COVER SHEET

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SEC Registration Number

S T A . L U C I A L A N D , I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

P e n t h o u s e , B l d g . 3 , S t a . L u c i a E a s t G r a n d M a l l , M a r c o s H i g h w a y c o r n e r I m e l d a A v e n u e , C a i n t a , R i z a l

(Business Address: No. Street City/Town/Province)

David M. Dela Cruz

(Contact Person)

681-7332

(Company Telephone Number)

2018

1 2	3 1
Month	*Day*

(Fiscal Year)

1 7 - A

(Form Type)

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Month	*Day*

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

255

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number: 031-050
File Number: ________

STA. LUCIA LAND, INC. AND SUBSIDIARIES

(Company's Full Name)

Penthouse Building 3, Sta. Lucia East Grand Mall,
Marcos Highway Cor. Imelda Ave., Cainta Rizal

(Company Address)

(632) 681-7332

(Telephone Number)

December 31, 2018

(Year Ending)

Annual Report – SEC Form 17-A

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUALREPORTPURSUANTTOSECTION17OFTHESECURITIES REGULATIONCODEANDSECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended _____December 31,2018_

2. Commissionidentificationnumber310503. BIR Tax Identification No.000-152-291-000

4. Exact name of issuer as specified in its charter **STA. LUCIA LAND, INC.**

5. Province, country or other jurisdiction of incorporation or organization **Republic of the Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office and Postal Code **Penthouse, Bldg. III, Sta. Lucia East Grand Mall, Marcos Highway cor. Imelda Ave., Cainta, Rizal 1900**

8. Issuer's telephone number, including area code **(02) 681-73-32**

9. Former name, former address and former fiscal year, if changed since last report **ZIPPORAH MINING &INDUSTRIAL CORPORATION, 6th Flr., Sagittarius Bldg., H.V. de la Costa St, Salcedo Village, Makati City**

10. Securities registered pursuant to Sections 8and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares of common Stock outstanding
Common	**8,196,450,000**

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

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
________Philippine Stock Exchange__________ __Common Stock_____

12. Indicate by checkmark whether the Registrant:

(a) has filedallreportsrequiredtobefiledbySection17oftheCodeandSRCRule17thereunderor 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 the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [x] No [ ]

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS

Overview

Sta. Lucia Land, Inc. (the Registrant, the Company, or SLI) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 1966 under the name Zipporah Mining and Industrial Corporation to engage in mining. On September 14, 1987, the Parent Company launched its Initial Public Offering where a total of 20,000,000 common shares were offered at an offering price of Php1.00 per share. On September 14, 1987, the Company launched its Initial Public Offering where a total of 20,000,000 common shares were offered at an offering price of Php1.00 per share. Subject to a restructuring program, the BOD of the Company approved on November 22, 1995 the offering of up to 1,000,000,000 shares of stock out of the increase in the authorized capital stock from Php50.00 million to Php2,000.00 million at a par value of Php1.00, to a group of investors led by Sta. Lucia Realty & Development, Inc. (SLRDI). This was subsequently approved and ratified by the stockholders in a Special Stockholders' Meeting on December 18, 1995. On December 18, 1995, the stockholders of the Company approved a number of changes in the corporate structure as part of its diversification scheme. These were:

1. The change of its name to Zipporah Realty Holdings, Inc.;
2. The increase in the number of directors from nine to 11;
3. The waiver of the pre-emptive rights over the future issuances of shares;
4. The change in the primary and secondary purposes, transposing the original primary purpose tosecondary purpose from being a mining firm to a real estate company, the primary purpose of which is to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop and hold for investment or otherwise, real estate of all kinds, improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances.
5. The change in the par value of its shares from Php0.01 to Php1.00; and
6. The increase in its authorized capital stock to Php2,000.00 million.

The first four changes were approved by the SEC on August 14, 1996 while the last two corporate acts were approved on January 22, 1997.

On June 15, 2007, the BOD approved the following resolutions and was ratified by the stockholders on July 16, 2007:

1. Change in Corporate name to Sta. Lucia Land, Inc.
2. Increase in authorized capital stock of the Company from Php2,000.00 million divided into 2,000,000,000 shares to Php16,0000.00 million divided into 16,000,000,000 shares or an increase of Php14,000.00 million with a par value of Php1.00 per share.
3. Subscription of SLRDI of up to 10,000,000,000 shares out of the increase in the Company's authorized capital stock; and
4. SLRDI's subscription to such shares shall be at par value, and the consideration for which shall be the assignment and transfer by SLRDI to the Company of assets acceptable to the Company at a reasonable discount on the fair market value of such assets. The fair value market value was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The above resolutions were ratified by the Company's shareholders on July 16, 2007.

a) On December 8, 2007, the Company and the SLRDI executed various deeds of assignment wherein SLRDI assigned all its rights, title and interest to certain properties consisting of investment properties (Sta. Lucia East Grand Mall) amounting to Php4,710.00 million and certain parcels of land amounting to Php6,018.50 million and assumption of mortgage in the investment properties of Php723.60 million. The investments of the SLRDI through the said assignment of various properties, net of mortgage assumed, were recognized as additional outstanding shares of Php10,000.00 million.

The Company is listed on the PSE under the ticker "SLI".

In 2013, the Company decided to establish two (2) wholly-owned subsidiaries, Sta. Lucia Homes, Inc. and Santalucia Ventures, Inc., to handle housing construction and the marketing, operation and development of the Company's projects, respectively.

On July 08, 2014, the Company and the SLRDI executed a deed of assignment of shares of stock wherein the parties agreed as follows:

1. The previous assignment by SLRDI of Saddle and Clubs Leisure Park is rescinded.
2. SLRDI transfers 3,000 million shares of the Company in favor of the latter as full payment for the Php1,801.11 million advances to the former.

In 2014, 2,250 million shares covering Php900.00 million of advances were issued back by SLRDI to the Company and formed part of the Company's treasury shares. This decreased the outstanding shares of the Parent Company from 10,796.45 million in 2013 to 8,546.45 million in 2014.

On December 22, 2015, the Company sold 400 million shares which increased the outstanding shares to 8,946.45 million in 2015.

On September 30, 2014, the lease agreement on Sta. Lucia East Grand Mall (the Mall) between the Parent Company and Sta. Lucia East Commercial Corporation (SLECC), an affiliate, was terminated by both parties. Effective October 1, 2014, the existing lease agreements over the Mall spaces were directly between the Parent Company and the tenants. Prior to September 30, 2014, the Parent Company charges rental fee to SLECC, an amount equivalent to 90% of SLECC's net income excluding real property tax. SLECC charges management fee of 7% of the gross rental revenue from mall operations starting October 1, 2014 since SLECC still manages the mall operations, despite the change in lease arrangements.

As a result of the change in arrangement, the rental income of the Parent Company reflected in the consolidated statement of comprehensive income includes rental income directly from tenants for the period October 1, 2014 to December 31, 2014 amounting to Php241.63 million and the rental fee from SLECC for the period January 1, 2014 to September 30, 2014 amounting to Php262.71 million. The rental income for 2015 and 2016 reflects, on the other hand, rental income directly from tenants.

As of December 31, 2016, the Company is 83.28% owned by SLRDI.

The end of the corporate life of the Parent Company was December 5, 2016. On June 16, 2016, the SEC approved the extension of the Parent Company's life to another 50 years up to December 5, 2066.

The registered office address and principal place of business of the Parent Company and its subsidiaries (collectively referred to as the Group) is at Penthouse Bldg. 3, Sta. Lucia Mall, Marcos Highway cor. Imelda Avenue, Cainta, Rizal.

On December 27, 2018, pursuant to the Deed of Assignment, the Ultimate Parent Company and the Parent Company executed the Second tranche in the Deed of Assignment. The Parent Company acquired 750.00 million treasury shares at the price of P1.20 per share to cover the settlement of the P900.00 million advances made by the Parent Company to the Ultimate Parent Company. As a result, the Group is 81.75% owned by Sta. Lucia Realty and Development Inc. (SLRDI or the Ultimate Parent Company) as of December 31, 2018.

As delegated by the Board of Directors (BOD), the accompanying consolidated financial statements were approved and authorized for issue by the Executive Committee and Audit Committee on April 10, 2019.

Business

The Company has been able to establish a track record in horizontal residential developments, where the Company has historically derived a substantial portion of its revenues. The Company has continued to expand its horizontal developments which continue to be its core business and begun to diversify into vertical developments, housing construction, and marketing services. In line with its strategy of increasing recurring

income, the Company has also begun to expand its mall operations through the opening of its expansion mall in 2014 and conversion of some of its portfolio of commercial lots for sale into commercial lots for lease.
The Company conducts its business via the following main operating segments, further broken down as follows:

1. Residential Projects

a. Horizontal Developments

i. Residential Lots

These projects consist of residential lots for sale in gated subdivisions complete with facilities and amenities. The Company begins developing identified land for marketing and selling to customers. These projects involve minimal construction works. Typical features developed by the Company for these residential communities include an entrance gate, guard house, landscaped entry statement, community clubhouse, basketball court, swimming pool, wide concrete road network, paved sidewalks with concrete curbs and gutters, centralized interrelated water system, underground drainage system, and electric system. Average selling prices per unit ranges from Php480,000 to Php5,350,000. Required downpayments are usually 15% to 20%, payable in 6 months to 1 year. Balance of 80% is paid through installment with interest rates ranging of 14% to 16% with average term of 1 to 10 years.

b. Vertical Developments

i. Townhouses

Townhouse projects are comprised of residential housing units where independent and identical houses are found adjacent to each other, with a row sharing one or two house walls. These projects have higher development costs, are built on smaller land areas (6 to 7 h.a.), and are developed in phases. The next phase is only developed once the previous phase is sold out. The Company has one ongoing having an average price of Php5,350,000. Downpayments of 15% to 20% are usually required, payable in 6 months up to 2 years. Balance of 80% is paid through installment with interest rates ranging from 14% to 16% with average term of 1 to 10 years.

ii. Condominiums

The condominium projects of the Company are located in strategic locations near existing horizontal developments. The Company has completed four (4) residential condominiums since year 2007 while it currently has one (1) ongoing condominium project, the Neopolitan Condominium in Fairview, Quezon City. The usual required downpayment ranges from 15% to 20%, payable in 2 to 3 years. Balance of 80% is paid through installment with interest rates ranging from 14% to 16% with average term of 1 to 10 years.

iii. Condotels

Condotel projects are condominium units being sold to individual buyers but are managed and operated as a hotel by the Company. There is an option for the unit buyers to purchase a condominium unit or a condotel unit. A condotel unit will be placed under a rental program initially for 15 years where it is rented out like a typical hotel room. An experienced management company, with common shareholders and directors as SLI, handles all operations, maintenance, and management of the units under the rental program. Rental income from the units is shared between the Company and the unit owners, where the Company usually receives at least 30% of net rental income. The condotel buyer is not offered any guaranteed return on the rental of this condominium unit or even that it will be leased out at all. Average selling prices per unit range from Php72,000 to Php100,000 per sqm. with required downpayments of 20%, payable in two to three years while the balance can be paid in five to ten years. In addition, under the management company's revenue sharing program, unit owners get 30 complimentary room nights per year which are transferrable across all the Company's hotels and condotels in the Philippines.

The SEC had opined in previous opinions that the sale, management, pooling and sharing of revenues from the operation of condotels thru a contract offered to condotel buyers may be viewed as an investment contract. Investment contracts are likened to contracts for the sale of a security, which requires prior registration with the SEC before the same are sold or offered for sale or distribution in the Philippines. In the decisions and opinions promulgated, the SEC concluded that condotel projects are arrangements that have all the elements of an investment contract, namely: (i) an investment of money; (ii) in a common enterprise; (iii) with expectation of profits; and (iv) primarily from efforts of others. As such, the SEC has issued orders directing several real estate companies offering condotel projects to immediately cease and desist from further offering, soliciting, or otherwise offering or selling condotel units to the public without the required SEC registration.

One such order by the SEC was challenged by a real estate developer in a case before the Court of Appeals ("CA"). The case questioned the validity of the SEC's ruling that the sale of the condotel units qualified as a sale of securities. The CA, in its Decision dated June 1, 2013, held that the transaction did not constitute an investment contract as the element of "investment of money" was lacking in such project. The CA ruled that unit buyers pay their monies for the purpose of acquiring ownership of the property, not for the purpose of engaging in the business of renting out of units. Thus, the CA annulled the SEC's order against the real estate company to cease from further selling or offering its condotel units. This was later affirmed by CA in its November 28, 2013 Resolution.

On November 18, 2016, however, the Supreme Court ("SC") reversed and set aside the CA's Decision and Resolution. However, the SC did not make a definitive determination as to whether the sale of the condotels under the "leaseback" or "moneyback" schemes is indeed an investment contract or a sale of securities. Instead, the SC based its decision on a legal principle requiring all parties to such a case to "exhaust all administrative remedies" prior to resorting to an appeal. Since the petitioner failed to exhaust the administrative remedies available to it, an appeal was the incorrect remedy. The petitioner has filed a motion for reconsideration in the SC case. The Company will continue to monitor the progress of the case while studying its options relative to the SC's decision. Rest assured that the Company will respect the final outcome of the Supreme Court case and the regulators. As of now, the Company is not aware of any further announcement or communication from the SEC on the matter.

2. Commercial Properties

a. Mall

Existing Mall

The SLEGM is a comprehensive commercial, entertainment, and leisure facility with a full range department store, supermarket, movie theater, fast food chains, bookstore, specialty boutiques for clothing, accessories, telecommunication, and hobby stores. The SLEGM is comprised of three four-storey buildings with a GFA of 180,000 sq.m and is located at Marcos Highway cor. Felix Ave., Cainta, Rizal. The current mall has a 115,492 sqm. gross leasable space of which 110,121 sqm. or 95.35% are being leased to 453 tenants. This business serves to complement the needs of the residential communities that the Company has built in the cities of Pasig, Marikina, and in the various towns of the Rizal province.

Expansion Mall

The expansion mall of the Company called Il Centro opened in 2014 and is comprised of a three-storey building with a GFA of 50,000 sqm. and a net leasable area of 12,600 sqm. The mall has a 20,000 sqm. parking to cater to residential and mall clients.

Principal Tenants

The Company's diverse mix of tenants includes those engaged in the business of services, retail, leisure, food, apparel, and novelty. The Company's significant tenants include the following:

- Services: BDO Unibank, David"s Salon, Bench Fix Salon, Ricky Reyes
- Retail: Abenson, CD-R King, National Bookstore
- Leisure: Worlds of Fun, Sta. Lucia Cinema, Sta Lucia Bowling
- Food: Bonchon, Dunkin Donuts, Jollibee, Mang Inasal, Starbucks

- Apparel: Bench, Folded and Hung, Giordano, Lee, Converse
- Novelty: Comic Alley, Blue Magic, Papemelroti

Aside from the tenants mentioned above, the SLEGM also has major tenants controlled by or in which one or more of the Group's shareholders have a significant interest. These include Home Gallery, Planet Toys, SLE Cinema, and SLE Bowling. The top 3 business activities taking up the Company's leasable area are services, leisure, and retail. In terms of contribution to rental income, retail activities contribute the majority to the Company's rental income, followed by service and food activities.

Lease Terms

The lease payments that the Company receives from its retail tenants are usually based on a combination of fixed and/or variable payments. Rents are typically based on basic rental fee per sqm. in addition to a turnover component of 1.5% to 8% of gross sales, subject to a monthly minimum rental fee per sqm. and annual escalation rates. Tenants are also usually charged air conditioning, common use service areas, pest control, electricity, and marketing support fees. Lease terms range from one month to five years with renewal clauses.

Management of the Mall

Management and operation of the malls, including planning, development, tenant mix preparation, budgeting, maintenance, engineering, security, leasing, marketing, promotions, billing, and collections are handled by Sta. Lucia East Commercial Corporation ("SLECC"), a related company owned by the shareholders of the Group.

Beginning October 1, 2014, all lease payments from the mall tenants are now paid to and in the name of the Company. SLECC continues to provide management and operations services for the SLEGM and will receive management fees equivalent to a fixed percentage of revenues. The Company's board of directors approved the implementation of this new arrangement effective October 1, 2014. The Company believes that this move can be expected to improve the Company's lease revenues.

b. Commercial Lots

A portion of the Company's revenues also come from sales of commercial lots. In 2013, the Company converted some of its commercial lots for sale into commercial lots for lease. The commercial properties of the Company are complementary to existing residential projects and are being offered to existing established retail partners. There are a total of 928 commercial lots covering 95h.a. adjacent to the Company's projects nationwide. There is an allocation for an average commercial space ranging from 300 to 2,000 sq. m. in a majority of the Company's projects. The Company intends to expand its retail portfolio by offering these commercial properties via 3 main options: (i) outright sale of the commercial lots, (ii) lease of the commercial lot to retailers, and (iii) building of the Company's own malls in these commercial properties and leasing it to retailers.

3. Services

a. Housing / Construction

The Company has recently ventured into housing construction services through its wholly-owned subsidiary, SLHI. In addition to "build-and-sell", the Company's business model will focus on the provision of access to and assistance in connection with general construction services to its lot buyers. SLHI began operating in 2014 in order to service the needs of lot buyers who would like to have their own house constructed on their previously bought lots but are not familiar with the process (i.e. securing permits, construction, accessing financing, etc.) and with assurance of reliability from an established brand name. The price of the house construction services range from Php22,500 per sqm. to Php28,000 per sqm. Payment terms require a 20% downpayment that is payable up to 6 months, with the balance payable up to 10 to 15 years through bank financing.

b. Marketing

The Company is currently conducting marketing services through its subsidiary SVI as well as through six other brokers namely:, Royal Homes Marketing Corporation, Orchard Property Marketing Corp., Mega East Properties Inc., Asian Pacific Realty & Brokerage Corp., Fil-Estate Group of Companies Sta. Lucia Global Inc., and SantaLucia Ventures, Inc..

c. Sale on installment

Around 90% of the Company's customers avail of the sale on installment facilities with interest rates ranging from 14% to 16% per annum and a 20% downpayment with the balance payable from 5 to 10 years.

Subsidiaries

On January 9, 2013, the Parent Company filed an application with SEC for the incorporation of one of its wholly owned subsidiary Sta. Lucia Homes, Inc. (SLHI), the primary purpose of which is to construct, develop, improve, mortgage, pledge and deal with residential structure for lot buyers of the Group. The Parent Company received an approval on February 20, 2013.

On January 31, 2013, the Parent Company also filed an application with SEC for the incorporation of another wholly owned subsidiary Santalucia Ventures Inc. (SVI), whose primary purpose is to market, operate, manage, develop, improve, dispose, mortgage, pledge and deal with residential structure for lot buyers of the Group. Such application was approved by SEC on April 5, 2013.

Employees/Officers

As of December 2018, the Registrant has the following numbers of employees/officers including:

NO.	DEPARTMENT	REGULAR EMPLOYEES	CONTRACTUAL
1	OFFICE OF THE EVP/CFO	1	
2	ADMINISTRATION	4	
3	ACCOUNTING	12	
4	INTERNAL AUDIT	5	
5	SALES AND MARKETING	15	
6	PROJECT DEVELOPMENT	19	
7	PURCHASING	5	
8	FINANCE/CREDIT RISK MANAGEMENT	3	
9	MANAGEMENT INFORMATION SYSTEM	4	
10	TREASURY	5	1
11	COLLECTION	31	
12	CORPORATE PLANNING	2	
13	HUMAN RESOURCES	2	
14	COMMERCIAL BUSINESS**	1	
15	SPECIAL PROJECTS	2	
16	HOTELS	1	
17	STA. LUCIA HOMES	2	
	TOTAL	114	1

**Consultants

There are no current labor disputes or strikes against the Registrant, nor have there been any labor disputes or strikes against the Registrant in the past ten (10) years.

The Company has provided a mechanism through which managers and staff are given feedback on their job performance, which it believes will help to ensure continuous development of its employees. The Company also provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments.

Major Risks

Various risk factors will affect SLI's results of operations may it be in the result of economic uncertainty and political instability.

The Philippines as one of the countries in Asia that were not directly affected by the crisis showed a better position for market enhancement. Despite the fact that inflation is continuously affecting the world market, the Philippines manages to offset the augmented prices of goods and services with the increase in local & foreign investment as well as the Overseas Filipino Workers (OFW) remittances continued to be constant. Given the skilled labor in the Philippines, which is at par with international standards, jobs were actually created in the country. The steady rise of employment in this industry contributed to the increase in consumer spending, which is one of the strongest stimuli for economic growth. In addition, local and foreign investors were driven by the new Aquino administration which showed a positive outcome for investors.

As for the real estate industry in the Philippines, the country still experienced a stable market demand for 2015. This is due to the common object of OFW's which to have their own property. Based on SLI's sales report, it has always been a significant number of OFW who purchased properties. Also, there have been foreign investors who invested in properties in the country due to our low cost of living. The Philippines is likewise seen as a country with great economic potential by our neighboring countries in Asia.

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

Politics has been a major risk in the Philippines since it has a negative image in political disorder which is largely due to corruption and unstable development. Also, the country's high debt to financial institutions affects all business sectors and has become a major factor to consider. It would be a challenge for the government to act on the risk factors threatening the Philippine economy.

Other than those mentioned above, the Company may also be exposed with the changes in Peso, interest rates and costs in construction. However, the Company adopted appropriate risk management procedures to lessen and address the risks it faces.

Description of Market/Clients

The Company has now expanded its target market to include clients with different professions and living statuses, coming from all segments of society.

The Company's main target markets are the OFWs and middle class. A major percentage of the Company's number of units sold come from OFWs and their families which constitutes around 70% of sold units, 15% come from SME business owners, and 15% come from middle class employees.

Real Property Development

The following properties as mentioned below comprise the assets of the Registrant as part of the capital infusion from SLRDI:

Residential and Commercial Properties

Alta Vista de Subic
Alta Vista de Subic is a residential property located in Subic, Zambales. It sits on a 22,308 sq. m. area, with 68 lots for sale.

