at January 1, 2021	₱100,000,000	₱450,000,000	(₱103,542)	₱56,935,511	₱606,831,969
Total comprehensive income for the period	–	–	–	14,411,455	14,411,455
Balances at March 31, 2021	₱100,000,000	₱450,000,000	(₱103,542)	₱71,346,966	₱621,243,424

For the Three Months Ended March 31, 2020

	Capital Stock (Note 11)	Additional Paid-in Capital (Note 11)	Remeasurement of net defined benefit liabilities - net of tax	Retained Earnings (Note 11)	Total Equity
Balances at January 1, 2020	₱100,000,000	₱450,000,000	₱188,022	₱34,978,742	₱585,166,764
Total comprehensive income for the period	–	–	–	14,841,523	14,841,523
Balances at March 31, 2020	₱100,000,000	₱450,000,000	₱188,022	₱49,820,265	₱600,008,287

See accompanying Notes to Unaudited Interim Financial Statements.

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱17,821,143	₱19,830,078
Adjustments for:		
Depreciation expense (Notes 7 and 8)	2,203,240	6,052,093
Interest income (Note 4)	(125,839)	(490,130)
Operating income before working capital changes	19,898,544	25,392,041
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	(5,763)	(2,629,457)
Due from affiliates	(2,519)	92,301
Other current assets	3,022,011	925,781
Increase in:		
Accounts payable and accrued expenses	(2,351,758)	6,324,229
Deposits and other liabilities	(37,785)	1,863,513
Net cash generated from operations	20,522,730	31,968,408
Interest received from cash in banks	538	1,537
Cash paid for income taxes	(3,824,984)	(6,749,327)
Net cash flows provided by operating activities	16,698,284	25,220,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 8)	–	(5,724,799)
Investment properties (Note 7)	–	(616,074)
Interest received from short-term investments (Note 4)	125,301	488,593
Net cash flows provided by (used in) investing activities	125,301	(5,852,280)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,823,585	19,368,338
CASH AND CASH EQUIVALENTS AT JANUARY 1	218,962,064	175,668,658
CASH AND CASH EQUIVALENTS AT MARCH 31	₱235,785,649	₱195,036,996

See accompanying Notes to Unaudited Interim Financial Statements.

ALTUS PROPERTY VENTURES, INC. (Formerly Altus San Nicolas Corp.)
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (the Company or APVI) is a stock corporation incorporated and registered with the Philippine Securities and Exchange Commission (the SEC). It was incorporated on March 28, 2007 as a real estate company with an initial authorized capital stock of 40,000,000 Common Shares at a par value of ₱1.00 per share. The Company's primary purpose is to engage in the business of selling, acquiring, building, constructing, developing, leasing and disposing of real estate properties and property development of all kinds and nature.

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 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.

On April 29, 2020, PSE has approved the listing of the Company. On June 26, 2020, the Company underwent listing by way of introduction of 100,000,000 common shares on the Small, Medium, and

Emerging (SME) Board of the Philippine Stock Exchange, which represents 100% of the issued and outstanding common shares of the Company, with an initial listing price of P10.10 per share.

Impact of COVID-19 Pandemic on Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Company's business operations. The Company is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term.

With public health and safety in mind and in full cooperation with the government, APVI temporarily closed Robinsons Place Ilocos mall except areas of the mall that are being occupied by tenants providing essential services such as the supermarkets, banks and pharmacies. Although the Company waived rental amounting to P24.2 million for non-operational tenants during the enhanced community quarantine (ECQ) period, it was still able to collect rent from the aforementioned operational tenants, keeping the Company afloat. In addition to complying with the guidelines, rules and regulations that the Philippine government has laid out, the Company has rolled out robust plans to ascertain business continuity and have taken immediate actions to ensure that Company's services remain available to its customers. The Company did not incur significant capital expenditures during the year, and also did not declare dividends. Skeleton workforces have been deployed and contingency measures such as flexible personnel resourcing and off-site working facilities have been employed.

APVI has implemented appropriate and enhanced measures in an effort to contain the spread of the virus within its properties and workplace. To ensure adequate social distancing, mall operating hours have been adjusted for operational stores, social distancing floor markers have been strategically placed and entry of customers is closely monitored. Infrared non-contact thermal scanners are being used and hand sanitizers and foot baths have been installed in all the entry points of the mall. All its front liners are required to conduct frequent handwashing, wear protective masks or gear, and implement effective cleaning procedures in all its properties. Moreover, sanitation teams have been reinforced to carry out deep disinfection procedures especially in high-touch areas such as elevators and escalators, food courts, mall directory, etc. In the workplace, corporate policies have been established to use digital or online platforms for corporate communications and virtual meetings in order to limit physical contact. Decentralized and/or remote working arrangements for the Company's employees have also been instituted.