Alta Vista Residential Estate and Golf Course
Alta Vista Residential Estate and Golf Course is a residential property located in Cebu City. It sits on a 25,450 sq. m. area, with 36 lots for sale.

Caliraya Spring
Caliraya Spring is a residential property located in Laguna. It sits on a 84,980 sq. m. area, with 120 lots for sale.

Costa Verde Cavite
Costa Verde Cavite is a residential property with housing projects located in Rosario, Cavite. It sits on a 16,670 sq. m. area, with 100 lots for sale.

Davao Riverfront
Davao Riverfront is a residential and commercial property located in Davao City. It has 11 residential lots for sale, which sits on a 2,170 sq. m. area. The property also has 100 commercial lots for sale, situated on a 81,889 sq. m. land.

Eagle Ridge
Eagle Ridge is a commercial property located in Cavite. It sits on a 69,042 sq. m. area, with 87 lots for sale.

Glenrose Park Carcar Cebu
Glenrose Park Carcar Cebu is a residential property with housing projects located in Cebu City. It sits on a 14,338 sq. m. area, with 179 lots for sale.

Greenwoods Pasig
Greenwoods Pasig is a commercial property located in Pasig City. It sits on a 6,665 sq. m. area, with 6 lots for sale.

Greenwoods South
Greenwoods South is a residential property with housing projects located in Batangas City. It sits on a 25,181 sq. m. area, with 125 lots for sale.

Lakewood Cabanatuan
Lakewood Cabanatuan is a residential property with housing projects located in Cabanatuan. It sits on a 107,087 sq. m. area, with 372 lots for sale.

Manville Royale Subdivision
Manville Royale Subdivision is a residential and commercial property located in Bacolod. It has 382 residential lots for sale, which sits on a 65,606 sq. m. area. The property also has 5 commercial lots for sale, situated on a 7,316 sq. m. land.

Metropolis Greens
Metropolis Greens is a residential property with housing projects located in General Trias, Cavite. It sits on a 19,785 sq. m. area, with 179 lots for sale.

Metropoli Residenza de Libis
Metropoli Residenza de Libis is a residential and commercial property located in Libis, Quezon City. It has 46 residential lots for sale, which sits on a 10,721 sq. m. area. The property also has 18 commercial lots for sale, situated on a 7,336 sq. m. land.

Monte Verde Executive Village
Monte Verde Executive Village is a residential property with housing projects located in Taytay, Rizal. It sits on a 43,492.93 sq. m. area, with 202 lots for sale.

Neopolitan Garden Condominium
Neopolitan Garden Condominium is a residential condominium property located in Fairview, Quezon City . It sits on a 75,493 sq. m. area, with 47 lots for sale.

Palm Coast Marina Bayside
Palm Coast Marina Bayside is a commercial property located on Roxas Blvd., Manila. It sits on a 2,571 sq. m. area, with 2 lots for sale.

Palo Alto Ph1
Palo Alto Ph1 is a residential property located in Tanay, Rizal. It sits on a 678,837 sq. m. area, with 1,115 lots for sale.

Pinewoods
Pinewoods is a residential property located in Baguio City. It sits on a 112,210 sq. m. area, with 71 lots for sale.

Pueblo Del Sol Ph1
Pueblo Del Sol Ph1 is a residential property located in Tagaytay City. It sits on a 12,977 sq. m. area, with 44 lots for sale.

Rizal Technopark
Rizal Technopark is a commercial property located in Taytay, Rizal. It sits on a 25,112 sq. m. area, with 34 lots for sale.

Rizal Technopark Ph2F
Rizal Technopark Ph2F is a residential property located in Taytay, Rizal. It sits on a 3,884 sq. m. area, with 16 lots for sale.

Southfield Executive Village
Southfield Executive Village is a residential property with housing projects located in Dasmarinas, Cavite. It sits on a 28,359 sq. m. area, with 193 lots for sale.

South Pacific Golf and Leisure Estate
South Pacific Golf and Leisure Estate is a residential property with housing projects located in Davao City. It sits on a 150,095 sq. m. area, with 434 lots for sale.

Sta. Lucia East Grandmall
Sta. Lucia East Grandmall is a commercial property located in Cainta, Rizal. It sits on a 98,705 sq. m. area and is composed of three buildings.

Tagaytay Royale
Tagaytay Royale is a commercial property located in Tagaytay City. It sits on a 22,907 sq. m. area, with 9 lots for sale.

Vistamar Estates
Vistamar Estates is a residential and commercial property located in Cebu City. It has 86 residential lots for sale, which sits on a 32,086 sq. m. area. The property also has 13 commercial lots for sale, situated on a 20,299 sq. m. land.

The following are the Registrant's completed projects as of December 31, 2018 aside from the ones indicated above:

Arterra Residences
Arterra Residences is a condominium project located in Lapu-lapu City, Cebu and 20-Storey high.

Sugarland Estates
Sugarland Estates is a residential property located in Trece Martires, Cavite with a saleable area of 72,377 sqm.

Splendido Tower 1
Splendido Tower 1 is a condominium project located in Laurel, Batangas and 22-Storey high.

Splendido Tower 2
Splendido Tower 2 is a condominium project located in Laurel, Batangas and 18-Storey high.

La Breza Tower
La BrezaTower is the planned 22-storey residential condominium to be built on the property on Mother Ignacia Ave. in Quezon City. The property area is 1,450 sq. m.

La Mirada Tower 1
La Mirada Tower is a condominium project located in Lapu Lapu, Cebu.

Villa Chiara
Villa Chiara is a residential property located in Tagaytay City, Cavite with more than 34,000 sqm in area.

Grand Villas Bauan
Grand Villas Bauan is a residential subdivision located in Bauan Batangas.

Green Meadows Tarlac
Green Meadows Tarlac is a residential and commercial property which sits in Paniqui, Tarlac with more than 149,000 sq. m. in area.

Luxurre Residences
Luxurre Residences is a residential and commercial property located in Alfonso, Cavite.

East Bel Air 1
East Bel Air 1 is a condominium tower located in Cainta, Rizal.

Greenland Antipolo
Greenland Antipolo is a residential property located in Antipolo, Rizal with more than 20,000 sq. m. in area.

South Grove Davao
South Grove is a residential community located in Davao which is 3 km from the city proper. The community is designed with a clubhouse, basketball court, and swimming pool.

Sta. Lucia Residenze 1 - Monte Carlo
Sta. Lucia Residenze 1 - Monte Carlo is a 20-storey residential condominium located in Cainta, Rizal. It is an Italian inspired-tower purposely outlined in equilateral shape to preserve the scenic view of the city. It is located inside the SLEGM and will have 238 units available for sale.

Stradella (formerly East Bel-Air 2)
Stradella is a 6-storey residential and commercial condotel located in Cainta, Rizal. The project offers convenient urban living in a suburban and elegant contemporary setting. Located within the 1 h.a. residential and commercial complex called East Bel-Air, this project has 116 units available for sale.

Neopolitan Condominium 1
The Neopolitan Condominium is a 9-storey residential condominium located in Fairview, Quezon City. It is designed as a residential project at the center of buzzing city. It covers an area of 1.2 h.a. and will have 191 units available for sale.

Mesilo Nueva Vida
Mesilo Nueva Vida is a residential property located in Dasmarinas, Cavite. It has 876 residential lots for sale, which sits on a183,451 sq. m. area.

Greenland Newtown Ph2B
Greenland Newtown Ph2B is a residential property located in San Mateo, Rizal. It has 120 residential lots for sale, which sits on a 19,098 sq. m. area.

Glenrose Taytay
Glenrose Taytay is a residential property located in Taytay, Rizal. It has 92 residential lots for sale, which sits on a 14,059 sq. m. area.

Sierra Vista Residential Estate Ph2A
Sierra Vista Residential Estate is a residential property located in Caloocan City, Manila. It has 24 residential lots for sale, which sits on a 3,654 sq. m. area.

Greenwoods Executive Ph9E
Greenwoods Executive Ph9E is a residential property located in Caloocan City, Manila. It has 31 residential lots for sale, which sits on a 4,951 sq. m. area.

Beverly Place Ph9H
Greenwoods Executive Ph9H is a residential property located in Mexico, Pampanga.

Sta. Barbara Royale Ph1A
Sta. Barbara Royale Ph1A is a residential property located in Tandang Sora, Quezon City. It has 9 residential lots for sale, which sits on a 1,350 sq. m. area.

Summerhills Ph4
Summerhills Ph4 is a residential property located in Antipolo, Rizal. It has 132 residential lots for sale, which sits on a 28,059 sq. m. area.

Nottingham Villas Townhouse 5A-5D and 6-7
Nottingham Villas Townhouse Cluster 5A-5D and 6-7 is a residential townhouse located in Taytay, Rizal.

Sotogrande Ph2
Sotogrande Ph2 is a residential property located in Tagaytay City, Cavite. It has 132 residential lots for sale, which sits on a 28,059 sq. m. area.

Green Meadows Iloilo Ph1
Green Meadows Iloilo Ph1 is a residential property and commercial property located in Jaro, Iloilo City. It has 1,986lots for sale, which sits on a 319,530 sq. m. area.

Costa Del Sol Iloilo
Costa Del Sol Iloilo is a residential property and commercial property located in Arevalo, Iloilo City. It has 143 lots for sale, which sits on a 24,320 sq. m. area.

Greenland Cainta
Greenland Cainta is a residential property located in Cainta, Rizal. It has 370 lots for sale, which sits on a 54,773 sq. m. area.

Material Reclassification, Merger, Consolidation or Purchase or Sale of Significant Amount of Assets

The Registrant has sold the Ayala Property to Alphaland, Inc. in April 2008 for Php820 Million.

Business of Issuer

The Registrant's primary purpose is to deal, engage or otherwise acquire an interest in land or real estate development, whether in the Philippines or elsewhere, to acquire, purchase, sell, convey, encumber, lease, rent, erect, construct, alter, develop, hold, manage, operate, administer or otherwise deal in and dispose of, for itself or for others, for profit and advantage, residential, commercial, industrial, recreational, urban and other kinds of real property, such as horizontal and vertical developments as stated in its latest Amended Articles of Incorporation, as of 09 October 2007. Please refer to "Real Property Development" and "Development Activities" sections for the detailed descriptions of the products that are and will be distributed by the Registrant.

Distribution Methods of the Products

The Company has at its disposal the expertise of seven(7) different marketing arms, five (5) of whom work exclusively with the Sta. Lucia Group, namely: Royale Homes Marketing Corp., Orchard Property Marketing Corp., Mega East PropertiesInc., Sta. Lucia Global Inc. and SantaLucia Ventures, Inc. which is a wholly-owned subsidiary of the Company. These marketing firms have a combined local and international sales force of over 120,000, with an extensive knowledge of local demographics. These marketing companies employ various media to promote the Company such as print advertisements in newspapers, online media (such as Facebook, Instagram, Youtube, Twitter), celebrity endorsers, and brokers.

Competition

The residential market is still a highly under-served market with the housing backlog projected to reach 5.6 million by 2030 (myproperty.ph). In this segment, the Company considers Vista Land and Filinvest Land, Inc. as its competitors. The Company believes that the strengths of these competitors lie in their larger landbank holdings and historically, their ability to access funding through the capital markets.

In order to effectively compete, the Company has long adopted the strategy of focusing on the provincial areas that are largely ignored and under-served by its bigger competitors whose projects have, until recently, been concentrated in Metro Manila which is already congested and near saturation. SLI is present in ten regions across the country. The Company believes that sustained growth will come from the provinces and major cities outside of Metro Manila and have therefore prioritized establishing its presence there. The Company believes that its expertise and knowledge in these areas will prove significant as it continues to expand its property footprint in these largely under-served areas. The Company will continue using its sales force, to target a specific customer segment in specific geographic locations. Once identified, potential clients are reached through aggressive advertising and personalized sales services, including after sales support. Such services include assistance in documentation and facilitating access to credit. Its capability to reach out to different locations is made possible through its vast marketing channels, which, by sheer number of sales agents, are able to capture a good portion of the market. Its international offices also make it possible to move closer to markets it serves offshore. Open houses, discounts and promotion are some of the marketing tools the Company employs as part of its sales and marketing strategy.

With respect to the mall business, SM Prime and Robinsons Retail are considered as the main competitors of the Company. Although SLEGM was one of the first malls in the Cainta area, competition has emerged in recent years as new malls were developed by its peers. Despite this however, the Company continued to generate healthy cash flows, retain tenants and even engage newer ones. Its prime location, being located in a major intersection along a major thoroughfare, along with the variety of its affiliated and independent retailers which afford its customers more varied choices and the continuous improvements in both facilities and services have enabled SLEGM to hold its own in this highly competitive retail market.

Suppliers

The Registrant has a broad base of local suppliers and is not dependent on one or limited number of suppliers.

Customers

The Registrant has a broad market base including local and foreign individuals and does not have a customer who/which accounts for twenty percent (20%) or more of the Registrant's sales.

Government Approvals/Regulations

The Registrant, as part of the normal course of business, secures various government approvals such as licenses to sell, development permits and the like.

Environmental Compliance

The Registrant has made efforts to meet and exceed all statutory and regulatory standards on environmental compliance in its normal course of business. In keeping with the Registrant's commitment to sustainable development, all projects are assessed for their environmental impact and, where applicable, are covered by an Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources prior to construction or expansion. To date, the Registrant is compliant with relevant environmental regulations.

Transactions with Related Parties

The Group in its regular conduct of business has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture. These accounts are noninterest-bearing and are generally unsecured. The outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed-upon by the parties.

The significant transactions with related parties follow:

a. The Parent Company, in the normal course of business, has transactions with the Ultimate Parent Company consisting of non-interest bearing advances for working capital requirements with no fixed repayment terms. These are transactions and related receivable arising from sale of lots to Ultimate Parent Company. As discussed in Note 15, on December 27, 2018, pursuant to the Deed of Assignment, the Ultimate Parent Company and the Parent Company executed the Second tranche in the Deed of Assignment. The Parent Company acquired 750.00 million treasury shares at the price of ₱1.20 per share to cover the settlement of the ₱900.00 million advances made by the Parent Company to the Ultimate Parent Company.

b. Other transactions with the Ultimate Parent Company include noninterest-bearing cash advances for various charges for reimbursements of expenses on gasoline consumption of service vehicles, repairs and maintenance, supplies, rentals for project exhibits and advertising/marketing costs. This pertains to the monthly amortization payment from the buyers of the Parent Company collected by the Ultimate Parent Company due to be remitted to the Parent Company.

c. In 2014, SLLI and SLRDI entered into several memorandums of agreements wherein SLLI undertakes the development and marketing of the several projects of SLRDI and has assumed the position of the development contractor and marketing arm. In consideration of the services rendered by SLLI, SLRDI has agreed to the following:
    - Colinas Verdes Bulacan Project - SLRDI has entered into a joint venture agreement with Araneta Properties, Inc. (API) for a proceeds sharing agreement of 60% SLRDI - 40% API share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture agreement and 12% marketing fee on the gross selling price of all sales made from the project;
    - Green Meadows Iloilo Project - SLRDI has entered into a joint venture agreement with AFP-Retirement and Separation Benefits System (ARSBS) for a lot sharing agreement of 55% SLRDI - 45% ARSBS share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project;
    - Ponte Verde Davao Project- SLRDI has entered into a joint venture agreement with Green Sphere Realty Corporation (GSRC) for a lot sharing agreement of 60% SLRDI - 40% GSRC

share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project; and

- Valle Verde Davao Project - SLRDI has entered into a joint venture agreement with GSRC for a lot sharing agreement of 60% SLRDI - 40% GSRC share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project.

Total proceeds share of SLRDI from the joint operations amounted to ₱169.51 million, ₱157.70 million, ₱159.86 million in 2018, 2017 and 2016, respectively. The share amounting ₱47.13 million, ₱63.57 million, and ₱65.08 million are still to be remitted or offset against the receivable from SLRDI as of December 31, 2018, 2017 and 2016, respectively.

d. Effective October 1, 2014, SLLI directly entered into lease agreements with mall tenants. SLECC and SLLI, on the other hand, entered into a management services agreement effective October 1, 2014 wherein SLECC will provide property management and business development services, leveraging its knowledge in the mall operations from the past years. In exchange of SLECC's services, SLLI shall pay SLECC a management fee equivalent to 7% of the gross rental revenue for managing mall operations including, repairs and maintenance and collection of space rental from storeowners or tenants.

These are receivables from affiliates which are tenants of the mall.

e. The Parent Company made cash advances for preoperating costs for various expenses like registration fees, taxes and licenses fees to its marketing arm.

The advances amounted to nil and ₱0.57 million in 2018 and 2017, respectively.

f. The Parent Company made noninterest-bearing cash advances to officers and directors which will be liquidated upon completion of the business transaction.

These advances amounted to ₱9.96 million and ₱14.50 million in 2018 and 2017, respectively.

g. The Parent Company made cash advances to SVI to be used for various administrative and operating expenses.

These advances amounted to ₱59.00 million and ₱33.83 million in 2018 and 2017, respectively.

h. The Parent Company made advances from SLHI to be used for various administrative and operating expenses.

These advances amounted to nil and ₱0.09 million in 2018 and 2017, respectively.

As of December 31, 2018 and 2017, the Group has not made any provision for ECL relating to amounts owed by related parties. There have been no guarantees and collaterals provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are generally unsecured. This assessment of the Group is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Present Employees

As mentioned in Item 1 on Employees/Officers, the Registrant has 115 officers, employees and contractuals. The Registrant has embarked to support the increasing demand of workforce for its increasing operations. Hence it anticipates to increase additional employees for the next ensuing year though no exact number of employees is assumed.

The Registrant provides annual salary increases based on the performance. This is made through regular performance assessment and feedback.

Development Activities

Currently, the Registrant is developing a number of vertical and horizontal projects. In addition, there are a lot of future projects that the Registrant has planned to compete to the market demand and real estate industry. The projects that presently have developmental activities are as follows:

Completed Projects:

Grand Villas Bauan
Splendido Taal Tower 1 and Tower 2
Villa Chiara
Luxurre Residences
East Bel Air 1
South Grove Davao
Neopolitan Condominium 1
Pueblo Del Sol Ph1
Mesilo Nueva Vida
Vistamar Estate
Sierra Vista Residential Estate Ph2A
Alta Vista de Subic
Davao Riverfront
Glenrose Park Cebu
Lakewood Cabanatuan
Metropoli Residenza de Libis
Monte Verde Executive Village
Palo Alto Ph1
Rizal Technopark
South Pacific Golf and Leisure Estate
Palm Coast Marina Bayside
Greenwoods Pasig
Greenwoods Executive Ph9E, 8A1-3 and 8F3
Sta. Barbara Royale Ph1A
Nottingham Villas Townhouse 5A-5D and 6-7
Green Meadows Iloilo Ph1
Rizal Technopark Ph2F
Greenland Cainta Ph9C, 3B, 3B1-2 and 4C1-2
La Mirada Tower 1
La Breza Tower
Greenland Antipolo
Green Meadows Tarlac
Stradella (formerly East Bel-Air 2)
Sta. Lucia Residenze 1 - Monte Carlo
Sugarland Estates
Pueblo Del Sol Ph2
Greenland Newtown Ph2B
Glenrose Taytay
Alta Vista Residential Estate and Golf Course
Costa Verde Cavite
Eagle Ridge
Greenwoods South
Metropolis Greens
Manville Royale Subdivision
Neopolitan Garden Condominium
Pinewoods
Southfield Executive Village
Caliraya Springs
Tagaytay Royale
Sta. Lucia East Grand Mall
Beverly Place Ph9H
Summerhills Ph4
Sotogrande Ph2
Costa Del Sol Iloilo
Greenland Cainta Ph4J1, 8A1, 8B3 and 9B
Arterra Residences

On- Going Projects:

La Huerta Calamba
Green Meadows Dasmarinas Ph2 and Ph2A
Greenland Newtown Ph2C
Ponte Verde Davao Ph1-Ph3
Greenwoods Executive Ph1A2,2A1, 2K1 and 3A2
Greenwoods Executive Ph8A5, 8F4-5 and 8G1
Nottingham Townhouse Villas9-11
Althea Davao
Sotogrande Davao
Sotogrande Iloilo
Orchard Tower 1
Woodside Garden Village Ph2C
South Spring Laguna
Harbor Spring Condotel
Golden Meadows Binan Ph02C and Ph02D
Metropolis East Binangonan
Catalina Lake Residences Batangas
El Pueblo Verde
La Alegria Negros Occidental
Monte Verde Royale Ph 3B and 4A-4C
Greenwoods North Ph2 and Ph3
Summerhills4A and 4B
Valle Verde Davao
Colinas Verdes Ph3, 3A and 3B
Greenwoods Executive Ph540, 6 and 6S9
Greenwoods Executive Ph9D1 and 9F
East Bel-Air 3
Sta. Lucia Residenze – Santorini
Sotogrande Katipunan
Neopolitan 2
Vermont Park Executive Ph1E and 4I
Summit Point Golf And Residential Estate
Rockville Cavite
Green Peak Heights Ph1-3
Almeria Verde Dagupan
Aqua Mira Resorts
Catalina Lake Residences Palawan
Green Ridge Executive Ph4A
Metropolis Iloilo Ph2
Nasacosta Cove Batangas

Orchard Residential Estate Ph1A2
Sotogrande Ph3
Green Peak Heights Palawan
Cambridge Place Ph1A
Green Meadows Condominium
Haciende Verde Iloilo
Lakewood Los Banos Ph4
Nottingham Villas Iloilo
Nottingham Villas Tagaytay
Seville Davao
Villa Verde East Ph3
Green Meadows Iloilo Ph2
Palo Alto Ph2
Soler Mandug Davao
Costa Verde Alangilan
Centro Polis Davao
Greenwoods South Ph4A and 6
Las Colinas Davao
Marbella Davao
Nottingham Villas Palawan
Rizal Technopark 2 Sec. 1, 2D1 and 2H
South Coast
Woodridge Iloilo

Future Projects:

Splendido Tower 3
Splendido Tower 4
La Mirada Tower 2
Sta. Lucia Residenze Tower 3
Sta. Lucia Residenze Tower 4
Sta. Lucia Residenze Tower 5
East Bel-Air 4
East Bel-Air 5
East Bel-Air 6
Neopolitan Tower 3
Neopolitan Tower 4
Neopolitan Tower 5
Neopolitan Tower 6
Neopolitan Tower 7
Greenmeadows Ph 1 A and B
Neopolitan Tower 8
Neopolitan Tower 9
Valle Verde Cebu
Orchard Tower Condotel
Orchard Tower 3
Orchard Tower 4
Lipa Royale Ph 5
Green Ridge Expansion Property
Tomas Morato Condotel
Ponte Verde Ph 5
Valley View Ph2A
Ponte Verde Davao Expansion
Greenwoods Executive Expansion
South Spring Expansion

On January 19, 2009 at its Executive Committee Meeting, the Registrant resolved to enter into a joint venture agreement with Royale Homes Realty and Dev't., Inc. for the development of Antipolo Greenland Phase II, Mr. Antonio C. Rivilla for Green Meadows Tarlac, Great Landho, Inc. for Sugarland, Darnoc Realty and Dev't. Corp. for South Coast and Surfield Dev't. Corp., Boyd Dev't. Corp., and Paretti Dev't. Corp. for La Panday Prime Property.

On February 12, 2010, the Registrant in its Executive Committee Meeting resolved to sign the joint venture agreement with Mr. John Gaisano et al. for the development of several parcels of land in Matina Crossing, Davao which has a total area of 162, 140 square meters known as the Costa Verde Subdivision.
On August 4, 2010, the Registrant, at its Executive Committee Meeting, resolved to approve the joint venture agreement with General Milling Corporation (GMC) with a 132,065 square meter property located in the old and new Bridge of Mactan Island to Cebu proper. Also, a second joint venture with spouses Gloria-Sulit-Lenon of a piece of property located in San Mateo, Rizal with an area of 34, 703 square meters. Lastly, the 3rd joint venture agreement with SJ properties, Joseph O. Li et al. to develop a 102, 477 square meter property in Kaytitinga, Alfonso, Cavite was approved.

On September 17, 2010 at the Special Meeting of the Board of Directors, the Registrant resolved to enter a joint venture agreement with San Ramon Holdings, Inc. for the development of a parcel of land located in Canlubang, Calamba, Laguna.

On February 07, 2011 at the meeting of the Executive Committee, the Registrant approved the joint venture agreement among Sept. Company Inc (SCI), Antonio Rivilla, and the Company, to develop parcel of land situated Barrio San Antonio Abagon & Poblacion Municipality of Gerona, Tarlac with a total area of 155, 153 sq m into a residential and commercial subdivision.

On February 09, 2011 at the meeting of the Executive Committee, the Company has entered into a joint venture agreement with Sta. Lucia Realty and Development, Inc. for a development of a commercial subdivision located in Barrio of Dumuclay, Batangas City. In addition, the Company also entered a joint venture agreement with

Anamel Builders Corporation (ABC) to develop a parcel of land owned by ABC located in the City of Gapan Nueva Ecija, with an aggregate area of 136,059 square meters in a residential subdivision.

On March 16, 2011 at the meeting of the Executive Committee, the Registrant approve the joint venture agreement between First Batangas Industrial Park Inc. to develop several parcels of land situated in the Brgys.of Manghinao and Balayong Bauan, Batangas with an aggregate area of 538,138 sq m.

In the Executive Committee meeting held on October 20, 2011, the Registrant entered into a joint venture agreement with Rexlon Realty Group Inc. to develop a parcel of land in Brgy. Kaybiga, Caloocan City into a residential subdivision, with an aggregate area of 5,550 sq m.

In the Organizational Meeting of the Board of Directors of the Corporation held immediately after the Annual Stockholder's Meeting on June 29, 2012, the Board of Directors authorized the Registrant to enter into joint venture agreements with Royale Homes Realty and Development Corporation with respect to the development of certain properties located in Brgy. Pasong Matanda, Cainta Rizal and Brgy. Sta. Ana Taytay, Rizal, with Melissa Ann L. Hechanova, Maria Angela M. Labrador, and Vivian M. Labrador for the development of a parcel of land situated in Brgy. Cabangan, Subic, Zambales, with Rapid City Realty & Development Corporation with respect to the development of properties in Antipolo City and the Municipalities of Baras, Tanay, Teresa, Province of Rizal.

On October 4, 2012 at the Special Meeting of the Executive Committee, the Registrant was authorized to enter into joint venture agreements with the following:

a. Trillasun Realty and Development Corporation, with respect to the development of certain properties in Brgy. Dumoclay, Batangas City
b. Sta. Lucia Realty and Development, Inc., with respect to the development of certain parcels of land in Taytay, Rizal and Bario Mendez, Tagaytay City
c. Royale Homes Realty and Development, Inc., with respect to the development of properties in Imus, Cavite;
d. Carlos Antonio S. Tan and Mark Davies S. Santos, with respect to the development of certain properties in Cainta, Rizal
e. Irma SB. Ignacio-Tapan, with respect to the development of certain properties in Cainta, Rizal
f. MFC Holdings Corporation, with respect to the development of properties in Brgy. Tolotolo, Consolacion, Cebu.

At the special meeting of the Board of Directors held on December 12, 2012 at the principal office of the Company, the Registrant was authorized to enter into joint venture agreements with various parties with respect to the expansion of various existing projects, involving the following properties:

a. A parcel of land with an area of 29,950 sq m situated in Brgy. Ampid, San Mateo, Rizal;
b. A parcel of land with an area of 72,767 sq m situated in Barrio Lapit, Urdaneta City, Pangasinan;
c. A parcel of land with an area of 8,906 square meters situated in Barrio Muzon, Angono, Rizal;

Also, the registrant was authorized to acquire the following properties:

a. A parcel of land with an area of 1,230 sqm in Quezon City,
b. A parcel of land in Barrio Inosluban, Buclanin, Lipa, 7,895 sqm
c. A parcel of land in Mexico, Pampanga, 61,486 sqm

At the Special Meeting of the Registrant's Board of Directors held on 18 April 2013, the following resolutions on entering to Joint Ventures and acquiring parcels of land were discussed and approved:

a. For the development of a parcel of land located in Davao City owned by Greensphere Realty & Development Corp.;
b. For the expansion of the Registrant's project known as Palo Alto, located in Tanay, Rizal, involving parcels of land owned by Sta. Lucia Realty and Development, Inc. and Milestone Farms, Inc.;

c. For the expansion of the Registrant's project known as Rizal Techno Park, located in Taytay, Rizal, involving parcels of land owned by Royal Homes Realty & Development Corporation and JFG Construction and Development Services with an aggregate area of 10,100 square meters;
d. For the expansion of the Registrant's project known as Greenwoods Executive Village, located in Pasig City, involving a parcel of land owned by St. Botolph Development Corp. with an area of 5,558 square meters;
e. For the expansion of the Registrant's project known as Cainta Greenland, located in Cainta, Rizal, involving a parcel of land owned by Sta. Lucia Realty and Development, Inc. with an area of 5,019.5 square meters;
f. Seven parcels of land located at Barangay San Juan, Taytay, Rizal, with an aggregate area of 4,865.49 square meters, owned by Carmencita M. Estacio, Adela O. Leyca, Manuel Medina, Lucia M. Del Rosario, Ireneo O. Medina, Leopoldo O. Medina, and Bonifacio O. Medina; and
g. A parcel of land located in Lipa, Batangas with an area of 7,895 square meters, owned by Benito Magaling and Divina Tupaz.

On April 1, 2014, the Board approves a resolution authorizing the Registrant to enter into joint ventures involving the development of a new project located in Cebu with an area of 537,011 sq.m and to amend the Articles of Incorporation of the Company to extend the corporate term by 50 years together with the following:

Resolutions authorizing the Registrant to acquire the following:

a. Parcel of land at Sun City Expansion, Davao, 24,578 sqm
b. Parcel of land in Golden Meadows Sta. Rosa, 51,500 sqm
c. Parcel of land located in Greenwoods Batangas, 32,312sqm
d. Parcel of land in Lipa Royale Batangas, 9,421 sqm

Resolutions authorizing the Registrant to enter in joint ventures involving the following:

a. Development of Rizal Techno Park Taytay, 10,100sqm
b. Development of a new project in Puerto Princesa, 20,000 sqm
c. Development of land in Palawan, 61,315sqm
d. Development of parcel of land located in Greenwoods South , 32,314sqm
e. Expansion in Davao, 9,841sqm
f. Development of new project in Cebu, 537,011sqm
g. Development of project in Davao, 36,913sqm
h. Development of project on Ponte Verde, Davao, 28,000sqm

On July 1, 2014, the following were resolved by the Board to acquire:

a. Parcel of land in Batangas City, 9315.5 sqm
b. Parcel of land in Batangas City, 3,087 sqm
c. Parcel of land in Taytay, 6,302 sqm

And a resolution was made to authorize the Registrant to enter into a joint venture for the development of a new project in Dagupan Pangasinan, 77,001 sqm
At the Special Meeting of the Board of Directors, on 21 April 2015, the following resolutions were discussed and approved:

a. Development of a project located in Ponte Verde Davao with an area of 36,915 sqm. and 28,751 sqm
b. Development of a new project in Eden Davao with area of 985,292 sq.m.
c. Development of new project in Cainta Rizal with an area of 16,026 sq. m.
d. Development of new project in Taytay Rizal with an area of 8,318 sqm
e. Development of 7 projects in Barrio San Miguel Pasig with an area of 8,423 sqm
f. Development of new project in Bauan Batangas with an area of 246,653 sqm
g. Development of new project in Binangonan Rizal with an area of 24,492.62 sqm
h. Development of new project in Sta. Rosa Laguna with an area of 27,500 sqm
i. Development of new project in Bario Pasong Matanda Cainta Rizal with an area of 51,969 sqm
j. Land acquisition of parcels of land in Bauan Batangas

k. Land acquisition of parcels of land in Jaro, Iloilo City
l. Parcel of land in Taytay, 6,302 sqm

Further, at the Annual Stockholders Meeting of the Company held on 19 June 2015, the following resolutions authorizing the Company to enter into joint ventures and land acquisitions were authorized:

a. Development of a project located in San Juan Cainta with an area of 8,697 sqm
b. Development of a new project in Brgy. Tagburos Puerto Princesa Palawan with an area of 12,000
c. Development of new project in Tagaytay with an area of 178,397 sqm
d. Development of new project in Jaro Iloilo with an area of 12,000sqm
e. Development of new project in Davao with an area of 43,137 sqm
f. Parcels of land located in Cainta Rizal with a n area of 10,110 sqm
g. Parcels of land located in San Juan Taytay with a n area of 893sqm
h. Parcels of land located in Inosluban Lipa with an area of 9,421 sqm
i. Parcels of land located in Dasmarinas Cavite with an area of 100,000 sqm

At the Special Meeting of the Board of Directors of the Registrant held on 23 September 2015 at East-Bel Air Residences Clubhouse, Felix Ave, Cainta, Rizal, the following resolutions were discussed and approved:

A. Authorizing the Registrant to enter into joint ventures involving the following:

1. Development of 3 projects located in Brgy. Sta. Ana, Taytay, Rizal with an aggregate area of 18,104 sq.m.;
2. Development of a new project located in Brgy. Mahabang Sapa, Cainta, Rizal with an area of 17,352 sq.m.;
3. Development of 4 projects located in Brgy. San Juan, Cainta, Rizal with an aggregate area of 24,753 sq.m.;
4. Development of a project in Cainta, Rizal with an area of 4,424 sq.m.;
5.Development of a project in Brgy. Pag-asa, Binangonan, Rizal with an area of 28,535.62 sq.m.;
6.Development of 2 projects located in Bo. of Tuctucan and Panginay, Guiguinto, Bulacan with an aggregate area of 40,286 sq.m.;
7. Development of a project in Bo. Sinalhan, Sta. Rosa, Laguna with an area of 27,500 sq.m.; and
8.Development of a project in Brgy. Quirino, Quezon City with an area of 1,100 sq.m.

B. Authorizing the Registrant to acquire the following:

1. Parcel of land located in Bo. Canigaran, Puerto Princesa City with an area of 6,358 sq.m.;
2. Parcels of land located in Barrio dela Paz, Biñan, Laguna with a total area of 15,484 sq.m.; and
3. Parcel of land located in Brgy. Panapaan, Bacoor, Cavite with an area of 370 sq.m.

At a Special Meeting of the Board of Directors of the Company held on 03 February 2016 at the principal office of the Company the following were discussed and approved:

1. Development of a project located in Pavia and Manduriao, Iloilo City with an area of 688,477 sq.m.;
2. Development of a project located in Bo. Sacsac, Cebu with an area of 33,848 sq.m.;
3. Development of a project located in Bauan, Batangas with an area of 84,339 sq.m.;
4. Development of a project located in Bo. Dela Paz, Biñan, Laguna with an area of 13,700 sq.m.;
5. Development of a project located in Sto. Tomas, Batangas with an area of 37,746 sq.m.;
6. Development of a project located in Binangonan, Rizal with an area of 28,535.62 sq.m.;
7. Development of a project located in Dasmariñas, Cavite with an area of 44,692 sq.m.;
8. Development of a project located in Bo. Mayamot, Antipolo City with an area of 8,471 sq.m.;
9. Development of a project located in Brgy. Sta. Ana, Taytay, Rizal with an area of 7,725 sq.m.

And

1. Parcel of land located in Cavite with an area of 34,382 sq.m.;
2. Parcel of land located in Bo. dela Paz, Biñan, Laguna with an area of 10,322 sq.m.;
3. Parcel of land located in Bo. Sinalhan, Sta. Rosa, Laguna with an area of 5,500 sq.m.;
4. Parcel of land located in Santolan, Pasig City with an area of 1,977.50 sq.m.;
5. 21 parcels of land located in Calamba, Laguna with a total aggregate area of 315,361.97 sq.m.;

6. Parcel of land located in n San Antonio, Biñan, Laguna with an area of 2,000 sq.m.
7. Parcel of land located in Dasmariñas, Cavite with an area of 300,000 sq.m.;
8. 11 parcels of land located in Bo. Manghinao I, Bauan, Batangas with a total aggregate area of 89,942 sq.m.;
9. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 11,522 sq.m.;
10. 8 parcels of land located in Bauan, Batangas with a total aggregate area of 85,455 sq.m.;
11. 3 parcels of land located in Biñan, Laguna with a total aggregate area of 16,622 sq.m.;
12. 2 parcels of land located in Matinao, Polomolok, Gen. Santos City with a total aggregate area of 95,579 sq.m.;
13. Parcel of land located in Brgy. Iruhin, Tagaytay City with an area of 299 sq.m.

On 17 June 2016, the following were approved by the Board:

1. Development of a project located in Brgy. Tagburos, Puerto Princesa, Palawan with an area of 187,115.50 sq.m.;
2. Development of a project located in Silay City, Negros Occidental with an area of 677,880 sq.m.;
3. Development of a project located in Brgy. Sta. Ana, Taytay, Rizal with an area of 3,053 sq.m.; and
4. Development of a project located in Bo. Mayamot, Antipolo City with an area of 8,471 sq.m.

B. Resolutions authorizing the Corporation to acquire the following:\

1. Parcels of land located in District of Jaro, Iloilo City with a total area of 7,500 sq.m.;
2. Parcel of land located in Bo. Inosluban, Lipa City, Batangas with an area of 27,752 sq.m.;
3. Parcel of land located in Biñan, Laguna with an area of 13,302 sq.m.;
4. Parcel of land located in Bo. Sinalhan, Sta. Rosa, Laguna with an area of 14,814 sq.m.;
5. Parcel of land located in Bo. Tiniguiban, Puerto Princesa, Palawan with an area of 37,895 sq.m.;
6. Parcel of land located in Sta. Barbara, Iloilo City with an area of 104,464 sq.m.;
7. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 11,759 sq.m.;
8. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 13,464 sq.m.;
9. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 5,569 sq.m.;
10. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 14,444 sq.m.;
11. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 12,933 sq.m.;
12. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 17,884 sq.m.;
13. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 12,904 sq.m.;
14. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 15,594 sq.m.;
15. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 5,166 sq.m.;
16. Parcel of land located in Bo. Balayong, Bauan, Batangas with an area of 10,927 sq.m.;
17. Parcel of land located in Brgy. Ulango, Calamba, Laguna with an area of 12,688 sq.m.;
18. Parcel of land located in Biñan, Laguna with an area of 3,130 sq.m.;
19. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 16,832 sq.m.;
20. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 15,781 sq.m.;
21. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 11,628 sq.m.;
22. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 16,636 sq.m.;
23. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 18,064 sq.m.;
24. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 16,636 sq.m.;
25. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 11,595 sq.m.;
26. Parcel of land located Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 96,295 sq.m.;
27. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 40,538 sq.m.;
28. Parcel of land located in Bo. Pulanbato, Cebu City with an area of 13,819 sq.m.;
29. Parcel of land located in Bo. Darangan, Binangonan, Rizal with an area of 29,170 sq.m.;
30. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 11,595 sq.m.;
31. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 96,295 sq.m.;
32. Parcel of land located in Brgy. Cabugao Sur, Sta. Barbara, Iloilo City with an area of 40,538 sq.m.;
33. Parcel of land located in Bo. Canlalay, Biñan, Laguna with an area of 2,609 sq.m.;
34. Parcel of land located in Zamboanga City with an area of 267,657 sq.m.;
35. Parcel of land located in Zamboanga City with an area of 18,600 sq.m.; and
36. Parcel of land located in Brgy. Tagburos, Puerto Princesa, Palawan with an area of 187,115.50 sq.m.

At the Special Meeting of the Board of Directors of the Corporation held on 23 November 2016 at the principal office of the Corporation, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of a project located in Jaro, Iloilo with an area of 96,422 sq.m.;
2. Development of a project located in Batangas with a total area of 119,389 sq.m.;
3. Development of a project located in Cebu City with an area of 12,792 sq.m.;
4. Development of a project located in Rizal with a total area of 308,340 sq.m.;
5. Development of a project located in Davao City with an area of 300,000 sq.m.;
6. Development of a project located in Pasig City with an area of 7,329 sq.m;
7. Development of a project located in Nueva Ecija with an area of 98,848 sq.m.; and
8. Development of a project located in Tagaytay City with an area of 29,640 sq.m.

B. Resolutions authorizing the Corporation to acquire the following:

1. Parcel of land located in Jaro, Iloilo with a total area of 216,520 sq.m.;
2. Parcel of land located in Baguio City with an area of 9,822 sq.m.;
3. Parcel of land located in Tagaytay City with an area of 21,888 sq.m.;
4. Parcel of land located in Panacan, Davao City with an area of 28,751 sq.m.;
5. Parcels of land located in Calamba with a total area of 107,514 sq.m.;
6. Parcels of land located in Batangas with a total area of 142,677 sq.m.;
7. Parcel of land located in Rizal with an area of 208 sq.m.;
8. Parcel of land located in Quezon with an area of 4,211 sq.m.; and
9. Parcels of land located in Antipolo City with a total area of 6,072 sq.m.

At the Special Meeting of the Board of Directors of the Corporation held on 17 February 2017 at the principal office of the Corporation, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the corporate note of the Corporation

Subject to securing all required approvals under applicable laws, rules and regulations, the Corporation was authorized to negotiate and avail of a ten (10) year Corporate Note Facility with financial institutions, with a maximum of nineteen (19) investors, for an aggregate amount of PhP 3 Billion and with an overallotment option of PhP 2 Billion, for the pre-payment of existing obligations of the Corporation, strategic land banking, capital expenditures for ongoing and new projects, and general corporate purposes.

B. Resolution authorizing the opening of bank lines with Maybank Philippines, Inc.

The Corporation was authorized to open a one (1) year, PhP 250 Million credit line with Maybank Philippines, Inc. under terms and conditions that are in the best interest of the Corporation.

C. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of a project located in Cebu with a total area of 8,644 sq.m.;
2. Development of a project located in Davao with a total area of 891,804 sq.m.;
3. Development of a project located in Batangas with a total area of 444,769 sq.m.;
4. Development of a project located in Nasugbu, Batangas covering various titles;
5. Development of a project located in Rizal with an area of 47,607 sq.m.;

D. Resolutions authorizing the Corporation to acquire the following:

1. Parcel of land located in Davao with a total area of 67,695 sq.m.;
2. Parcel of land located in Batangas with an area of 8,118 sq.m.;
3. Parcel of land located in Palawan with an area of 3,721 sq.m.;
4. Parcels of land located in Rizal with a total area of 4,613 sq.m.;

5. Parcels of land located in Iloilo with a total area of 7,394 sq.m.;
6. Parcel of land located in Cavite with an area of 8,848 sq.m..

At the Special Meeting of the Board of Directors of the Corporation held on 27 April 2017 at the Choi Garden, Greenhills, San Juan City, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the Annual Stockholders' Meeting Date and Venue

The Annual Stockholders' Meeting for 2017 was set on 22 June 2017, 8:00 a.m. to be held at Il Centro, Sta. Lucia Mall, Marcos Highway cor. Imelda Ave., Cainta, Rizal.

B. Resolution approving the New Corporate Governance Manual

Pursuant to SEC Memorandum Circular No. 19 Series of 2016, the New Corporate Governance Manual of the Corporation was approved.

C. Resolution authorizing the Corporation to negotiate and deal with Multinational Investment Bancorporation for a loan

The Corporation was authorized to negotiate and deal with Multinational Investment Bancorporation for opening of a credit line for availment of unsecured loans of up to PhP 2 Billion.

D. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of a project located in Cebu with an area of 8,470 sq.m.;
2. Development of a project located in Davao with a total area of 901,804 sq.m.;
3. Development of a project located in Batangas with an area of 254,836 sq.m.;
4. Development of a project located in Iloilo with a total area of 34,551 sq.m.;
5. Development of a project located in Rizal with a total area of 15,662 sq.m.;
6. Development of a project located in Aurora with an area of 490,173.56 sq.m.;
7. Development of a project located in Cavite with an area of 35,054 sq.m..

E. Resolutions authorizing the Corporation to acquire the following:

1. Parcel of land located in Cavite with an area of 11,684 sq.m.;
2. Parcel of land located in Batangas with a total area of 19,309 sq.m.;
3. Parcel of land located in Davao with a total area of 248,889 sq.m.;
4. Parcels of land located in Iloilo with an area of 8,527 sq.m.;
5. Parcels of land located in Rizal with an area of 159,696 sq.m.;

F. Resolution authorizing the Corporation to negotiate and deal with Manulife China Bank Life Assurance Corporation

The Corporation was authorized to negotiate and deal with Manulife China Bank Life Assurance Corporation in connection with the employee retirement plan for the benefit of the Corporation's employees.

On June 22, 2017, the following resolutions were approved by the Board of Directors;

A. Resolutions authorizing the Corporation to enter into joint ventures involving the following:
1. Development of a project located in Cavite with an area of 46,739 sq.m.

B. Resolutions authorizing the Corporation to acquire the following:
1. Parcel of land located in Pangasinan with an area of 121,496 sq.m.;
2. Parcels of land located in Batangas with a total area of 124,677 sq.m.; and
3. Parcels of land located in Iloilo with a total area of 58,731 sq.m..

At the Special Meeting of the Executive Committee held on 14 September 2017 at the principal office of the Corporation, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution authorizing the Corporation to enter into a joint venture involving the development of a project located in Palawan with a total area of 212,890 sq.m.;

B. Resolutions authorizing the Corporation to acquire the following:

1. Parcel of land located in Marikina City with a total area of 355,310 sq.m.;
2. Parcel of land located in Quezon City with a total area of 53,133 sq.m.;
3. Parcel of land located in Palawan with a total area of 23,461 sq.m.;
4. Parcel of land located in Batangas with a total area of 31,254 sq.m.;
5. Parcel of land located in Davao with a total area of 22,991 sq.m.;
6. Parcel of land located in Laguna with a total area of 17,339.29 sq.m.

At the Special Meeting of the Board of Directors of the Corporation held on 08 January 2018 at its principal office, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the Minutes of the Organizational Meeting held on 22 June 2017

B. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of a project located in Baguio City with an area of 1,949 sq.m.;
2. Development of a project located in Bulacan with a total area of 715,410 sq.m.;
3. Development of a project located in Quezon City with an area of 1,560 sq.m.;
4. Development of a project located in Cavite with an area of 8,109 sq.m.;
5. Development of a project located in Rizal with a total area of 68,493 sq.m.;
6. Development of a project located in Batangas with an area of 383,069 sq.m.;
7. Development of a project located in Palawan with a total area of 178,762 sq.m.; and
8. Development of a project located in Negros Occidental with an area of 69,000 sq.m.

C. Resolutions authorizing the Corporation to acquire the following:

1. Parcel of land located in Dagupan City with an area of 803 sq.m.;
2. Parcel of land located in Cavite with an area of 8,109 sq.m.;
3. Parcels of land located in Laguna with a total area of 62,369 sq.m.;
4. Parcels of land located in Batangas with a total area of 524,015 sq.m.;
5. Parcels of land located in Rizal with a total area of 29,465 sq.m.;
6. Parcel of land located in Iloilo with an area of 99,778 sq.m.;
7. Parcel of land located in Davao with an area of 50,000 sq.m.; and
8. Parcel of land located in General Santos City with an area of 239,000 sq.m.

D. Resolution authorizing the opening of a US$ bank account with Security Bank Corporation

E. Resolution approving negotiations for and availing of a corporate note of the Corporation

Subject to securing all required approvals under applicable laws, rules and regulations, the Corporation was authorized to negotiate and avail of a seven (7) year Corporate Note Facility with financial institutions, with a maximum of nineteen (19) investors, for an aggregate amount of PhP 3 Billion and with an overallotment option of PhP 2 Billion, for the pre-payment of existing obligations of the Corporation, the financing of project development costs, and general corporate purposes.

F. Resolution authorizing the establishment of the Board of Trustees for the Sta. Lucia Land Retirement Plan

At the Special Meeting of the Board of Directors of the Corporation held on 07 February 2018 at its principal office, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the Minutes of the Special Meeting of the Board of Directors held on 08 January 2018;

B. Resolution authorizing the Corporation to enter into a joint venture involving the development of a project located in Pangasinan with an area of 67,176.50 sq.m.;

C. Resolution authorizing the Corporation to acquire a parcel of land located in Pangasinan with an area of 67,176.50 sq.m.;

D. Resolution authorizing the Corporation to donate parcels of land located in the City of Tanauan with a total area of 2,815 sq.m.;

E. Resolution authorizing the Corporation to participate in the Armed Forces of the Philippines Retirement and Separation Benefits System ("AFPRSBS") bidding for a property located in Iloilo;

F. Resolutions authorizing the opening of bank accounts with Development Bank of the Philippines, East West Banking Corporation and Bank of the Philippine Islands.

At the Special Meeting of the Board of Directors of the Corporation held on 24 April 2018 at its principal office, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the Minutes of the Special Meeting of the Board of Directors held on 07 February 2018;

B. Resolution setting the date of the Annual Stockholders' Meeting of the Corporation for the year 2018 on Thursday, 21 June 2018, 8:00 a.m., at Il Centro, Sta. Lucia Mall, Marcos Highway cor. Imelda Ave., Cainta, Rizal;

C. Resolution setting the record date on 21 May 2018 for purposes of determining the list of stockholders of the Corporation who are entitled to notice of, and to vote at, the Annual Stockholders' Meeting;

D. Resolutions authorizing the Corporation to acquire the following:

1. Parcels of land located in Bauan, Batangas with a total area of 14,870 sq.m.;
2. Parcels of land located in Carmen, Cebu with a total area of 231,280 sq.m.;
3. Parcels of land located in Sta. Barbara, Iloilo with a total area of 70,200 sq.m.;
4. Parcel of land located in Plaridel, Bulacan with an area of 3,155.50 sq.m.;
5. Parcel of land located in San Mateo, Rizal with an area of 160,003 sq.m.;
6. Parcel of land located in Puerto Princesa, Palawan with an area of 11,058 sq.m.;
7. Parcel of land located in Davao City with an area of 50,000 sq.m.;
8. Parcel of land located in San Pascual, Batangas with an area of 26,008 sq.m.; and
9. Parcel of land located in Dasmariñas, Cavite with an area of 6,081 sq.m.

E. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of a project located in Mandaue, Cebu with an area of 317,543 sq.m.;
2. Development of a project located in Dagupan, Pangasinan with an area of 12,328 sq.m.;
3. Development of a project located in Angono, Rizal with an area of 50,532 sq.m.;
4. Development of a project located in Batangas with an area of 215,481 sq.m.; and
5. Development of a project located in Dasmariñas, Cavite with an area of 38,431 sq.m.

F. Resolutions authorizing the Corporation to open accounts with the following:

1. Bank of China;
2. Bank of Commerce;
3. AB Capital Securities, Inc.;
4. Regina Capital Development Corporation;
5. SB Equities Inc.;
6. Philippine Equity Partners, Inc.;
7. Deutsche Regis Partners, Inc.;
8. BPI Securities;
9. F. Yap Securities, Inc.;
10. Rizal Commercial Banking Corporation;
11. China Banking Corporation;
12. Amalgamated Investment Bancorporation; and
13. Security Bank Corporation.

At the Special Meeting of the Board of Directors of the Corporation held on 28 September 2018 at its principal office, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the Minutes of the Organizational Meeting of the Board of Directors held on 21 June 2018;

B. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of a project located in Rizal with an area of 18,222 sq.m.;
2. Development of projects located in Batangas with a total area of 60,621 sq.m.;
3. Development of a project located in Antipolo City with an area of 51,630 sq.m.; and
4. Development of a project located in Bulacan with an area of 14,038 sq.m.

C. Resolutions authorizing the Corporation to enter into a joint venture with Sta. Lucia Realty & Dev., Inc. and the Armed Forces of the Philippines Retirement and Separation Benefits System ("AFPRSBS") for the development of a project located in Iloilo City with an area of 3,484 sq.m. The same was also approved by the Related Party Transactions Committee to ensure the absence of conflict of interest;

D. Resolutions authorizing the Corporation to acquire the following:

1. Parcels of land located in Davao del Sur with a total area of 141,642 sq.m.;
2. Parcels of land located in Iloilo with a total area of 121,808 sq.m.;
3. Parcels of land located in Antipolo with a total area of 266,002 sq.m.;
4. Parcels of land located in Nueva Ecija with a total area of 207 sq.m.;
5. Parcels of land located in General Santos City with a total area of 243,168 sq.m.;
6. Parcels of land located in Rizal with a total area of 183,888 sq.m.
7. Parcel of land located in Batangas with an area of 11,419 sq.m.; and
8. Parcel of land located in Laguna with an area of 13,332.60 sq.m.

E. Resolution authorizing the Corporation to set-up the Sta. Lucia Foundation;

F. Resolution authorizing the Corporation to open accounts with China Banking Corporation;

G. Resolution authorizing the Corporation to reactivate its dormant account with Asia United Bank;

H. Resolution authorizing the Corporation to open a PhP500 million credit line with Security Bank Corporation;

I. Resolution authorizing the Corporation to open a PhP500 million credit line with the Bank of the Philippine Islands.

At the Special Meeting of the Board of Directors of the Corporation held on 07 December 2018 at its principal office, at which meeting a quorum was present and acting throughout, the following were discussed and approved:

A. Resolution approving the Minutes of the Special Meeting of the Board of Directors held on 28 September 2018;

B. Resolutions authorizing the Corporation to enter into joint ventures involving the following:

1. Development of projects located in Iloilo with a total area of 56,483 sq.m.;
2. Development of a project located in Pasig City with an area of 2,106 sq.m.;
3. Development of a project located in Batangas with an area of 12,152 sq.m.;
4. Development of projects located in Bulacan with a total area of 20,349 sq.m.;
5. Development of projects located in Rizal with a total area of 11,576 sq.m;
6. Development of a project located in Laguna with an area of 15,003 sq.m.; and
7. Development of a project located in Davao del Sur with an area of 37,550 sq.m.

C. Resolutions authorizing the Corporation to acquire the following:

1. Parcels of land located in Palawan with a total area of 128,120 sq.m.;
2. Parcels of land located in Batangas with a total area of 787,797 sq.m.;
3. A parcel of land located in Davao del Sur with an area of 57,928 sq.m.;
4. Parcels of land located in Cavite with a total area of 16,739 sq.m.; and
5. A parcel of land located in Laguna with an area of 153,354 sq.m.

D. Resolutions authorizing the Corporation to appoint a Data Protection Officer.

The following table shows the expenditures spent on development activities and its percentage to revenues:

Year	PROJECT EXPENDITURES	PERCENTAGE TO REVENUES
2018	6,506,089,699	161%
2017	6,006,070,912	163%
2016	3,938,278,074	120%
2015	1,516,058,770	48%
2014	1,472,865,907	65%
2013	1,354,380,768	102%
2012	1,260,833,129	70%
2011	798,042,139	55%
2010	464,512,282	36%
2009	470,247,597	57%

ITEM 2: PROPERTIES

Real Properties

The following table provides summary information on the Registrant's land and other real properties as of December 31, 2017. Properties listed below are wholly owned and free of liens and encumbrances unless otherwise noted.

NO.	LOCATION	AREA IN SQM	LAND USE
1	Amang Rodriguez, Pasig City	10,156	RESIDENTIAL / COMMERCIAL
2	Bacolod City, Bacolod	52,669	RESIDENTIAL / COMMERCIAL
3	Baguio City, Benguet	35,887	RESIDENTIAL
4	Batangas City, Batangas	23,976	RESIDENTIAL / COMMERCIAL
5	Cabanatuan City	94,417	RESIDENTIAL / COMMERCIAL e
6	Cainta, Rizal	251,856	RESIDENTIAL / COMMERCIAL
7	Carcar Cebu	4,547	RESIDENTIAL
8	Cavinti, Laguna	84,980	RESIDENTIAL
9	Cebu City, Cebu	19,263	RESIDENTIAL
10	Consolacion, Cebu	15,923	RESIDENTIAL
11	Dasmarinas, Cavite	24,498	RESIDENTIAL
12	Davao City, Davao	197,373	RESIDENTIAL / COMMERCIAL
13	Dumuclay, Batangas City	71,991	RESIDENTIAL
14	Fairview, Quezon City	69,543	RESIDENTIAL / COMMERCIAL
15	General Trias, Cavite	85,178	RESIDENTIAL
16	Ilo-Ilo City, Ilo-Ilo	2,000	RESIDENTIAL / COMMERCIAL
17	Katipunan, Quezon City	2,000	RESIDENTIAL / COMMERCIAL
18	Lapu-Lapu City, Cebu	48,261	RESIDENTIAL / COMMERCIAL
19	Libis, Quezon City	11,335	RESIDENTIAL / COMMERCIAL
20	Rosario, Cavite	4,897	RESIDENTIAL / COMMERCIAL
21	Roxas Blvd, Pasay City	2,571	RESIDENTIAL / COMMERCIAL
22	Subic, Zambales	15,685	RESIDENTIAL
23	Tagaytay City, Cavite	46,288	RESIDENTIAL
24	Tanay, Rizal	672,934	RESIDENTIAL
25	Taytay, Rizal	45,275	RESIDENTIAL
26	Tanuan, Batangas	7,374	RESIDENTIAL
27	Salitran, Dasmariñas Cavite	17,346	RESIDENTIAL
28	Imus, Cavite	34,690	RESIDENTIAL
29	Lipa, Batangas	7,895	RESIDENTIAL

30	San Andres, Cainta, Rizal	1,000	RESIDENTIAL
31	Bulacnin and Inosluban, Municipality of Lipa	9,421	RESIDENTIAL
32	Sta. Rosa, Laguna	27,500	RESIDENTIAL
33	Barrio Canigaran, Puerto Princesa	6,358	RESIDENTIAL
34	Brgy. Muzon, Municipality of Taytay, Province of Rizal	12,446	RESIDENTIAL
35	Brngy. Balayong, Bauan, Batangas	28,114	RESIDENTIAL
36	Brngy. Balayong, Bauan, Batangas	11,584	RESIDENTIAL
37	Brgy. Balayong, Bauan, Batangas	24,788	RESIDENTIAL
38	De La Paz, Binan Laguna	5,162	RESIDENTIAL
39	Brngy. Balayong, Bauan, Batangas	9,227	RESIDENTIAL
40	Brngy. Balayong, Bauan, Batangas	15,063	RESIDENTIAL
41	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	12,909	RESIDENTIAL
42	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	9,901	RESIDENTIAL
43	Brngy. Balayong, Bauan, Batangas	8,151	RESIDENTIAL
44	Brngy. Balayong, Bauan, Batangas	12,497	RESIDENTIAL
45	Brngy. Balayong, Bauan, Batangas	17,783	RESIDENTIAL
46	Brngy. San Antonio Binan Laguna	4,300	RESIDENTIAL
47	Brngy. Isabang, City of Lucena, Province of Quezon	4,211	RESIDENTIAL
48	Brngy. Balayong, Bauan, Batangas	12,105	RESIDENTIAL
49	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	12,603	RESIDENTIAL
50	Brngy. Balayong, Bauan, Batangas	10,210	RESIDENTIAL
51	Brngy. Balayong, Bauan, Batangas	9,948	RESIDENTIAL
52	Bo. Of San Juan, Taytay, Rizal	1,293	RESIDENTIAL
53	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
54	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
55	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
56	Brngy. Manghinao I Municipality of Bauan, Province of Batangas	8,282	RESIDENTIAL
57	Barrio Pulo, Pasig City	257	RESIDENTIAL
58	Brngy. Balayong, Bauan, Batangas	6,638	RESIDENTIAL
59	Brngy. Balayong, Bauan, Batangas	6,205	RESIDENTIAL
60	Brngy. Balayong, Bauan, Batangas	5,588	RESIDENTIAL
61	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
62	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
63	Brgy. San Antonio, Municipality of Biñan, Province of Laguna	2,000	RESIDENTIAL
64	Brngy. Manghinao I, Bauan, Batangas	2,807	RESIDENTIAL
65	Brngy. Manghinao I, Bauan, Batangas	2,801	RESIDENTIAL
66	Brngy. Manghinao I, Bauan, Batangas	2,801	RESIDENTIAL
67	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
68	Bo. Of San Juan, Taytay, Rizal	893	RESIDENTIAL
69	Brngy. Pag-asa (Tayuman) Municipality of Binangonan, Province of Rizal	208	RESIDENTIAL

70	Sta. Ana, Taytay	5,411	RESIDENTIAL
71	Leonard Wood Road, Baguio City.	9,822	RESIDENTIAL
70	Brgy. San Roque, Zamboanga City	287,377	RESIDENTIAL
71	Brgy. Pansin, Alfonso, Cavite	22,241	RESIDENTIAL
72	Barangay Bolbok, Batangas City, Island of Luzon	9,316	RESIDENTIAL
73	Sta. Barbara, Iloilo	4,053	RESIDENTIAL
74	Brgy Dumoclay, Batangas City	32,313	RESIDENTIAL
75	Brgy. Manghinao I Municipality of Bauan, Province of Batangas	6,610	RESIDENTIAL
76	Brgy. Balayong, Municipality of Bauan, Province of Batangas	7,897	RESIDENTIAL
77	Brgy. Balayong, Municipality of Bauan, Province of Batangas	9,039	RESIDENTIAL
78	Brgy. Balayong, Municipality of Bauan, Province of Batangas	7,519	RESIDENTIAL
79	Brgy. Mataas na Lupa, San Pascual, Batangas	26,008	RESIDENTIAL
80	Brgy. Mataas na Lupa, Municipality of San Pascual	21,765	RESIDENTIAL
81	Brgy. Balayong, Bauan, Batangas	28,153	RESIDENTIAL
82	Barrio of Inosluban, Lipa City, Batangas	27,752	RESIDENTIAL
83	Biñan, Laguna	14,302	RESIDENTIAL
84	San Pascual, Batangas	555	RESIDENTIAL
85	San Pascual, Batangas	12,600	RESIDENTIAL
86	San Pascual, Batangas	453	RESIDENTIAL
87	Brgy. Manghinao 1, Bauan Batangas	18,947	RESIDENTIAL
88	Brgy. Balayong Bauan Batangas	22,320	RESIDENTIAL
89	Bo. of Inosluban, Municipality of Lipa	18,257	RESIDENTIAL
90	Municipality of Antipolo, Province of Rizal	3,892	RESIDENTIAL
91	Brgy. Balayong, Bauan, Batangas	18,260	RESIDENTIAL
92	Brgy. Balayong, Bauan, Batangas	9,209	RESIDENTIAL
93	Brgy. Balayong, Bauan, Batangas	6,679	RESIDENTIAL
94	Brgy. Balayong, Bauan, Batangas	8,410	RESIDENTIAL

95	Brgy. Balayong, Bauan Batangas	6,563	RESIDENTIAL
96	Biñan Laguna	10,322	RESIDENTIAL
97	Brgy. Manghinao I Municipality of Bauan, Province of Batangas	13,515	RESIDENTIAL
98	Brgy. Balayong, Bauan, Batangas	13,464	RESIDENTIAL
99	Brgy. Balayong, Bauan, Batangas	13,377	RESIDENTIAL
100	Brgy. Manghinao I Municipality of Bauan, Province of Batangas	11,759	RESIDENTIAL
101	Brgy. Manghinao I Municipality of Bauan, Province of Batangas	9,472	RESIDENTIAL
102	Brgy. Balayong, Bauan, Batangas	9,523	RESIDENTIAL
103	Brgy. Manghinao I Municipality of Bauan, Province of Batangas	8,898	RESIDENTIAL
104	Brgy. Manghinao I Municipality of Bauan, Province of Batangas	8,606	RESIDENTIAL
105	Canlalay, Municipality of Biñan, Province of Laguna	2,609	RESIDENTIAL
106	Brgy. Manghinao I, Municipality of Bauan, Province of Batangas	7,723	RESIDENTIAL
107	Barrio Canlalay, Biñan Labuna	3,913	RESIDENTIAL
108	Brgy. Manghinao I, Municipality of Bauan, Province of Batangas	7,480	RESIDENTIAL
109	Brgy. Balayong, Bauan, Batangas	7,950	RESIDENTIAL
110	Brgy. Balayong, Bauan, Batangas	7,073	RESIDENTIAL
111	Brgy. Balayong, Bauan, Batangas	6,082	RESIDENTIAL
112	Brgy. Balayong, Bauan Batangas	5,868	RESIDENTIAL
113	Barrio Mayamot, Anitpolo Rizal	1,180	RESIDENTIAL
114	Brgy. Balayong, Bauan, Batangas	5,993	RESIDENTIAL
115	Barrio of Mayamot, antipolo Rizal	1,000	RESIDENTIAL
116	Brgy. Balayong, Bauan, Batangas	4,547	RESIDENTIAL
117	Bo. Manghinao I, Bauan, Batangas	510	RESIDENTIAL
118	Brgy. Balayong, Bauan, Batangas	2,812	RESIDENTIAL
119	Brgy. Balayong, Bauan, Batangas	2,615	RESIDENTIAL