APVI's main focus is to ensure a safe environment for its customers and employees in order to rebuild workplace and business confidence. As of the date of this report, the mall has already been reopened.

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

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these interim condensed financial statements are summarized in the succeeding pages. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of Preparation of Interim Condensed Financial Statements

These interim condensed financial statements as at and for the three months ended March 31, 2021 (with comparative figures as at December 31, 2020 and for the three months ended March 31, 2020) have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company as at and for the year ended December 31, 2020.

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed financial statements are presented in Philippine Pesos (P), the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise stated.

2.2 Adoption of New and Amended PFRS

The Company has adopted new accounting pronouncements which are mandatorily effective for annual periods beginning on or after January 1, 2021, however, except for PFRS 16, *Leases*, these amendments, interpretations and annual improvements to standards do not have a significant impact on the Company's interim condensed financial statements, and the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these pronouncements.

PFRS 16 replaces PAS 17, *Leases*, and related interpretations IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standing Interpretations Committee (SIC) 5, *Operating Lease - Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessors, lease accounting is similar to PAS 17's approach. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially similar to PAS 17. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The Company's adoption of PFRS 16 has not resulted in changes in its accounting policies with respect to leases and did not result into any adjustments to the amounts recognized in the Company's unaudited interim financial statements. The Company, as a lessor, continues to classify its leases as either operating or finance leases. Rental income is recognized on a straight-line basis over the term of the lease. The new standard has been applied using the modified retrospective approach; thus, for contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as lease under PAS 17 and IFRIC 4.

3. Significant Accounting Judgments, Estimates and Assumptions

In preparing the interim condensed financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities,

income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements as of and for the year ended December 31, 2020.

4. Cash and Cash Equivalents

	March 31, 2021	December 31, 2020
Cash on hand and in banks	₱11,248,836	₱4,528,299
Short-term investments	224,536,813	214,433,765
	₱235,785,649	₱218,962,064

Cash in banks earn annual interest at the respective bank deposit rates. Interest income earned from cash in banks and short-term investments amounted to ₱0.12 million and ₱0.49 million for the three months ended March 31, 2021 and 2020, respectively.

5. Receivables

	March 31, 2021	December 31, 2020
Receivable from sale of assets (Note 13)	₱143,812,400	₱149,985,430
Trade	23,226,080	17,076,917
Accrued rent receivable	947,515	947,515
Others	583,628	553,998
	₱168,569,623	₱168,563,860

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

Trade receivables pertain to rent receivables which are non-interest 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.

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

All trade receivables are subject to credit risks exposure. However, the Company does not identify specific concentrations of credit risk with regard 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.

6. Other Current Assets

	March 31, 2021	December 31, 2020
Creditable withholding tax	₱1,984,472	₱4,594,834
Utility deposits	2,004,000	2,004,000
Prepaid taxes	1,238,584	1,651,445
Advances to suppliers and contractors	1,326,071	1,326,071
Others	546,965	545,753
	₱7,100,092	₱10,122,103

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.

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

7. Investment Properties - net

The reconciliation of the carrying amounts of investment properties is shown below.

	March 31,		December 31,
	2021	2020	2020
Balance at beginning of period	₱262,546,194	₱281,494,986	₱281,494,986
Additions	–	616,074	–
Depreciation expense	(1,420,210)	(5,761,578)	(18,948,792)
Balance at end of period	₱261,125,984	₱276,349,482	₱262,546,194

Rental revenue from investment properties amounted to ₱18.94 million and ₱33.62 million for the three months ended March 31, 2021 and 2020, respectively.

The fair value as of March 31, 2021 amounted to ₱1,483.00 million, which is based on independent third party appraisal report, dated June 30, 2019.

The Company revised the estimated useful life of investment properties from 20 years to 40 years for the depreciation expense to be more representative of the pattern of usage of the assets.

8. Property and Equipment - net

The reconciliation of the carrying amounts of property and equipment is shown below.

	March 31,		December 31,
	2021	2020	2020
Balance at beginning of period	₱43,433,774	₱42,389,172	₱42,389,172
Additions	–	5,724,799	6,340,864
Depreciation expense	(783,030)	(290,515)	(5,296,262)
Balance at end of period	₱42,650,744	₱47,823,456	₱43,433,774

The Company revised the estimated useful life of property and equipment from 10 years to 20

years for the depreciation expense to be more representative of the pattern of usage of the assets.

9. Accounts Payable and Accrued Expenses

	March 31, 2021	December 31, 2020
Accounts payable	₱46,593,390	₱49,272,417
Accrued utilities expense	2,263,612	2,564,123
Accrued contracted services	3,424,115	2,684,881
Income tax payable	2,562,102	2,639,173
Taxes and licenses payable	138,956	250,410
	₱54,982,175	₱57,411,004

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. Accrued contracted services pertain to housekeeping, security and engineering services that are yet to be billed by the contractors.