120	Brgy. Balayong, Bauan, Batangas	2,535	RESIDENTIAL
121	Olango, Calamba, Laguna	42,954	RESIDENTIAL / COMMERCIAL
122	Olango, Calamba, Laguna	29,922	RESIDENTIAL / COMMERCIAL
123	Olango, Calamba, Laguna	14,269	RESIDENTIAL / COMMERCIAL
124	Olango, Calamba, Laguna	7,134	RESIDENTIAL / COMMERCIAL
125	Olango, Calamba, Laguna	56,338	RESIDENTIAL / COMMERCIAL
126	Olango, Calamba, Laguna	13,312	RESIDENTIAL / COMMERCIAL
127	Olango, Calamba, Laguna	13,312	RESIDENTIAL / COMMERCIAL
128	Olango, Calamba, Laguna	16,787	RESIDENTIAL / COMMERCIAL
129	Olango, Calamba, Laguna	13,312	RESIDENTIAL / COMMERCIAL
130	Olango, Calamba, Laguna	29,922	RESIDENTIAL / COMMERCIAL
131	Olango, Calamba, Laguna	9,625	RESIDENTIAL / COMMERCIAL
132	Olango, Calamba, Laguna	9,625	RESIDENTIAL / COMMERCIAL
133	Olango, Calamba, Laguna	10,872	RESIDENTIAL / COMMERCIAL
134	Olango, Calamba, Laguna	9,626	RESIDENTIAL / COMMERCIAL
135	Olango, Calamba, Laguna	9,625	RESIDENTIAL / COMMERCIAL
136	Olango, Calamba, Laguna	9,625	RESIDENTIAL / COMMERCIAL
137	Olango, Calamba, Laguna	13,313	RESIDENTIAL / COMMERCIAL
138	Olango, Calamba, Laguna	6,584	RESIDENTIAL / COMMERCIAL
139	Olango, Calamba, Laguna	6,585	RESIDENTIAL / COMMERCIAL
140	Olango, Calamba, Laguna	3,292	RESIDENTIAL / COMMERCIAL
141	Barrio Salitran, Municipality of Dasmariñas, Province of Cavite	46,739	RESIDENTIAL
142	Brgy. Balayong, Municipality of Bauan, Province of Batangas	29,170	RESIDENTIAL / COMMERCIAL
143	Leonard Wood Road, Baguio City	9,822	RESIDENTIAL
144	Brgy. Communal Davao City	24,578	RESIDENTIAL
145	Brgy. Balayong Bauan, Batangas	5,697	RESIDENTIAL / COMMERCIAL

146	Brgy. Balayong Bauan, Batangas	10,927	RESIDENTIAL / COMMERCIAL
147	Brgy. Balayong Bauan, Batangas	8,752	RESIDENTIAL / COMMERCIAL
148	Brgy. Balayong Bauan, Batangas	10,180	RESIDENTIAL / COMMERCIAL
149	Brgy. Balayong Bauan, Batangas	12,904	RESIDENTIAL / COMMERCIAL
150	Province Cavite	34,382	RESIDENTIAL / COMMERCIAL
151	Brgy. Sta. Lourdes, Puerto Princesa, Palawan	3,721	RESIDENTIAL
152	Brgy. Balayong, Bauan, Batangas	14,444	RESIDENTIAL
153	Sta. Barbara, Province of Iloilo	8,527	RESIDENTIAL
154	Brgy. Balayong, Bauan, Batangas	13,634	RESIDENTIAL / COMMERCIAL
155	Brgy. Balayong, Bauan, Batangas	12,774	RESIDENTIAL / COMMERCIAL
156	Brgy. Balayong, Bauan, Batangas	11,191	RESIDENTIAL / COMMERCIAL
157	Brgy. Balayong, Bauan, Batangas	10,684	RESIDENTIAL / COMMERCIAL
158	Brgy. Pag-asa, Binangonan, Rizal	3,115	RESIDENTIAL
159	Brgy. Pag-asa, Binangonan, Rizal	1,498	RESIDENTIAL
160	Brgy. Balayong, Bauan, Batangas	9,531	RESIDENTIAL / COMMERCIAL
161	Brgy. Balayong, Bauan, Batangas	7,691	RESIDENTIAL / COMMERCIAL
162	Brgy. Balayong, Bauan, Batangas	6,449	RESIDENTIAL / COMMERCIAL
163	Brgy. Balayong, Bauan, Batangas	3,176	RESIDENTIAL / COMMERCIAL
164	Brgy. Balayong, Bauan, Batangas	2,135	RESIDENTIAL / COMMERCIAL
165	Sta. Barbara, Province of Iloilo	28,952	RESIDENTIAL
166	Brgy. Balayong, Municipality of Bauan, Province of Batangas	31,254	RESIDENTIAL / COMMERCIAL
167	Brgy. Balayong, Bauan, Batangas	4,759	RESIDENTIAL / COMMERCIAL
168	Brgy. Balayong, Bauan, Batangas	14,558	RESIDENTIAL / COMMERCIAL
169	Municipality of Sta. Rosa, Province of Laguna	8,000	RESIDENTIAL
170	Brgy. Balayong, Municipality of Bauan, Batangas	15,539	RESIDENTIAL / COMMERCIAL
171	Barrio Kingot, Municipality of Digos, Davao Del Sur	22,991	RESIDENTIAL

172	Brgy. Communal Davao City	10,241	RESIDENTIAL
173	Brgy. Balayong, Municipality of Bauan, Province of Batangas	12,933	RESIDENTIAL / COMMERCIAL
174	Brgy. Balayong, Bauan Batangas	6,278	RESIDENTIAL / COMMERCIAL
175	Brgy. Balayong, Bauan Batangas	5,649	RESIDENTIAL / COMMERCIAL
176	Brgy. Balayong, Bauan Batangas	4,751	RESIDENTIAL / COMMERCIAL
178	Barrio na Pulo, Lipa City	5,696	RESIDENTIAL / COMMERCIAL
179	Barrio na Pulo, Lipa City	48,626	RESIDENTIAL / COMMERCIAL
180	Barrio na Pulo, Lipa City	47,697	RESIDENTIAL / COMMERCIAL
181	Barrio na Pulo, Lipa City	10,000	RESIDENTIAL / COMMERCIAL
182	Barrio na Pulo, Lipa City	44,357	RESIDENTIAL / COMMERCIAL
183	Barrio na Pulo, Lipa City	49,506	RESIDENTIAL / COMMERCIAL
184	Barangay Cabugao, Sta. Barbara, Iloilo	17,586	RESIDENTIAL / COMMERCIAL
185	Tagum, Davao Del Norte	117,946	RESIDENTIAL / COMMERCIAL
186	Barrio Anolid, Municipality of Mangaldan, Province of Pangasinan	10,470	RESIDENTIAL / COMMERCIAL
187	Dasmariñas City, Cavite	34,692	RESIDENTIAL / COMMERCIAL
188	Gayaman, Binmaley Pangasinan	20,411	RESIDENTIAL / COMMERCIAL
189	Brgy. Sta. Barbara, Province of Iloilo	15,781	RESIDENTIAL / COMMERCIAL
190	Brgy. Balayong, Bauan Batangas	24,173	RESIDENTIAL / COMMERCIAL
191	Brgy. Balayong, Bauan, Batangas	22,122	RESIDENTIAL / COMMERCIAL
192	Municipality of Sta. Barbara, Province of Iloilo	11,628	RESIDENTIAL / COMMERCIAL
193	Brgy. Balayong, Municipality of Bauan, Batangas	11,398	RESIDENTIAL / COMMERCIAL
194	Barrio of Sto. Domingo, Municipality of Biñan, Province of Laguna	504	RESIDENTIAL / COMMERCIAL
195	Brgy. Cawag, Subic Zambales	35,588	RESIDENTIAL / COMMERCIAL
196	Brgy. Santolan, Pasig City	3,972	RESIDENTIAL / COMMERCIAL
		4,321,582	

ITEM 3: LEGAL PROCEEDINGS

Itemized below are the list of cases and its status involving the Registrant.

	CASE TITLE	NATURE OF CASES	PROPERTY INVOLVED	COURT	CASE NO.	AMOUNT INVOLVE	STATUS
1	**SAMAHANG MAGBUBUKIDNG KAPDULA INC. VS. STA. LUCIA LAND, SLRDI, and SOUTH CAVITE LAND CO,**	OPERATING SUBDIVISION WITHOUT A CERTIFICATE OF REGISTRATION, SELLING SUBDIVISION LOTS WITHOUT A LICENSE TO SELL AND ENGAGING IN ILLEGAL ACTS AND FRADULENT SALES ***HANDLED BY: ATTY. EDINBURGH TUMURAN***	**MESILO SUBDIVISION TCT NOS. T-1307454 and T-1307453**	HLURB CALAMBA, LAGUNA	HLURB CASE NO. R-IV-020312-3569	**8,000,000.00 – actual damages 700,000 – exemplary 200,000 – attorney's fee 300,000 – litigation fee**	**COMPLAINANT'S PENDING APPEAL**
2	**SPS. ERNESTO TATLONGHARI VS. STA. LUCIA LAND, FIRST BATANGAS, and ROYALE HOMES**	RESCISSION OF DEED OF ABSOLUTE SALE ***HANDLED BY: ATTY. GLEN E. DARADAL***	**GRAND VILLA BAUN (PORTION) 16,832 SQ.M.**	RTC BR. 2, BATANGAS	CIVIL CASE NO. 9246	**300,000 – EXEMPLARY 300,000 – ATTORNEY'S FEE 500 – VALUE OF ENTIRE AREA PER SQUARE METERS**	**DISMISSED (JAN. 219) WITH MR**
3	**FELICISIMA BALAGTAS AND OFELIA ALVAREZ VS. STA. LUCIA LAND, MICHAEL ROBLES AND MILESTONE FARMS, INC.**	CANCELLATION OF SALE, REFUND OF ALL PAYMENTS TO THE RESPONDENTS AND THE CORRESPONDING VAT WITH INTEREST AND DAMAGES ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**PALO ALTO PCOM B1 L30**	HLURB QUEZON CITY	HLURB REM 060314-15410		**FILED APPEAL MEMORANDUM AT OFFICE OF THE PRESIDENT**
4	**SHERRYL ADRIANO VS. STA. LUCIA LAND**	REFUND ***HANDLED BY: ATTY. CRYSTAL I. PRADO***		HLURB CALAMBA LAGUNA	HLURB CASE NO. RIV-102317-4813		**PENDING**

5	**CECILIA CORDERO VS. STA. LUCIA LAND**	***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**PONTE VERDE BATAN GAS P5 B7 L12**	HLURB, CALAMB A LAGUNA	RIV-012318-4877		**WAITING FOR ORDER**
	DISMISSED/TERMINATED/ SETTLED						
1	**ELECTRICOM NETWORK TRADING VS. STA. LUCIA LAND**	SPECIFIC PERFORMANCE (SURRENDER OF TCT) ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**METRO POLI LIBIS B2 L4**	RTC BR. 222 QUEZON CITY	CIVIL CASE NO. R-QZN-13-05521-CV		**DISMISSED**
2	**SPS. VINCENT ORTIZ AND AUBREY ORTIZ VS. STA. LUCIA LAND**	REFUND ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**NEOPO LITAN CONDO ST1 OUG P1**	HLURB QUEZON CITY	HLUR B CON-LSG-060613-8177		**TERMINATED**
3	**RANDY OCAMPO VS. LOURDES CONCEPCION DELIA URBANO ET., AL..**	SYNDICATED ESTAFA ***HANDLED BY: ATTY. GLEN E. DARADAL***	**SUMME RHILLS P 4 B 8 L 6**	**PROSEC UTION OFFICE MANDAL UYONG**	XV-06-INV-15G-00917		**SETTLED**
4	**RANDY OCAMPO VS. STA. LUCIA LAND, INC.**	RECOVERY OF PAYMENT WITH PRAYER FOR BLACKLISTING ***HANDLED BY: ATTY. EDINBURGH TUMURAN***	**SUMME RHILLS P 4 B 8 L 6**	**HLURB QUEZON CITY**	REM-06-2915-15720		**SETTLED**
5	**CONRADO ASEO VS. STA. LUCIA LAND**	SPECIFIC PERFORMANCE WITH DAMAGES ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**ANTIPO LO GREEN LAND P2 B7 L10**	HLURB Q.C.	HLUR B 092013-15197	**CONTINUE PAYMENT**	**COMPLAINANT WITHDRAW THE CASE**
6	**MARIA BENGAN VS. STA. LUCIA LAND EDR, VRS, MST ET., AL.**	VIOLATION OF PD 957 ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**EAST BEL-AIR**	PROSEC. CAINTA	NPS XV18M -INV-151-03540	**LACK OF PROBABLE CAUSE**	**DISMISS ED**

7	**ORVILLE CHESTER DAVE VS. STA. LUCIA LAND, MA LOURDES CONCEPCION**	CANCELLATION OF SALE, REFUND OF ALL PAYMENTS TO THE RESPONDENTS AND THE CORRESPONDING VAT WITH INTEREST AND DAMAGES ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**PALO ALTO P1 B101 L18**	HLURB QUEZON CITY	HLURB REM-012017-16149	**REFUND P2,233,963.44**	**SETTLED**
8	**CONCHITA TOLEDO WHITE VS. SLRDI (SLLI LOT)**	REFUND WITH DAMAGES ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**SOUTH FIELD** PHASE 1 B 12 L 26 B 26 L 13	HLURB CALAMBA	HLURB RIV-051217-4710	**REFUND P85,000.00**	**SETTLED**
9	**PHARMAZEL INC. VS. ELECTRICOM VS. STA. LUCIA LAND** **THIRD PARTY COMPLAINT**	SPECIFIC PERFORMANCE ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	**METRO POLI LIBIS B2 L4**	RTC BR. 81 QUEZON CITY	CIVIL CASE NO. R-QZN-13-02350		**DISMISSED**

The following investigations involve the Registrant's directors and officers:

	CASE TITLE	NATURE OF CASES	PROPERTY INVOLVED	PENDING COURT	CASE NO.	STATUS
1	**DOMINADOR TAN VS. EXEQUIEL D. ROBLES AND SLRDI**	Recovery of ownership and possession with application for the issuance of a temporary order and/or preliminary injunction ***Date Instituted: March 26, 2013*** ***HANDLED***	Portion of SOUTH SPRING	RTC, Binan, Laguna	Civil Case No. B-9022	**FOR DISMISSAL** **ON GOING JV NEGOTIATION**

		BY: ***ATTY. CRYSTAL I. PRADO***				
2	**LA MIRADA ROYALE RESIDENTIAL I,II,III,IV AND V VS. VICENTE R. SANTOS AND LA MIRADA ROYALE RESIDENTIAL ASSOCIATION**	CANCELLATION OF CERTIFICATES OF REGISTRATION ***Date Instituted: August 22, 2013*** ***HANDLED BY:*** ***ATTY. JERRY B. DELA CRUZ***	LA MIRADA	HLURB QUEZON CITY	HLURB CASE NO. NTR-HOA-082213-575	**FILED APPEAL MEMORANDUM AT OP** **PENDING**
3	**BAYBREEZE EXECUTIVE VILLAGE HOMEOWNERS ASS. VS. EXEQUIEL D. ROBLES AND VICENTE R. SANTOS AND SLRDI**	Development ***Date Instituted: November 26, 2013*** ***HANDLED BY:*** ***ATTY. JERRY B. DELA CRUZ***	BAYBREEZE	OFFICE OF THE PRESIDENT	HLURB CASE NO. NCRHOA-112613-1932	**FILED APPEAL MEMORANDUM AT OP** **PENDING**
4	**ROSALINA HONRADO VS. EXEQUIEL D. ROBLES, ET., AL. AND SLRDI**	Pay the decreased in area and/or lot replacement ***Date Instituted: August 12, 2014*** ***HANDLED BY:*** ***ATTY. EDINBURGH P. TUMURAN***	ORCHARD RES. Phase 02 Block 12 Lot 60	HLURB Calamba, Laguna	RIV-081214-4114	**FILED MOTION TO DISMISSED September 15, 2014** **PENDING**
5	**PTOLYME DIMENSIONS INC AND SIAPORE MICRO VS. EXEQUIEL D. ROBLES AND VICENTE R. SANTOS AND SLRDI, EAGLERIDGE AND RS**	Fraudulent Machination, unsound business practice, election of HOA officers, Annulment of property management contract, quo warranto with prayer for the issuance of a cease and	EAGLE RIDGE	OFFICE OF THE PRESIDENT	HLURB CASE NO. RIV-041315-0741	**FILED APPEAL MEMORANDUM AT OP** **PENDING**

		desist order/application for temporary restraining order and or writ of preliminary injuction ***Date Instituted: April 13,, 2015*** ***HANDLED BY: ATTY. JERRY B. DELA CRUZ (RS) ATTY. EDINBURGH P. TUMURAN (SLRDI) ATTY. GLEN E. DARADAL (EAGLE RIDGE)***				
6	**GRACE PENDON ET., AL.. VS. EXEQUIEL D. ROBLES ET., AL.**	HUMAN RIGHTS ***Summons received on: July 01, 2015*** ***HANDLED BY: ATTY. AQUINO MARTIN V. NILLO***	RIZAL TECHNOPARK	CHR QUEZON CITY	CHR NO. 2015-0217	**FILED COUNTER-AFFIDAVIT** **PENDING**
7	**VISTA VERDE COUNTRY HOMES VS. EXEQUIEL D. ROBLES, JOHNIELLE KEITH NIETO**	VIOLATION OF SEC. 3 (A) GRAVE MISCONDUCT OPPRESSION AND CONDUCT PREJUDICIAL TO THE BEST INTEREST PF THE SERVICE ***Summons received on: July 30, 2015*** ***HANDLED BY: ATTY. AQUINO MARTIN V. NILLO***	VISTA VERDE COUNTRY HOME	OFFICE OF THE OMBUDSMAN	OMB-L-C-15-0169	**DISMISSED** **WITH APPEAL AT SC** **FILED COMMENT**

8	**RENATO CABILZO VS. EXEQUIEL D. ROBLES VICENTE R. SANTOS MARIZA SANTOS-TAN EXALTACION R. JOSEPH FELIZARDO R. SANTOS ANTONIO D. ROBLES LIBERATO D. ROBLES**	OTHER DECEITS SYNDICATED ESTAFA LARGE SCALE ESTAFA ***Date Instituted: September 18, 2015*** ***HANDLED BY: ATTY. EDINBURGH P. TUMURAN***	ACROPOLIS MANDALUYONG B 5 L4, 5, 6	DOJ MANILA	XV-1-INV-151-02516	**DISMISSED WITH APPEAL AT DOJ**
9	**SPS. MARTIN ERICSON CRUEL AND CZARINA CRUEL VS. MARIZA SANTOS-TAN, SLRDI**	*Specific Performance* ***Date Instituted: December 23, 2015*** ***HANDLED BY: ATTY. Z19 S. JAVIER***	VALLEY VIEW EXEC. P 1C B 2 L 12	HLURB QUEZON CITY	REM-122315-15873	**PENDING**
10	**CLOVIS RANCHO, AMADO JOSE GARCIA ET., AL. VS. EXEQUIEL D. ROBLES, MARIZA SANTOS-TAN, VICENTE R. SANTOS ET.AL.**	*Violation of PD 957* *And Art. 318 of RPC* ***ASSISTED BY: ATTY. EDINBURGH P. TUMURAN***	ROYALE CEBU ESTATE	PROSECUTORS OFFICE OF CEBU	I.S. NO. VII-INV-16G-0925	**FILED COUNTER AFFIDAVIT** **PENDING**
11	**TIMOTHY JASON PERALEJO VS. EXEQUIEL D. ROBLES, VICENTE R. SANTOS, MARIZA SANTOS-TAN, EXALTACION R. JOSEPH, LIBERATO D. ROBLES, FELIZARDO R. SANTOS, IGMIDIO D. ROBLES, LEODEGARIO R. SANTOS, AURORA D. ROBLES, ORESTES R. SANTOS,**	PD 957 ***Date Instituted: November 27, 2017*** ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	VISTA REAL CLASSICA P UPM B 9 L 10	PROSECUTORS OFFICE OF QUEZON CITY	NPS XV-03-INV-17K-11187	**DISMISSED (JUNE 2018)** **FILED PETITION FOR REVIEW AT DOJ**

	ROBERTO D. ROBLES, DOMINGA R. ROBLES, ANTONIO D. ROBLES, ANDREA R. ANDRES,					
12	**JERRY GALOPE VS. EXEQUIEL D. ROBLES, SLRDI, ET., AL.**	*Quieting of Title* ***Date Instituted: April 20, 2016*** ***HANDLED BY: ATTY. Z19 S. JAVIER***	MEADOWOOD CAVITE	REGIONAL TRIAL COURT BR. 19 BACOOR, CAVITE	BSC-2016-04	**FILED ANSWER JULY 06, 2018** **WITH MOTION TO SET PRE-TRIAL** **PENDING**
13	**DEPT. OF AGRARIAN REFORM/PROVINCIAL TASK FORCE VS. EXEQUIEL D. ROBLES, IGMIDIO D. ROBLES, ET., AL.**	*Section 73, RA 6657 as Amended 25 of RA 9700* ***Date Instituted: June 20, 2018*** ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	BLUEMOUNTAIN ANTIPOLO	PROSECUTORS OFFICE OF ANTIPOLO	XV-01-INV-18F-00688	**DISMISSED (OCT. 2018)** **FILED MR**
14	**RUSSEL MIRAFLOR VS. EXEQUIEL D. ROBLES, ET., AL.**	*Estafa* ***Date Instituted: June 13, 2018*** ***HANDLED BY: ATTY. EDINBURGH P. TUMURAN***	VISTA VERDE QUEZON P 2 B 41 L 35	PROSECUTORS OFFICE OF LUCENA	NPS-IV-16-INV-12E-00232	**FILED COUNTER AFFIDAVIT AUG. 2018**
15	**CECILIA CORDERO VS. EXEQUIEL D. ROBLES**	*Violation of Sections 4 & 5 in rel to Sec. 39 of PD 957* ***Complaint received on: Oct. 13, 2014*** ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	PONTE VERDE BATANGAS P5 B7 L12	PROSECUTORS OFFICE OF TANAUAN	NPSD NO. IV-02-INV-171-01384	**DISMISSED MARCH 2018** **FILED PETITION FOR REVIEW AT DOJ**
16	**MANUEL MORATO ET., AL. VS. EXEQUIEL D. ROBLES, STA.**	*Injunction with prayer for Issuance of preliminary*		REGIONAL TRIAL COURT BR. 215	R-QZN-18-04305-CV	**FILED COMMENT/OPPOSI**

	LUCIA LAND INC. AND LIBERATO D. ROBLES, ET., AL.	*Injunction and/or Temporary Restraining Order (TRO)* ***HANDLED BY: ATTY. CRYSTAL I. PRADO***		QUEZON CITY		**TION**
17	**MANUEL MORATO ET., AL. VS. EXEQUIEL D. ROBLES, VICENTE R. SANTOS AND LIBERATO D. ROBLES, ET., AL.**	Syndicated Estafa ***HANDLED BY: ATTY. CRYSTAL I. PRADO***		PROSECUTORS OFFICE OF QUEZON CITY	XV-03-INV-18F-05949	**DISMISSED (NOV. 2018)** **FILED PETITION FOR REVIEW AT DOJ**
18	**ROMEO LADANO VS. DENNIS BELMONTE EUFEMIA ABEDES EXEQUIEL ROBLES IGMIDIO ROBLES**	Malicious Mischief ***Complaint received on: Jan. 23, 2018*** ***HANDLED BY: ATTY. CRYSTAL I. PRADO***	BLUEMOUNTAIN ANTIPOLO	PROSECUTORS OFFICE OF ANTIPOLO	XV-01-INV-17J-01001	**DISMISSED** **WITH MR**
19	**NELSON ZAPEDA VS. EXEQUIEL D. ROBLES**	Estafa ***HANDLED BY: ATTY. EDINBURGH P. TUMURAN***	GREENWOODS TAYTAY	NATIONAL BUREAU OF INVESTIGATION Manila	NBI-CCN-C-18-06295	**ON GOING INVESTIGATION**

Other than in the above-mentioned cases, the Registrant, its directors, officers or affiliates, any owner of record of more than 10% of its securities, or any associate of any such director, officer or affiliate, or security holder are not, to the knowledge of the Registrant, parties to any material legal proceeding during the past five (5) years up to date, including and/or involving any bankruptcy petition, conviction by final judgment, subject of an order, judgment or decree, and violation of a Securities or Commodities Law.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the Annual Meeting Stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The principal market of the common equity of the Registrant is the Philippine Stock Exchange, Inc. (PSE). Provided below is a table indicating the high and low sale prices of the common equity of the Registrant in the PSE for each quarter within the last seven fiscal years and subsequent periods:

2018

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	23 Jan./P1.06	09 May/P1.17	04 Sept./P1.22	11 Dec./P1.27
LOW	26 Mar./P0.98	02 Apr./P0.98	12 Jul./P1.03	03 Oct./P1.07

2017

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	06 Jan./P1.14	08 Jun/P1.11	10 Jul./P1.08	03 Oct./P1.08
LOW	31 Mar./P0.96	25 May/P0.96	23 Aug./P0.99	19 Dec./P1.00

2016

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	28 Mar./P0.93	08 Junl/P.94	05 Sep./P1.21	01 Dec./P1.26
LOW	01 Feb./P0.74	05 May/P0.85	01 Jul/P0.81	23 Nov./P0.95

2015

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	10 Mar./P1.02	04 April/P.85	06 Aug./P0.75	27 Oct./P0.82
LOW	31 Mar./P0.80	05 Jun/P0.70	25 Aug/P0.64	06 Oct./P0.70

2014

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	17 Mar./P0.66	27 June/P.98	09 Jul./P1.20	16 Nov./P0.84
LOW	14 Feb./P0.58	04 Apr/P0.66	31 July/P0.85	20 Nov./P0.80

2013

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	6 March/P1.35	19 April/P1.05	23 Jul / P0.71	11 Nov / P0.71
LOW	2 January/P0.66	25 June/P0.58	28 Aug / P0.60	17 Dec / P0.58

2012

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	9 March/P0.84	18 April/P0.79	6 Aug / P0.76	6 Dec / P0.74
LOW	2 January/P0.70	19 June/P0.66	27 Sep / P0.65	29 Nov / P0.65

2011

	1st Quarter Date/Price	2nd Quarter Date/Price	3rd Quarter Date/Price	4th Quarter Date/Price
HIGH	06 Jan /P1.88	04 Apr/P1.15	01 July/P0.98	18 Nov/P0.83
LOW	28 March/P1.01	21 Jun/P0.80	26 Sept/P0.64	04 Oct /P0.67

As of December 28, 2018, the Registrant's shares stood at closing price of P1.25.

Holders

Based on the 31 December 2018 List of Stockholders prepared by the Registrant's Stock and Transfer Agent, PROFESSIONAL STOCK TRANSFER, INC., the Registrant has two hundred sixty four (264) shareholders of common shares, of which the top 20 shareholders are as follows:

TOP TWENTY STOCKHOLDERS
As of 31 December 2018

RANK	NAME	CTZN	TOTAL SHARES	PERCENTAGE (%)
1	STA. LUCIA REALTY & DEVELOPMENT, INC.	FILIPINO	6,701,005,767	81.7550
2	PCD NOMINEE CORPORATION	FILIPINO / OTHERS	2,317,135,607	28.2700
3	LUGOD, BERNARD D.	FILIPINO	10,000,000	0.1220
4	DELA CRUZ, THOMAS EDWIN M.	FILIPINO	10,000,000	0.1220
5	CITISECURITIES, INC.	FILIPINO	3,250,000	0.0397
6	EBE CAPITAL HOLDINGS, INC.	FILIPINO	1,535,000	0.0187
7	ROBLES, EXEQUIEL	FILIPINO	712,500	0.0087
8	SANTOS, VICENTE	FILIPINO	712,494	0.0087
9	LIMTONG, JULIE H.	FILIPINO	400,000	0.0049
10	FRANCISCO ORTIGAS SEC., INC.	FILIPINO	365,000	0.0045
11	TAN, PEDRO O.	FILIPINO	278,050	0.0034
12	ASA COLOR & CHEMICAL INDUSTRIES, INC.	FILIPINO	182,774	0.0022
13	G & L SECURITIES CO., INC.	FILIPINO	70,000	0.0009
14	VALDEZ, AMBROSIO &/OR FELISA VALDEZ	FILIPINO	50,000	0.0006
15	LIMTONG, ANTHONY FRANCIS H.	FILIPINO	40,000	0.0005
16	LIMTONG, GAIL MAUREEN H.	FILIPINO	40,000	0.0005
17	LIMTONG, HARRY JAMES H.	FILIPINO	40,000	0.0005
18	LIMTONG, JOHN PATRICK H.	FILIPINO	40,000	0.0005
19	LIMTONG, JULIE ANN KRISHA H.	FILIPINO	40,000	0.0005
20	SUN HUNG KAI SECURITIES (PHILS.), INC.	FILIPINO	30,000	0.0004

Total Outstanding Shares as of 2018- 8,196,450,000

Dividends

No cash dividends were declared for the year 2018 and 2017. The payment of dividends in the future will depend upon the earnings, cash flow, project expenditures and financial condition of the Registrant and other considerations.

Cash and property dividends, if any, are subject to approval by the Registrant's Board of Directors and stockholders. Property dividends are likewise subject to the approval of the SEC and PSE.

Recent Sale of Unregistered Securities

None

ITEM 6: MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

COMPARISON: YEAR END 2018 VS. YEAR END 2017

RESULTS OF OPERATIONS

Overview of Operations

By the Group's commitment to maintain its soaring position in providing quality and excellence in real estate development in the market niche, the group was able to hit a revenue growth of 30% in 2018. Net income after tax increased to ₱1,065 million in 2018 from ₱818 million last year. The significant growth was mainly attributable to the robust increase in the recognized income from the real estate sales. Boosted by the effective implementation of its extensive marketing efforts and across the board developments all over the country, real estate sales grew from ₱2,108 million in 2017 to ₱2,428 million in 2018 and rental revenue decreased from ₱1,026 million in 2017 to ₱859 million in 2018.

Also, the Group was able to efficiently carry out its strategies for its cost management, maintaining cost level of 38% of its gross revenue in 2018 as compared to 39% in 2017, thus increasing its returns.

Revenue

Boosted by the effective implementation of extensive marketing efforts and across the board developments all over the country, the Group was able to generate gross revenue of ₱2,428 million in 2018 from its real estate sales. However, rental income decreased by ₱167 million from ₱1,026 million recognized in 2017 due to reevaluation of lease rates to be competitive with neighboring malls. During the year, more buyers opted for longer payment schemes from real estate sales resulting to increase in recognized interest income totaling to ₱301 million in 2018 as compared to ₱160 million in 2017. Revenue from other sources totaled ₱444 million in 2018.

Cost and Expense

Total expenses for the year amounted to ₱2,890 million, 13% higher than ₱2,559 million in 2017. Cost of sales is ₱1,513 million and ₱1,446 million, selling and administrative expenses is ₱670 million and ₱625 million, interest expense is ₱707 million and ₱488 million in 2018 and 2017 respectively.

Net Income

Net income after tax increased by 30% or ₱248 million from ₱818 million in 2017 to ₱1,065 million in 2018. The increase was primarily attributable to the increase in real estate sales.

PROJECT AND CAPITAL EXPENDITURES

As the Group envisions to become the country's leading Real Estate Company not in sheer size but in ways more meaningful quality projects, quality business plans, grow, returns and innovation, the Group spent P6,506 million for project and capital expenditures. The amount is accounted for the continuous development of the Registrant's existing residential and commercial projects and finance newly developed projects. P319 million of the said amount was used in procuring raw lands for new residential and condominium project developments.

FINANCIAL CONDITION

Assets

The Group's total assets increase to ₱34,778 million in 2018 from ₱29,807 million in 2017. The 17% increase is due to significant amount project and capital expenditures spent in 2018 increasing the real estate inventory by ₱2,276 million. Also, increase in other current assets amounting to ₱2,426 million have significantly affected the increase in total assets.

Liabilities

Total liabilities reported to be ₱20,262 million in 2018 compared to ₱15,497 million in 2017. This is attributable to the availment of long term loans and issuance of corporate bonds during 2018. The increase in contract liabilities, previously recognized as customers' deposit, is due to more projects developed that offered for sale during the year. This contributed an amount of ₱840 million in the increase in total liabilities.

Equity

Total stockholders' equity increased by ₱214 million in 2018 due to the net income generated during the year amounting to ₱1,065 million. Also contributing to the increase is the change in fair value of available for sale financial assets amounting to P107 million.

Key Performance Indicators

	31-Dec-18	31-Dec-17
Current Ratio	**2.81**	**2.27**
Debt to Equity	**1.40**	**1.08**
Interest Coverage Ratio	**161.61%**	**231.94%**
Return on Asset	**3.06%**	**2.74%**
Return on Equity	**7.37%**	**5.71%**

*Notes to Key Performance Indicators:

1. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
2. Debt to Equity = Total debt over shareholder's equity.
3. Interest Coverage Ratio = Earnings before tax over Interest expense.
4. Return on Asset = Net Income over Total Assets.
5. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2018.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2018 versus the Balance Sheet as of December 31, 2017

70% increase in cash
Increase in cash was due to increase in collections from sales. Also, the availment of short and long-term loans counterweighed the substantial amount spent in capital expenditures, thus increasing the amount of cash in 2018.

30% decrease in receivables
The boosted effort exerted in collections had significantly reduced the receivable balances realizing more cash during the year.

14% increase in real estate inventories
The increase was primarily due to significant capital expenditures in 2018. As the group envisions expanding its business in the market niche, significant funds was allocated in project developments and acquisition of raw lands, thus increasing the real estate inventory.

89% increase in other current assets
The significant growth was due to the across the board project developments and aggressive marketing activities thus increasing prepayments to the contractors and marketing arms.

67% decrease in noncurrent receivables
The significant decrease was brought about by the extended efforts exerted in collections from customers.

20% decrease in property and equipment
The decrease is due to deprecation of assets.

12% increase in available for sale financial assets
Increase in the fair market value of the financial assets.

518% increase in other noncurrent assets
Primarily due to significant security deposits made in 2018.

33% increase in accounts payable
The increase is mainly attributable to the increasing procurement of resources to be used in project developments acquired under installment payment schemes.

34% decrease in short-term debt
As the Group maximized its fund sourcing through long-term loan availment and issuance of corporate bonds, short-term lines were settled during the year.

57% decrease in income tax payable
Mainly attributable to timing differences of revenue recognition of real estate transactions and others for tax purposes versus accounting purposes.

98% increase in long term debts
The Group maximized its fund sourcing activities through availment of long-term loans and issuance of corporate bonds.

20% decrease in deferred tax liabilities-net
Decrease was due to the reversal deferred tax liability attributed to the uncollected rent to SLECC.

155% increase in pension liabilities
Due to the changes in estimates for retirement liability as valued by the independent actuary.

122% increase in treasury shares
Increase in treasury share was brought about by the purchase of 750,000,000 shares costing ₱900,000,000.

23% increase in unrealized gain on fair value of available-for-sale financial assets
Increase was due to the increase in market price of investment securities in Philippine Racing Inc. and Manila Jockey Club Inc.

1,434% increase in unrealized gain on pension liabilities
Due to the changes in estimates for retirement liability as valued by the independent actuary.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2018 versus the Income Statement for the year ended December 31, 2017

15% increase in real estate sales
As driven by the Group's vision of expanding its position in the market niche, boosted marketing efforts during the year was employed increasing the real estate sales recognized during the year.

16% decrease in rental income
Due to reevaluation of lease rates to be competitive with neighboring malls

88% increase in interest income
Boosted sales significantly increased the recognized interest income during the year as more buyers opted to choose installment payment scheme.

66% increase in commission income
Increase was due to significant marketing strategies employed by our marketing company subsidiary.

13% increase in cost and expenses
Relatively due to increase in operations of the company.

33% increase in commissions
Brought about by the increase in real estate sales recognized during the year.

28% decrease in taxes, licenses and fees
Due to the decrease in short-term line financing, minimal documentary stamp taxes was incurred during the year.

16% increase in advertising
Increase was mainly attributed to the boosted marketing strategies implemented during the year to increase sales.

7% decrease in salaries, wages and other benefits
Due to the decrease in employee turnover, previously hired personnel remained in the Company. This resulted in decreasing outflow of resources attributed in hiring new employees.

33% decrease in professional fees
The decrease was due to the termination of contract from various consultant and professionals for the continuous project developments.

62% decrease in representation
Primarily due to the decrease in representation related expenses paid by the Group.

14% decrease in depreciation and amortization
Decrease was due to lower depreciation recognized as result of minimal property and equipment acquisition during 2018.

18% decrease in utilities
The dropdown in amount was due to the effective implementation of cost management strategies relating to consumption of light, water and communication expenses.

97% increase in repairs and maintenance
Increase in number projects already completed not yet turned over to home owners associations (HOA) and Condominium Corporation significantly increased the incurrence of expenses related to repairs and maintenance for its upkeep.

45% decrease in provision for doubtful accounts
Extensive collection strategies were implemented thus, reducing the management's estimate for doubtful accounts.

45% increase in interest expense
The Group's shift in maximizing fund raising activities to availment of long-term loans and issuance of corporate bonds increased the recognized interest expense in 2018.

75% decrease in provision for income tax
Decrease was mainly attributed to the reversal of deferred tax liability.

COMPARISON: YEAR END 2017 VS. YEAR END 2016

RESULTS OF OPERATIONS

Overview of Operations

A growth in net income after taxby 12% compared to previous year represents continuing growth and excellence in Group's commitment to provide quality real estate developments. Net income after tax increased to P818million in 2017 from P730 million in 2016. Gross revenue amounting to P3,689 million or 12% increase as compared to P3,293 million from 2016 is mainly attributable to two main revenue streams of the Group; real estate sales and rental revenues. The Group sustained its growth on real estate sales, P219 million increase from P1,890 million in 2016, due to extensive strategies in marketing, developments and project completion. The increase in number of mall tenants and minimal escalation rate to existing tenants resulted to an increase in rental income to P1,026 million in 2017 fromP852 million in 2016.

The Group has become cost efficient by reducing avoidable costs which resulted to higher returns. Due to this, costs of deriving revenues decreased to P1,446 million in 2017 from P1,544 million in 2016.

Revenue

Due to extensivestrategies in marketing, developments and project completion, real estate revenues generated P2,108 million in 2017,12% higher than the previous year.Increase in rental income by 20% is mainly attributable to increase in number of mall tenants and minimal escalation rate to existing tenants. Interest income amounting to P160 million during the year was generated from installment receivables since more buyers are opting for longer payment schemes. Construction income decreased to P1,612 million in 2017 compared to P25,591 million in 2016 due to higher volume of construction activity in the previous year.

Cost and Expense

With the efficiency in cost management which resulted to higher returns, costs of deriving revenue from real estate sales and rental revenue decrease to P1,445 million in 2017 from P1,528 million in 2016 or 5% lower than last year. Cost of construction also decreased to P1 million in 2017 from P16 million due to higher volume of construction activity in the previous year.

Net Income

The net income after tax increased to P818 million in 2017from P730 million in 2016 resulting to12% growth. The increase was primarily due to increase in real estate sales.

PROJECT AND CAPITAL EXPENDITURES

As the Group envisions to become the country's leading Real Estate Company not in sheer size but in ways more meaningful quality projects, quality business plans, grow, returns and innovation, the Group spent P6,006 million for project and capital expenditures. The amount is accounted for the continuous development of the Registrant's existing residential and commercial projects and finance newly developed projects. P2,877 million of the said amount was used in procuring raw lands fornew residential and condominium project developments and 1,018 represents advances made to contractors.

FINANCIAL CONDITION

<u>Assets</u>

The Group's total assets increase to P29,807 million in 2017 from P24,125 in 2016. The 24% increase is due to significant amount project and capital expenditures spent in 2017 which is P2,068 million higher than the previous year. Other factors are increase in trade receivables due to increase in real estate sales, and increase in fair market value of investment in form of stocks.

<u>Liabilities</u>

Total liabilities reported to be P15,497 million in 2017 compared to P10,659 million in 2016. This is attributable to short term and long term loans drawn during 2017 and still unpaid as of December of the same year. Increase in customer's deposit due to more projects developed that are offered for sale during the year also contributed to the 45% increase in total liabilities.

<u>Equity</u>

Total stockholders' equity increased by P844 million in 2017 due to the net income generated during the year amounting to P818 million. Also contributing to the increase is the change in fair value of investments in form of stocks amounting to P26 million.

<u>Key Performance Indicators</u>

	31-Dec-17	**31-Dec-16**
Current Ratio	**2.28**	**2.77**
Debt to Equity	**0.73**	**0.47**
Interest Coverage Ratio	**231.94%**	**286.43%**
Return on Asset	**3.03%**	**3.03%**
Return on Equity	**5.71%**	**5.42%**

*Notes to Key Performance Indicators:

6. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
7. Debt to Equity = Total debt over shareholder's equity.
8. Interest Coverage Ratio = Earnings before tax over Interest expense.
9. Return on Asset = Net Income over Total Assets.
10. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2017.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2017 versus the Balance Sheet as of December 31, 2016

346% increasein cash
Despite substantial amount spent in capital expenditures that areusedincontinuous development of existing projects and acquisition of various raw lands for future expansions, cash increased due to higher sales and increase in short term and long term debt availed during the year.

7% increase in receivables
Due to remarkable sales growth and more projects that have been developed and offered for sale in the market.

34% increase in real estate inventories
The increase was primarily due to significant capital expenditures for continuous development of the Registrant's existing residential and commercial projects and to finance newly developed projects and raw land acquisitions.

14% increase in other current assets
To sustain the growth in development of projects and aggressive marketing activities, the Group made advances to contractors and marketing arms, respectively, which caused the increase in prepayments.

61% increase in noncurrent receivables
Due to a number of buyers choosing to settle under a longer payment schemes.

12% decrease in property and equipment
The decrease is due to deprecation of assets.

43% increase in other noncurrent assets
Primarily due to significant security deposits made for 2017.

7% increase in accounts payable
Mainly attributable to unceasing development of designed projects and procurement of various to be used for future projects under installment scheme.

129% increase in short-term debt
Due to additional loans obtained by the Group to financeaggressive development operations and activities.

35% increase in customer's deposits
Due to new projects developed and extensive marketing strategies, there is increase in reservation fees and collections of downpayments.

41% decrease in income tax payable
Mainly attributable to timing differencesof revenue recognition of real estate transactions and others for tax purposesversusaccounting purposes.

28% increase in long term debts
To finance the Group's continuous development of the existing residential and commercial projects, newly developed projects and raw land acquisitions.

34% increase in deferred tax liabilities-net
Mainly attributable to timing differencesof revenue recognition of real estate transactions and others for tax purposesversusaccounting purposes.

41% decrease in pension liabilities
Due to the changes in estimates for retirement liability as valued by the independent actuary.

31% increase in retained earnings
Attributed to the net income reported in the 2017.

6% decrease in unrealized gain on fair value of available-for-sale financial assets
Due to the movement ofmarket prices of investment securities in Phil Racing Inc. and Manila Jockey Club Inc..

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2017 versus the Income Statement for the year ended December 31, 2016

12% increase in real estate sales
Driven by the extensive marketing strategies and project development, real estate sales are notably increasing. Since more projects are developed as result of more land acquisitions and joint venture being dealt with, more lots and units are offered for sale during the year.

20% increase in rental income
Mainly due to increase in number of mall tenants and minimal escalation rate to existing tenants resulted to higher rental income

15% increase in interest income
Due to the interests earned from installment receivables since more buyers are opting for longer payment schemes.

94% decrease in construction income
Due to lower volume construction activities during the year.

6% increase in cost and expenses
Due to efficiency in cost management of the Group.

13% decrease in commissions
Due to some varying rates of commission fees paid to marketing arms.