10. Deposits and Other Liabilities

	March 31, 2021	December 31, 2020
Deposits from lessees	₱33,209,687	₱32,963,569
Others	2,605,992	2,889,895
	35,815,679	35,853,464
Current portion of deposits from lessees	(27,259,868)	(29,550,900)
	₱8,555,811	₱6,302,564

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 its future cash flows using the applicable rates of similar type of instruments at the date of receipt of deposits.

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

11. Equity

11.1 Capital Stock

The Company's authorized share capital is ₱100.0 million, divided into 100.0 million common shares with ₱1 par value. As of March 31, 2021 and December 31, 2020, 100.0 million number of common shares for a total amount of ₱100.0 million are issued and outstanding and are traded in the PSE. The Company's share price closed at ₱19.40 and ₱12.40 per share for the period ended March 31, 2021 and December 31, 2020, respectively.

On December 20, 2019, a Property Dividend were distributed by RLC to all eligible stockholders (see

Note 1). As of December 31, 2019, the Company has more than 1,000 shareholders. As of March 31, 2021 and December 31, 2020, the Company has 32,890,219 shares and 32,890,239 shares owned by the public, respectively.

11.2 Retained Earnings

The details of the dividends approved and declared by the Board of Directors are as follows:

Date of Approval	Date of Record	Date of Payment	Type of Dividend	Amount	Dividend per Share
March 22, 2019	February 28, 2019	March 29, 2019	Cash	₱50,000,000.00	₱0.50
June 24, 2019	May 31, 2019	June 28, 2019	Cash	₱51,000,000.00	₱0.51

The Company's By-laws provide that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board may determine and in accordance with law and applicable rules and regulations.

11.3 Earnings Per Share (EPS)

EPS for the three months ending March 31 were computed as follows:

	2021	2020
Net income	₱14,411,455	₱14,841,523
Divided by weighted average number of outstanding common shares	100,000,000	100,000,000
Basic and diluted EPS	₱0.14	₱0.15

The Company has no potential dilutive common shares as of March 31, 2021 and 2020.

11.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

12. Cost of Rental Services

The breakdown of the cost of rental services for the three months ending March 31 are shown below.

	2021	2020
Depreciation expense (Notes 7 and 8)	₱2,203,240	₱6,052,093
Maintenance cost	406,358	736,514
	₱2,609,598	₱6,788,607

Maintenance cost pertains to supplies and repairs and maintenance on building and equipment.

13. Related Party Transactions

This Company's related parties include the former Parent Company and related parties under common ownership.

The summary of the Company's transactions with its related parties for the three months ended March 31, 2021 and 2020 and the related outstanding balances as of March 31, 2021 and December 31, 2020 is presented below.

	March 31, 2021			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Former Parent Company				
a) Receivable from sale of assets (Note 5)	₱6,173,030	₱143,812,400	Non-interest bearing; due and demandable	Unsecured; no impairment
Related Parties under Common Ownership				
b) Due from affiliates				
• Rental revenue	12,516,922	28,853	Three to five-year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
c) Cash (Note 4)				
• Cash in banks	6,737,450	8,481,136	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Short-term investments	10,103,048	224,536,813	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	125,301	11,782	-	-

	December 31, 2020			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Former Parent Company				
a) Receivable from sale of assets (Note 5)	₱12,190,659	₱149,985,430	Non-interest bearing; due and demandable	Unsecured; no impairment
Under common control of the Ultimate Parent Company				
b) Due from affiliates				
• Rental revenue	41,320,597	26,334	Three to five-year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
c) Cash (Note 4)				
• Cash in banks	9,680,462	1,743,686	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Short-term investments	50,638,019	214,433,765	Interest bearing at prevailing market rate; due and demandable	Unsecured; no impairment
• Interest income	1,200,908	14,679	-	-

Outstanding balances consist of the following:

	March 31, 2021	December 31, 2020
Cash and cash equivalents (Note 4)	₱233,017,949	₱216,177,451
Receivable from sale of assets (Note 5)	143,812,400	149,985,430
Due from affiliates	28,853	26,334

The Company's outstanding receivables from and payables to related parties arising from the above transactions are payable or collectible on demand, unsecured and noninterest-bearing. Such receivables were deemed not impaired by the management.

14. Commitments and Contingencies

Operating lease commitments - Company as lessor

The Company is a lessor under non-cancellable operating lease agreements covering investment properties. The leases have a term of at least one year with renewal options upon mutual written agreement between the parties, and include annual escalation in rental rates. The total rentals from these operating leases amounted to ₱18.94 million and ₱33.62 million for the three months ended March 31, 2021 and 2020, respectively, and is presented as Rental Revenues in the interim condensed statements of comprehensive income.