15% increase is salaries, wages and other benefits
Due to increase in labor force of the Group.

68% increase in interest expense
Due to the increase in short term and long term debt during the year.

11% increase in advertising
Mainly attributable to increase volume of advertising and promotions made by the Group in 2017 as compared to 2016as part of marketing strategy to promote sales.

51% increase in professional fees
Due to significant professional services paid for the actuarial valuation of retirement liability and valuation of Group's assets.

60% increase in utilities
Mainly due to whole year recognition of utility expenses comprised mostly of security, light, water and communication expenses

44% decrease in repairs and maintenance
Due to minimal repairs and maintenance during the year for the completed projects not yet turned over to home owners association.

74% increase in representation
Primarily due to increase in volume of transactionsmade by the Group.

12% decrease in provision for doubtful accounts
Collection over the past few years are noticeably improving thus causing reducing the management's estimate for doubtful accounts.

18% increase in miscellaneous expense
Due to surcharges and penalties, insurance, legal, office supplies, software maintenance and transportation expenses incurred by the Group

209% increase in provision for income tax
Due to higher income earned during the year.

COMPARISON: YEAR END 2016 VS. YEAR END 2015

RESULTS OF OPERATIONS

Overview of Operations

Net income after tax in 2016 posted an increase of P54 million from P676 million in 2015 to P730 million in 2016 reporting an 8% increase. Gross revenues reported at P3,293 million compared to P3,104 million of last year, 6% higher than last year. Posting an increase amounting to P209 million in real estate revenues, the Group sustained its growth on real estate sales due to extensive strategies in marketing, developments and financing provided in the form of bonds. Revenues arising from rentals decreased from P983 million in 2015 to P852 million in 2016. This was due to change in accounting of income from mall tenants from accrual to cash basis. Cost and expenses increased to P1,544 million from P1,401 million this year while administrative and selling costs increased by 6%.

Revenue

Real estate revenues generated P1,890 million in 2016, 12% higher than 2015. This is due to extensivestrategies in marketing, developments, project completion and financing provided in the form of bonds.Rental income decreased by 13% due to change in accounting of income from mall tenants from accrual to cash basis.Commission income during the year was generated by the Group's marketing unit Santalucia Ventures, Inc. Other income posted an increase of P75 million due to increase in recognized income related to surcharges, penalties and other income.

Cost and Expense

Cost of real estate sales and cost of rental income, posted an increase of 10%, from P1,395 million of 2015 to P1,528 million in 2016. The increase is directly attributable to the increase in increase in real estate revenues due to strong performance of SLI's property segment. Administrative and selling expenses increased by 51% primarily due to significant increase in interest expenses related to bonds.

Net Income

The net income increased by 8% from P676 million in 2015 to P730 million in 2016. The increase was primarily due to increase in real estate sales and effective cost management.

PROJECT AND CAPITAL EXPENDITURES

In 2016, the Group spent P3,938 million for project and capital expenditures. The amount is accounted for the continuous development of the Registrant's existing residential and commercial projects. P1,464million of the said amount is attributable for acquisition of raw lands for new residential and condominium project developments. Capital expenditures were significantly financed by the bonds publicly issued in December of 2015.

FINANCIAL CONDITION

Assets

Generating an increase of 13%, the Group reported an increase in total assets of P2,755 million. The increase is due to significant amount capital expenditures spent in 2016 under installment, increase in trade receivables due to increase in real estate sales, and increase in fair market value of investment in form of stocks.

Liabilities

Total liabilities generated an increase from P8,671 million to P10,659 million. The 23% reported increase was due to new short term loans drawn during 2016 and still unpaid as of December of the same year. Additionally, continuous development of existing projects and acquisition of various raw lands for future expansions and developments under installment scheme significantly contributed in the increase in the total liabilities.

Equity

Total stockholders' equity increased by P766 million in 2016. The increase was due to the net income generated during the same year amounting to P730 million. Also contributing to the increase is the change in fair value of investments in form of stocks and actuarial gain/loss related to pension liabilities amounting to P36 million.

Key Performance Indicators

	31-Dec-16	**31-Dec-15**
Current Ratio	**2.77**	**4.68**
Debt to Equity	**0.73**	**0.44**
Interest Coverage Ratio	**286.43%**	**725.45%**
Return on Asset	**3.03%**	**3.16%**
Return on Equity	**5.42%**	**5.32%**

*Notes to Key Performance Indicators:

1. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
2. Debt to Equity = Total debt over shareholder's equity.
3. Interest Coverage Ratio = Earnings before tax over Interest expense.
4. Return on Asset = Net Income over Total Assets.
5. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2015.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2016 versus the Balance Sheet as of December 31, 2015

94% decrease in cash
This is mainly due to significant capital expenditures during 2016. Said capital expenditures in attributable to the continuous development of existing projects and acquisition of various raw lands for future expansions.

11% increase in receivables
The boost in the Group's sales growth affects the increase in the current receivables as well as intercompany transactions of the group.

35% increase in real estate inventories
In concurrence with the decrease in the cash reported during 2016, the increase in real estate inventories is due to significant capital expenditures spent in 2016.

70% increase in other current assets
The increase primarily was due to the increase in prepayments for contractor advances to support the growth in development and also to brokers which is as an effect of the Group's aggressive marketing activities.

17% increase in noncurrent receivables
Corresponds to the additional mix of buyers opting longer payment schemes.

17% increase in available for sale financial assets
Mainly due to the increase in market price of the Group's AFS

47% increase in property and equipment
Mainly due to the purchase of transportation vehicles and office equipments to be used in operations

26% increase in other noncurrent assets
This is due to significant security deposits made for 2016.

58% increase in accounts payable
Mainly due to continuous development of existing projects and acquisition of various raw lands for future expansions and developments under installment scheme.

242% increase in short-term debt
Due to short term loans drawn during 2016 and still unpaid as of December of the same year. Furthermore, portion of long term debts as of 2015 was reclassified as current during 2016 as these are expected to be paid within 12 months as of December 2016.

38% increase in customer's deposits
Increase in new reservations applications and collections under down payment period due to new projects launched in 2016.

141% increase in income tax payable
Due to increase in current taxable operations of the Company.

20% decrease in long term debts
The decrease was due to a portion of long term debts as of 2015reclassified as current during 2016 as these are expected to be paid within 12 months as of December 2016.

9% decrease in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions and other temporary differences.

86% increase in pension liabilities
Pertains to the current year changes in pension liabilities as valued by the independent actuary.

38% increase in retained earnings
Attributed to the net income reported in the 2016.

9% increase in unrealized gain on fair value of available-for-sale financial assets.
Mainly due to the increase in share prices of investments in stocks.

2,540% decrease in remeasurement gain (losses) on pension liabilities.
Attributed to the changes on pension settlement expectations.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2016 versus the Income Statement for the year ended December 31, 2015

12% increase in real estate sales
Driven by the increased volume of real estate sales.

13% decrease in rental income
Due to the change in accounting of cash receipts from mall tenants from accrual to cash basis

11% increase in interest income
Due to the mix of interest bearing buyers of the Company

172% increase in construction income
Due to increased number of construction of houses

6% increase in commission income
Due to strengthened marketing performance of Santalucia Ventures,Inc.

38% increase in other income
Primarily due to the continuous increase in revenue other than its real estate sales such as booking of surcharges/penalties, processing fees, income related to defaults of various buyers, and other services.

10% increase in cost and expenses
Mainly due to the related increase in sales during the period.

71% increase in depreciation
Due to new property and equipment acquisitions during the year.

8% decrease in commissions
Though an increase in sales was recognized, requirements for the release of some commissions to agents and brokers are not yet met.

112% increase in interest expense
Due to the additional debts arising from the public bond offering in December 2015 and short term loans drawn in 2016 and partial recognition of capitalized interest from previous years.

87% increase in taxes, licenses and fees
Due to operational activities of the Group and increased volume of processing and tax expenses due to increased volume of cash sales. The increase was also due to documentary stamp taxes incurred for short term loans to various financial institutions.

7% decrease in advertising
Mainly due to decreased volume of advertising and promotions made by the Group in 2016 as compared to 2015.

29% decrease in professional fees
Due to significant professional services paid for the public bond offering in 2015.

594% increase in repairs and maintenance
Mainly due to increased number projects already completed not yet turned over to home owners associations (HOA) and Condominium Corporations which incurred repairs and maintenance for further upkeep.

50% decrease in representation
Primarily due to decrease in representation related expenses paid by the Group.

20% decrease in provision for doubtful accounts
Due to decrease in volume of receivables expected to be uncollectible than last year.

66% decrease in provision for income tax
Due to effective tax management of the Group.

<u>COMPARISON: YEAR END 2015 VS. YEAR END 2014</u>

RESULTS OF OPERATIONS

Overview of Operations

A net income after tax of P676 million for the year 2015, 23% higher than the P549 million reported in 2014 is generated during 2015. Gross revenues posted at P3,104 million compared to P2,296 million of last year, 35% higher year on year. Revenues from real estate sales posted an increase of P235 million from that of last year followed by the 95% increase in rental income from P504 million to P984 million which was due to the change in internal operations. Increase in real estate sales was driven by strong performance in SLI's property segment.

Cost and expenses increased to P1,401 million from P1,029 million this year. Administrative and selling costs to revenues improved during the year by 51%. Earnings before tax generated is P973 million, 24% increase from last year.

Revenue

Revenue from real estate sales reached P1,681 million in 2015, 16% higher than 2014. This is driven by strong bookings and project completion across all real estate segment of the Company. Revenue from rental income posted a P480 million increase due to change in internal operations. A management services agreement was executed on lieu of the Lease contract which lets SLI book the gross revenue starting October 2014. Commission income during the year was generated by the Group's marketing unit Santalucia Ventures, Inc.

Also, a 27% increase in other income or equivalent to P42 million was booked during the year. This was due to significant gain recognized from repossession of inventory lots during 2015.

Cost and Expense

Cost of sales from real estate sales, together with the cost of rental income increased from 1,010 million to 1,395 million. The notable increase was due to strengthened performance of SLI's property segment and change in internal operations. In 2015, the 51% increase in administrative and selling expenses is attributable to professional services incurred for the bond offering and indirect expenses driven by the increase in revenues.
Net Income

The net income increased by 24% from P784 Million in 2014 to P973 Million in 2015. The increase was due to increase in real estate sales and rental income

PROJECT AND CAPITAL EXPENDITURES

A total of P1,516 million was spent for project and capital expenditures during 2015. The amount is accounted for the continuous development of the Registrant's existing residential and commercial projects. P179 million of the said amount is attributable for acquisition of raw lands situated mainly in Luzon for new residential and condominium project developments.

FINANCIAL CONDITION

Assets

Total Assets increased by P3,532 million during 2015, 20% higher than the amount as of December 2014. The significant increase from P17,838 million to P21,371 million of the total assets was due the increase of real estate sales and rental income as posted in the gross revenue. P2,099 million of the increase is attributable to the increase of cash due to the proceeds from bond issuances and increase in volume of collections.

Liabilities

An increase of 42% in total liabilities is reported by the Registrant amounting to P2,565 million. P2,412 million of the increase is attributable to bond issuances during December 2015 which was partially used to terminate significant portion of the existing loans payable to different financial institutions. Furthermore, continued development of existing projects and acquisition of various lands for future expansions also contributed in the significant increase in liabilities.

Equity

Total stockholders' equity increased by 8% amounting to P967 million during 2015. This is due to the net income reported during the year and sale of treasury shares amounting to P297 million.

Key Performance Indicators

	31-Dec-15	**31-Dec-14**
Current Ratio	**4.68**	**2.08**
Debt to Equity	**0.44**	**0.28**
Interest Coverage Ratio	**725.45%**	**691.39%**
Return on Asset	**3.16%**	**3.08%**
Return on Equity	**5.32%**	**4.68%**

*Notes to Key Performance Indicators:

1. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans, income tax payable, and deferred tax liabilities*).
2. Debt to Equity = Total debt over shareholder's equity.
3. Interest Coverage Ratio = Earnings before tax over Interest expense.
4. Return on Asset = Net Income over Total Assets.
5. Return on Equity = Net Income over shareholder's equity.

There are no events that will trigger any direct or contingent financial obligation that is material to the Registrant, including any default or acceleration of an obligation.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships between the Registrant and unconsolidated entities were created during 2015.

Material Changes in the Balance Sheet (+/- 5%) as of December 31, 2015 versus the Balance Sheet as of December 31, 2014

1,808% increase in cash
This is mainly due to the improved collections of the company, rental operations of the mall as the tenants now pay directly to the Company starting October 2014. Proceeds from bond issuances also contributed in the increase.

8% increase in receivables
The increase is attributable to increased accounts receivable takeup due to increase in revenues recognized during the year.

11% increase in real estate inventories
Mainly due to extensive development of existing residential and commercial projects and acquisition of land for future expansions.

8% increase in other current assets
The increase primarily was due to the increase in prepaid commissions and contractor advances as an effect of the Company's aggressive marketing and developing activities.

12% increase in property and equipment
Mainly due to the purchase of transportation vehicles and office equipments to be used in operations

5% increase in investment properties
Mainly due to the refurbishment of the mall.
5% increase in accounts payable
Driven by the ongoing development of various projects of the company.

12% decrease in customer's deposits
Due to the improved collections from the customers.

75% increase in long term debts
Attributable to increased debts due to the public bond offering.
13% increase in income tax payable
Due the taxable operations of the Company.

35% increase in deferred tax liabilities-net
Mainly due to the recognition of the difference between tax and book basis of accounting for real estate transactions and other temporary differences.

55% increase in retained earnings
Attributed to the profitable operations, gains on investment properties, and revenues from real estate business operations.

18% decrease in treasury shares
Due to the sale of treasury shares during 2015.

72% increase in additional paid-in capital.
Due to the excess of proceeds from sale of treasury shares over its cost.

104% decrease in unrealized gain (loss) on pension
Attributed to the changes on pension settlement expectations.

Material Changes in the Income Statement (+/- 5%) for the year ended December 31, 2015 versus the Income Statement for the year ended December 31, 2014

16% Increase in real estate sales
Driven by the increased volume of real estate sales.

95% increase in rental income
Due to the change in internal operations of the Company whereby a management services agreement was executed in place of the lease agreement.

15% increase in interest income
Due to the mix of interest bearing buyers of the Company

66% decrease in construction income
Due to decreased number of construction of houses

26% increase in dividend income
Mainly due to increased dividend declaration of investee companies

35% increase in commission income
Mainly due to aggressive marketing strategies of subdivisions owned by SLRDI

27% increase in other income
Mainly due to the gain recognized during the year for the repossession of lot inventories from the buyers. Also, it's due to the increase in other operational income such as penalties and surcharges, processing fees, and income related to defaults of various buyers and cancelled sales.

36% increase in cost and expenses
Mainly due to the related increase in sales during the period.

230% increase in depreciation
Due to new property and equipment acquisitions during the year.

52% increase in commissions
Mainly due to directly proportional relation of real estate sales which increased during the year.

18% increase in interest expense
Due to the additional debts arising from the public bond offering and partial recognition of capitalized interest from previous years.
21% increase in taxes, licenses and fees
Due to increased taxes paid for transfer of land titles to customers. The increase was also due to documentary stamp taxes incurred for short term loans to various financial institutions.

34% increase in salaries and wages
Mainly due to the hiring of additional employees to cater to the increased volume of transactions and the release of employees' benefits for the whole year.

47% increase in advertising
Mainly due to aggressive marketing strategies which is in direct proportion to the increase in real estate sales.

200% increase in professional fees
Due to professional services paid for the public bond offering

254% increase in utilities
Mainly due to whole year recognition of utility expenses related to mall due to the change in internal operations of the Company whereby a management services agreement was executed in place of the lease agreement.

148% increase in repairs and maintenance
Mainly due to increased number projects already completed not yet turned over to home owners associations (HOA) and Condominium Corporations which incur repairs and maintenance for further upkeep.

199% increase in representation
Driven by strong performance in property development and settlement of permits and licenses.

106% increase in miscellaneous expense
Due to surcharges and penalties incurred in pretermination of loans to various financial institutions.

27% increase in provision for income tax
Due to the increase in taxable net income of the Registrant

Five (5) Key Performance Indicators

<u>On Sales</u>

The Registrant's marketing arms include:
1. Orchard Property Marketing Corp.
2. Royal Homes Marketing Corp
3. Asian Pacific Realty & Brokerage Corp.
4. Fil-Estate Group of Companies
5. Mega East Properties Inc.
6. Sta. Lucia Global Inc.
7. SantaLucia Ventures, Inc.

These marketing companies have been proven to be effective in carrying out the business plans of the Sta. Lucia Group. The combined sales force of these marketing units totals over 120,000, catering to clients all over the Philippines.

The Registrant is still looking into other marketing units that may supplement its growth. The Registrant is specifically looking for marketing firms that will accommodate its requirements and its marketing framework. With so many projects in sight and a diversified product line, there will always be opportunities for other marketing units.

<u>On Technology Exploitation</u>

The Registrant has made use of the expertise of NOAH Galleries software that is aimed at reducing costs, improving the quality of all processes involved in development, as well achieving accuracy involving all of its business operations. This software covers the following modules: Project Development; Accounts Payable ;Real Estate Sales; and Financials which comprise the complete operation of the Registrant, namely property development. This software is expected to increase the efficiency and productivity of the Registrant, as well as the quality of the processes involved in property development. The migration of data to the SAP software started in June 2013 and adjustments are continuously being made to further improve the system and cater to the Registrant's needs.
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In addition to the software, the Registrant's website, developed by CETT Computer Education Network can now be accessed by prospective buyers and investors through the web address www.stalucialand.com.ph. The website contains the list of lots for sale, a lot map, and a reservation system, which will enable clients to make on-line reservations. This website is expected to improve client convenience and also serve as a marketing tool.

<u>On Inventory Optimization</u>

The Registrant has in its portfolio a total of 3,789,429 square meters of residential, commercial and mixed use properties from the 26 properties infused by SLRDI. Moreover, the Company has additional joint venture and land acquisition projects that are executed since the inception by the Registrant.

Plans have been discussed and are currently being implemented on the disposal of the said properties, which will enhance the sales figure and bottom line of the Registrant. On average, most of these projects have to be sold over a period of three to four years. Developments shall also take two to three years.

<u>On Organization Design</u>

Please refer to Employees/Officers in Item I

<u>On Managing Change</u>

The Registrant now has the assistance of professionals leading its reorganization and is still in the process of hiring highly-skilled professionals who will be involved in the daily operations of the company.

In addition, the creation of the Executive Committee and Management Committee will make decision making more responsive to the needs of the business.

Liquidity and Capital Resources

The Registrant was able to meet its capital requirements from its capital resources, including those obtained from borrowings and prepaid sales and internally generated cash. Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings

The Group actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. In mitigating liquidity risk, management measures and forecasts its cash commitments, matches debt maturities with the assets being financed, maintains a diversity of funding sources with its unhampered access to bank financing and the capital markets. As of December 31, 2018 and 2017, the Group has undrawn facilities amounting to nil and P675 million, respectively. As part of the liquidity risk management, the Group is currently transacting with local banks for a longer term corporate notes and negotiation of higher undrawn credit lines to meet the debtors', suppliers' and contractors' obligations and business expansion.

At the Special Meeting of the Board of Directors of the Parent Company held last February 17,2017, subject to securing all required approvals under applicable laws, rules and regulations, the Parent Company was authorized to negotiate and avail of a 10 year Corporate Note Facility with financial institutions, with a maximum of 19 investors, for an aggregate amount of P3.00 billion and with an overallotment option of P2.00 billion, for the pre-payment of existing obligations of the Parent Company, strategic land banking, capital expenditures for ongoing and new projects, and general corporate purposes.

Through scenario analysis and contingency planning, the Group also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost, and ensures the availability of ample unused credit facilities as back-up liquidity

Factors that may have material effect on the Operations

Effects of Economic Conditions

The results of the Registrant's operations and financial condition are affected by the general economic condition in the Philippines, including inflation rates, interest rate levels and currency exchange rate movements. For instance, the general performance of the Philippine economy affects demand for residential and commercial products, and inflation affects the Registrant's costs and its margins.

Capital Expenditures

The Registrant's cash disbursement for project development and land banking amounted to P6,506 Million in 2018. For 2019, the Registrant allocated less than P6,000 Million for its capital expenditures, including P4,000 Million for project development and P500 Million for land acquisitions.

This will be funded by the Registrant's capital resources as mentioned above.

ITEM 7: FINANCIAL STATEMENTS

The audited consolidated financial statements are submitted herewith and can be found in the index portion.

ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On June 21, 2018, at the Annual Stockholders' Meeting, the Board agreed to retain SGV and Co. as the external auditor of the Registrant for the year 2017-2018. There are no disagreements with SGV & Co. on accounting and financial disclosure.

The following table shows the fees paid by the Registrant to its external auditor for the past four years: (VAT inclusive)

	Audit and Audit related fees	Tax Fees	Other Fees
2018	2,340,000*		
2017	1,558,480*		
2016	1,638,560*		
2015	1,489,600*		
2014	1,232,000*		

*Relates only to audit fees; no other assurance and related services.