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 interim condensed 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 condensed financial statements.

15. Income Taxes

Corporate Recovery and Tax Incentives for Enterprises" or "CREATE" Act

On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 (the CREATE bill). The CREATE bill seeks to reform corporate income taxes and incentives in the country by implementing certain changes to the current tax regulations. These changes include:

- Reduction in the RCIT from 30% to 20% for domestic corporations with net taxable income not exceeding 5.0 million and with total assets not exceeding 100.0 million excluding the value of land on which the particular business entity's office, plant and equipment are situated;
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Lowering of MCIT from 2% to 1% of gross income for 3 years;
- Instead of 10% of taxable income, application of RCIT on regional operating headquarters;
- Standardization of final taxes on foreign corporations to 15%;
- Exemption of foreign sourced dividends received by domestic corporations subject to certain conditions;
- Additional deduction of one-half (1/2) of the value of labor training expenses subject to certain conditions;
- Repeal of the 10% improperly accumulated earnings tax (IAET);
- VAT exemption for medicines for certain critical illnesses; and
- VAT-free importation and sale for 3 years of COVID-19 medicines, personal protective equipment and materials used for their production.

Under the bill, the above changes will be implemented for periods beginning July 1, 2020.

On February 24, 2021, the final version of the CREATE bill as passed by the Bicameral Conference Committee was transmitted to the Office of the President for signing or approval into law. On

March 26, 2021, the Office of the President approved the CREATE bill and will subsequently be called Republic Act No. 11534 or CREATE Act. The CREATE Act became effective 15 days after complete publication in the Official Gazette or any newspaper of general circulation in the Philippines.

The CREATE Act reduced the Company's net deferred tax liabilities recognized as of 2020 year-end by ₱338,225, which was charged to profit or loss for the period ended March 31, 2021.

16. Categories and Fair Values of Financial Assets and Financial Liabilities

15.1 Carrying Amounts and Fair Values by Category

The fair values of cash and cash equivalents, receivables, due from affiliates, utility deposits under other current assets and deposits and other liabilities, accounts payable and accrued expenses (excluding taxes and licenses payable) and due to affiliates are approximately equal to their carrying amounts as of the reporting date due to the short-term nature of the transactions.

The fair value of deposits and other liabilities amounting to ₱30.77 million and ₱31.67 million as of March 31, 2021 and December 31, 2020, 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 2.02% to 9.44% for the periods ended March 31, 2021 and December 31, 2020.

15.2 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 accepted 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 is observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company has no financial assets or financial liabilities measured at fair value as of March 31, 2021 and December 31, 2020.

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

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
Current Ratio				
<u>Current Assets</u>	<u>411,484,217</u>		<u>397,674,361</u>	
Current Liabilities	82,242,043	5.00	86,961,904	4.57
Solvency Ratio				
Net Income after Tax + <u>Non-cash Expenses</u>	<u>16,614,695</u>		<u>46,718,298</u>	
Total Liabilities	94,017,521	0.18	96,822,360	0.48
Debt-to-Equity Ratio				
<i>Not applicable. The Company has no borrowings as of March 31, 2021 and December 31, 2020.</i>				
Asset-to-Equity Ratio				
<u>Total Assets</u>	<u>715,260,945</u>		<u>703,654,329</u>	
Total Equity	621,243,424	1.15	606,831,969	1.16
Book Value Per Share				
<u>Total Equity</u>	<u>621,243,424</u>		<u>606,831,969</u>	
Number of Shares Outstanding	100,000,000	₱6.21	100,000,000	₱6.07
	<u>March 31, 2021</u>		<u>March 31, 2020</u>	
Interest Coverage Ratio				
<i>Not applicable. The Company has no borrowings as of March 31, 2021 and December 31, 2020.</i>				
Gross Profit Ratio				
<u>Gross Profit</u>	<u>24,818,304</u>		<u>34,521,704</u>	
Total Revenues	27,427,902	0.90	41,310,311	0.84
EBITDA Margin				
<u>EBITDA</u>	<u>19,898,545</u>		<u>25,392,041</u>	
Total Revenues	27,427,902	0.73	41,310,311	0.61

Net Profit Margin Ratio

$\frac{\text{Net Profit}}{\text{Total Revenues}}$	$\frac{14,411,455}{27,427,902}$	0.53	$\frac{14,841,523}{41,310,311}$	0.36
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Operating Margin Ratio

$\frac{\text{Operating Profit}}{\text{Total Revenues}}$	$\frac{22,449,366}{27,427,902}$	0.82	$\frac{26,780,242}{41,310,311}$	0.65
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Earnings Per Share

$\frac{\text{Net Profit}}{\text{Weighted Average No. of Shares}}$	$\frac{14,411,455}{100,000,000}$	₱0.14	$\frac{14,841,523}{100,000,000}$	₱0.15
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