The Registrant's Audit Committee recommends the appointment of the external auditor to the Board of Directors which, in turn, recommends to the stockholders for their approval.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors

VICENTE R. SANTOS	Chairman
EXEQUIEL D. ROBLES	Director
MARIZA R. SANTOS-TAN	Director
ANTONIO D. ROBLES	Director
AURORA D. ROBLES	Director
ORESTES R. SANTOS	Director
SIMEON S. CUA	Director
JOSE FERDINAND R. GUIANG	Independent Director
OSMUNDO C. DE GUZMAN	Independent Director

Executive/Corporate Officers

VICENTE R. SANTOS	Chairman
EXEQUIEL D. ROBLES	President
MARIZA R. SANTOS TAN	Treasurer
AURORA D. ROBLES	Assistant Treasurer
DAVID M. DE LA CRUZ	Executive Vice-President
PATRICIA A. O. BUNYE	Corporate Secretary
PANCHO G. UMALI	Assistant Corporate Secretary
CRYSTAL I. PRADO	Assistant Corporate Secretary

Resume of Directors/Executive Officers (covering the past five (5) years)

VICENTE R. SANTOS – Chairman

Term of Office	Three (3) year (2015-2018)
Address	Evangelista St., Brgy. Santolan, Pasig City
Age	62
Positions Held	Executive Vice President, Sta. Lucia Realty & Development, Inc.; EVP, Valley View Realty Dev't Corp.; EVP, RS Maintenance & Services Corp.; EVP, Sta. Lucia East Cinema Corp.; EVP, Sta. Lucia Waterworks Corp.; EVP Rob-San East Trading Corp.; EVP, Sta. East Commercial Corp.; EVP, RS Night Hawk Security & Investigation Agency; EVP, Sta. Lucia East Bowling Center, Inc.; EVP, Sta. Lucia East Department Store, Inc.;Acropolis North, President; Lakewood Cabanatuan, Corporate Secretary Chairman, Orchard Golf& Country Club
Directorships held	Orchard Golf & Country Club; Eagle Ridge Golf & Country Club; Sta. Lucia Land, Inc.

EXEQUIEL D. ROBLES – President/Director

Term of Office	Three (3) year (2015-2018)
Address	F. Pasco Avenue, Dumandan Compound, Santolan, Pasig City
Age	64

Citizenship	Filipino
Positions Held	President and General Manager, Sta. Lucia Realty & Development, Inc.; President, Sta. Lucia East Cinema Corporation; President, Sta.Lucia East Commercial Corporation; President, Sta. Lucia East Bowling Center, Inc.; President, Sta. Lucia East Department Store; President, Valley View Realty and Development Corporation; President, RS Maintenance & Services, Inc.; President, Rob-San East Trading Corporation; President, RS Night Hawk Security & Investigation Agency
Directorships Held	Sta.Lucia Realty & Development, Inc., Sta. Lucia East Cinema Corporation, Sta. Lucia Waterworks Corporation, Sta. Lucia East Commercial Corporation, Sta. Lucia East Department Store, Sta.Lucia East Bowling Center, Inc. Valley View Realty Development Corporation, RS Maintenance & Services, Inc.

MARIZA R. SANTOS-TAN – Treasurer

Term of Office	Three (3) year (2015-2018)
Address	G/F, State Center II, Ortigas Avenue, Mandaluyong City
Age	61
Citizenship	Filipino
Positions Held	Vice President for Sales, Sta.Lucia Realty & Development, Inc.; Vice President, Valley View Realty Development, Inc.; Corporate Secretary, RS Maintenance & Services Corporation; Corporate Secretary, Sta.Lucia East Cinema Corporation; Corporate Secretary, Sta.Lucia Waterworks Corporation; Corporate Secretary, Rob-San East Trading Corporation; Corporate Secretary, Sta.Lucia East Commercial Corporation; Corporate Secretary, RS Night Hawk Security & Investigation Agency; Corporate Secretary, Sta. Lucia East Bowling Center, Inc.; Corporate Secretary, Sta. Lucia East Department Store, Inc.; President, Royale Tagaytay Golf& Country Club; Assistant Corporate Secretary, Alta Vista Golf & Country Club; Treasurer, Manila Jockey Club; Corporate Secretary, Worlds of Fun; Corporate Secretary, Eagle Ridge Golf & Country Club
Directorships Held	Sta. Lucia Realty & Development, Inc., Valley View Realty Development, Inc., Orchard Golf & Country Club, Alta Vista Golf & Country Club, Manila Jockey Club, True Value Workshop, Consolidated Insurance Company, Unioil Resources Holdings, Inc.; Ebedev

AURORA D. ROBLES – Assistant Treasurer/Director

Term of Office	Three (3) year (2015-2018)
Address	The Alexandra Condominiums, Meralco Avenue, Pasig City
Age	52
Citizenship	Filipino
Positions Held	Purchasing Manager, Sta. Lucia Realty & Development, Inc.; Stockholder, Valley View Realty Dev't Corp.; Stockholder, RS Maintenance & Services Corp.; Chief Administrative, Sta. Lucia East Cinema Corp.; Chief Administrative, Sta. Lucia Waterworks Corp.; Chief Administrative, Rob-San East Trading Corp.; Stockholder, Sta. East Commercial Corp.; Stockholder, RS Night Hawk Security & Investigation Agency
Directorships Held	CICI General Insurance Corp.

ORESTES R. SANTOS – Director

Term of Office	Three (3) year (2015-2018)
Address	Odyssey St., Acropolis, Quezon City
Age	58
Positions Held	Project Manager, Sta. Lucia Realty & Development, Inc.; President, RS Superbatch, Inc.
Directorships held	City Chain Realty

ANTONIO D. ROBLES – Director

Term of Office	Three (3) year (2015-2018)
Address	Odyssey, Acropolis, Quezon City
Age	55
Positions Held	Stockholder, Sta. Lucia Realty & Development, Inc.; Stockholder, Valley View Realty Dev't Corp.; Stockholder, RS Maintenance & Services Corp.;Treasurer, Orchard Marketing Corporation; Stockholder, Sta. Lucia East Commercial Corp.; Stockholder, RS Night Hawk Security & Investigation Agency; Stockholder, Exan Builders Corp.; Owner, Figaro Coffee; Owner, Cabalen
Directorships held	Exan Builders Corp.

SIMEON S. CUA – Director

Term of Office	Less than a year (2018)
Address	36 Roosevelt Street, San Juan, Metro Manila
Age	61
Citizenship	Filipino
Positions Held	President and CEO, Philippine Racing Club, Inc.; President, Cualoping Securities, Inc.;
Directorships held	Philippine Racing Club, Inc., Cualoping Securities, Inc.

DAVID M. DE LA CRUZ – Executive Vice President

Term of Office	Three (3) year (2015-2018)
Address	#31, La Naval Street Remmanville Subdivision Better Living, Paranaque
Age	54
Citizenship	Filipino
Positions Held	VP and CFO – Atlas Consolidated Mining and Development Corp., SAVP - Corporate Credit Risk Management - BDO – AC&D Corporate Partners; President / CFO – Geograce Resources Phils. Inc.; Vice President / Head of Sales Amsteel Securities Philippines Inc; Senior Manager – Investment Banking Deutsche Morgan Grenfell Hong Kong Limited; Acting General Manager & Marketing Head – UBP Securities / Manager - Investment Banking - UBP Capital Corporation; Senior Auditor, SGV & Co.

ATTY. PATRICIA A. O. BUNYE – Corporate Secretary

Term of Office	Three (3) year (2015-2018)
Address	CVCLAW CENTER, 11th Avenue cor. 39th Street, Bonifacio Global City, Metro Manila
Age	51
Citizenship	Filipino
Positions Held	Senior Partner, Villaraza Cruz Marcelo & Angangco; Past President, Integrated Bar of the Philippines (Pasay, Parañaque, Las Piñas & Muntinlupa Chapter); Secretary, 15th House of Delegates National Convention, IBP; Past President, Licensing Executives Society Philippines
Directorships Held	Arromanche, Inc.; Baskerville Trading Corporation; Bay Area Holdings, Inc.; Belmont Equities, Inc.; Foundasco Philippines, Inc.; Go Home Bay Holdings, Inc.; Honfeur, Inc.; Kids Stuff Manufacturing, Inc.; Lawphil Investments, Inc.; Liberty Cap Properties, Inc.; Mianstal Holdings, Inc.; Quaestor Holdings, Inc.; Recruitment Center Philippines, Inc.; Westminster Trading Corporation; Winchester Trading Corporation; Windermere Marketing Corporation.

Independent Directors

JOSE FERDINAND R. GUIANG

Term of office	Three (3) year (2015-2018)
Address	Unit 4 Cornhill Villas, Kaimito Ave. Town & Country Exec. Vill., Antipolo

Age	54
Citizenship	Filipino
Positions Held	President, Pharmazel Incorporated; Member, Filipino Drug Association, Inc.; Area Sales Supervisor, Elin Pharmaceuticals, Inc.

OSMUNDO C. DE GUZMAN, JR.

Term of office	Three (3) year (2015-2018)
Address	Walnut cor. Redwood St. New Marikina Subd., San Roque, Marikina City
Age	64
Citizenship	Filipino
Positions Held	Treasurer, Sunflower Circle Corp.

Significant Employees

The entire workforce of the Registrant is considered significant as each of its employees has his own responsibilities which are supposed to achieve the Registrant's goals and objectives.

Family Relationships

EXEQUIEL D. ROBLES, ANTONIO D. ROBLES, AND AURORA D. ROBLES are siblings and they are first cousins with VICENTE R. SANTOS, MARIZA R. SANTOS-TAN, and ORESTES R. SANTOS, who are likewise siblings.

Involvement in Certain Legal Proceedings

Legal proceedings involving the Registrant's directors and officers are discussed in Item 3: Legal Proceeding above.

Other than in the above-mentioned cases, the Registrant, its directors, officers or affiliates, any owner of record of more than 10% of its securities, or any associate of any such director, officer or affiliate, or security holder are not, to the knowledge of the Registrant, parties to any material legal proceeding during the past five (5) years up to date, including and/or involving any bankruptcy petition, conviction by final judgment, subject of an order, judgment or decree, and violation of a Securities or Commodities Law.

ITEM 9: EXECUTIVE COMPENSATION

Summary Compensation Table

The Directors and Officers do not receive any form of compensation except for a per diem of Fifteen Thousand Pesos (Php15,000) per meeting of the Board of Directors.

Apart from the per diem, there are no standard arrangements or other arrangements between the Registrant and the directors and executive officers.

Executive Officers

Annual Compensation
2018

Name and Principal Position	**Salary***	**Bonus***	**Other Annual Compensation***
Executive Officers			
Vicente R. Santos – Chairman	XXX	XXX	XXX
Exequiel D. Robles – President/Director	XXX	XXX	XXX
Mariza Santos-Tan – Treasurer/Director	XXX	XXX	XXX
Aurora D. Robles – Assistant Treasurer/Director	XXX	XXX	XXX
David M. Dela Cruz – Executive Vice President	XXX	XXX	XXX
Patricia A.O. Bunye – Corporate Secretary	XXX	XXX	XXX

Total for Above	Estimated	7,500	2,475	XXX
	Actual	7,450	2,580	XXX
All other officers** as a group unnamed				
	Estimated	2,500	500	XXX
	Actual	2,130	365	XXX

Annual Compensation
2017

Name and Principal Position		Salary*	Bonus*	Other Annual Compensation*
Executive Officers				
Vicente R. Santos – Chairman		XXX	XXX	XXX
Exequiel D. Robles – President/Director		XXX	XXX	XXX
Mariza Santos-Tan – Treasurer/Director		XXX	XXX	XXX
Aurora D. Robles – Assistant Treasurer/Director		XXX	XXX	XXX
David M. Dela Cruz – Executive Vice President		XXX	XXX	XXX
Patricia A.O. Bunye – Corporate Secretary		XXX	XXX	XXX
Total for Above	Estimated	7,500	2,475	XXX
	Actual	7,450	2,580	XXX
All other officers** as a group unnamed				
	Estimated	2,500	500	XXX
	Actual	2,130	365	XXX

Annual Compensation
2016

Name and Principal Position		Salary*	Bonus*	Other Annual Compensation*
Executive Officers				
Vicente R. Santos – Chairman		XXX	XXX	XXX
Exequiel D. Robles – President/Director		XXX	XXX	XXX
Mariza Santos-Tan – Treasurer/Director		XXX	XXX	XXX
Aurora D. Robles – Assistant Treasurer/Director		XXX	XXX	XXX
David M. Dela Cruz – Executive Vice President		XXX	XXX	XXX
Patricia A.O. Bunye – Corporate Secretary		XXX	XXX	XXX
Total for Above	Estimated	7,500	2,475	XXX
	Actual	7,450	2,580	XXX
All other officers** as a group unnamed				
	Estimated	2,500	500	XXX
	Actual	2,130	365	XXX

Annual Compensation
2015

Name and Principal Position		Salary*	Bonus*	Other Annual Compensation*
Executive Officers				
Vicente R. Santos – Chairman		XXX	XXX	XXX
Exequiel D. Robles – President/Director		XXX	XXX	XXX
Mariza Santos-Tan – Treasurer/Director		XXX	XXX	XXX
Aurora D. Robles – Assistant Treasurer/Director		XXX	XXX	XXX
David M. Dela Cruz – Executive Vice President		XXX	XXX	XXX
Patricia A.O. Bunye – Corporate Secretary		XXX	XXX	XXX
Total for Above	Estimated	7,500	2,475	XXX
	Actual	7,450	2,580	XXX
All other officers** as a group unnamed				
	Estimated	2,500	500	XXX
	Actual	2,130	365	XXX

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Stockholders who/which are directly/indirectly the record/beneficial owners of more than 5% of the Registrant's voting securities as of 31 December 2018:

Title of class	Name and address of record owner and h relationship with issuer	Name of beneficial owner owner and relationship with record owner	Citizenship	No. of Shares	Percent
Common	Sta. Lucia Realty & Dev't., Inc. Ground Flr., State Center Bldg. II, Ortigas Avenue cor. EDSA Mandaluyong City	-same-	Domestic	6,701,005,767	81.75%

Security Ownership of Management

Directors/Officers & Nominees as of December 31, 2018

Title of class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	VICENTE R. SANTOS Chairman	712,494	Filipino	0.01%
	Evangelista St., Brngy. Santolan, Pasig City	233,000		0.00%
Common	EXEQUIEL D. ROBLES President and Director	712,500	Filipino	0.01%
	F. Pasco Ave., Dumandan Compound, Santolan, Pasig City	230,000		0.00%
Common	MARIZA R. SANTOS-TAN Treasurer and Director G/F, State Centre II Ortigas Avenue, Mandaluyong City	1	Filipino	0.00%
Common	AURORA D. ROBLES Assistant Treasurer and Director Alexandra Condominium, Meralco Ave., Pasig City	1	Filipino	0.00%
Common	ATTY. PATRICIA A.O. BUNYE Corporate Secretary 11th Avenue cor. 39th Street Bonifacio Global City, Metro Manila Makati City	0	Filipino	0.00%
Common	DAVID M. DE LA CRUZ Executive Vice President 31 La Naval Street Remmanville Subdivision, Better Living Paranaque	0	Filipino	0.00%

Common	SIMEON S. CUA Makati City Director 36 Roosevelt Street San Juan, Metro Manila	999	Filipino	0.00%
Common	ANTONIO D. ROBLES Director Odyssey St., cropolis, Quezon City	1	Filipino	0.00%
Common	ORESTES R. SANTOS Director Odyssey St., Acropolis, Quezon City	1	Filipino	0.00%
Common	JOSE FERDINAND R. GUIANG Independent Director #71 K-6 St., Camias Road, Quezon City	1	Filipino	0.00%
Common	OSMUNDO C. DE GUZMAN, JR. Independent Director Walnut cor. Redwood St., New Marikina Subd. San Roque, Marikina City	1	Filipino	0.00%

Title of class	**Name of Beneficial Owner**	**Amount of Ownership as Director & Officers**	**Percent of Class**
Common	DIRECTORS & EXECUTIVE OFFICERS	1,889,000	0.02%

Voting Trust Holders

The Registrant is not a party to any voting trust. No shareholder of the Registrant holds more than 5% of the outstanding capital stock of the Registrant through a voting trust or other similar agreements.

ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As previously disclosed, SLRDI entered into a Property-for-Equity Swap with the Registrant in exchange for 10,000,000,000 shares of the latter. As of December 31, 2018, there 2,600,000 treasury shares which arise from the settlement of intercompany advances between SLI and SLRDI which provides assignment of certain number of shareholding of SLRDI to SLI be assigned to the latter.

The Registrant's President, EXEQUIEL D. ROBLES, is the President and General Manager of SLRDI. The Registrant’s directors, ANTONIO D. ROBLES, a stockholder of SLRDI, and AURORA D. ROBLES, the Purchasing Manager of SLRDI, are siblings of MR. EXEQUIEL D. ROBLES who are all first cousins of MARIZA R. SANTOS-TAN, the Vice-President for Sales of SLRDI, VICENTE R. SANTOS, the Executive Vice-President of SLRDI, and ORESTES R. SANTOS, Project Manager of SLRDI, who, in turn, are siblings.

A director, president and chief executive officer of Philippine Racing Club Inc. and president of Cualoping Securities Corporation, namely SIMEON S. CUA is also a director of the Registrant.

PART IV – CORPORATE GOVERNANCE

ITEM 13: COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

This portion has been deleted pursuant to SEC Memorandaum Circular No. 5, Series of 2013. Please refer to 2018 SEC Integrated Annual Corporate Governance Report (I-ACGR).

PART V – EXHIBITS AND SCHEDULES

ITEM 14: EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

The Registrant has attached hereto as Annex "A" its Audited Financial Statements for the year ended 31 December 2018 together with the Registrant's Annual Report on SEC Form 17-A. The Registrant has not entered into any material contracts.

Reports on SEC Form 17-C

The following current reports have been reported by the Registrant during the year 2018 through official letters dated:

January 8, 2018
Results of the Special Meeting of the Board of Directors held on 08 January 2018

February 7, 2018
Results of the Special Meeting of the Board of Directors held on 07 February 2018

March 19, 2018
Press release: "Sta. Lucia Land Inc. (SLI) signs P 5 Billion Corporate Notes Facility"

March 22, 2018
Notice of Award dated 22 March 2018 by the Armed Forces of the Philippines Retirement and Separation Benefits System ("AFPRSBS")

April 24, 2018
Results of the Special Meeting of the Board of Directors held on 24 April 2018

April 30, 2018
Clarifications of news reports: "The Manila Times news article entitled: Sta Lucia to spend over P5B for 2018 expansion"

May 15, 2018
Setting the date of the 2018 Annual Stockholders' Meeting

June 4, 2018
Notice of the demise of Sta. Lucia Land, Inc.'s director, Mr. Santiago Cua.

June 21, 2018
Results of the 2018 Annual Stockholders' Meeting

June 21, 2018
Results of the 2018 Organizational Meeting of the Board of Directors

June 28, 2018
Clarification of news report: “The Inquirer news article entitled: Sta. Lucia Land sets follow-on offer”

July 31, 2018
Clarification of news report: “The Philstar.com news article entitled: Sta. Lucia Land forays into office development”

September 28, 2018
Results of the Special Meeting of the Board of Directors held on 28 September 2018

October 9, 2018
Press release: “Sta. Lucia Land Inc. awarded as Best Real Estate Development Company 2018”

November 5, 2018
Press release: “CRISP reaffirms SLI AA+ credit rating”

December 7, 2018
Results of the Special Meeting of the Board of Directors held on 07 December 2018

December 7, 2018
The appointment of Mr. Ace Franziz Cuntapay as Sta. Lucia Land, Inc.'s Data Protection Officer.

December 27, 2018
Disclosure on the transaction involving 750,000,000 SLI shares at P1.20 per share

STA. LUCIA LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

FINANCIAL RATIOS

	31-Dec-18	31-Dec-17
Current Ratio	**2.81**	**2.27**
Debt to Equity	**1.40**	**1.08**
Interest Coverage Ratio	**161.61%**	**231.94%**
Return on Asset	**3.06%**	**2.74%**
Return on Equity	**7.37%**	**5.71%**

SIGNATURES

Pursuant to the requirement of Section 17 of the Securities Regulation Code and Section 141 of the Corporate Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized in MANDALUYONG CITY on APR 12 2019

STA. LUCIA LAND, INC.
Issuer

VINCENTE R. SANTOS
Chairman of the Board

EXEQUIEL D. ROBLES
President / CEO

MARIZA R. SANTOS-TAN
Treasurer

CRYSTAL I. PRADO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 12 2019 in MANDALUYONG CITY, affiants exhibiting to me their government issued IDs, to wit:

Name	Government I.D.	Date/Place Issued
VINCENTE R. SANTOS	155-810-416	BIR RDO 43
EXEQUIEL D. ROBLES	P5067324A	17 Nov 2017/ DFA NCR EAST
MARIZA R. SANTOS-TAN	P1089376A	5 Dec 2016/ DFA NCR EAST
CRYSTAL I. PRADO	Roll of Attorneys No. 57242	May 2009/Ortigas, Pasig City

Doc. No. 122 ;
Page No. 26 ;
Book No. XXI ;
Series 2019

JERRY B. DELA CRUZ
Notary Public for Mandaluyong City
Until 31 December 2019
Appointment No. 0257-18
Roll Number 47018
IBP No. 063313/01.04.19/RSM
PTR No. 3823144/01.03.19/Mandaluyong
MCLE Compliance No. V-0009664/08.13.15
G/F State Center II Bldg.
Ortigas Avenue, Mandaluyong City

STA. LUCIA LAND INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Sta. Lucia Land, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2018, in accordance with the prescribed financial reporting framework indicated there-in, 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor 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.

Vicente R. Santos,
Chairman of the Board

Exequiel D. Robles,
President & Chief Executive Officer

David M. Dela Cruz
EVP - Chief Financial Officer

Signed this 4th day of April 2019

MANDALUYONG CITY

APR 12 2019

SUBSCRIBED AND SWORN to before me, this ____ day of April 2019, affiant exhibiting to me their community tax certificates.

Doc. No. 124 ;
Page No. 26 ;
Book No. XXI ;
Series of 2019

JERRY B. DELA CRUZ
Notary Public for Mandaluyong City
Until 31 December 2019
Appointment No. 0257-18
Roll Number 47018
IBP No. 063313/01.04.19/RSM
PTR No. 3823144/01.03.19/Mandaluyong
MCLE Compliance No. V-0009664/08.13.15
G/F State Center II Bldg.
Ortigas Avenue, Mandaluyong City

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	3	1	0	5	0				

COMPANY NAME

STA. LUCIA LAND, INC. AND SUBSIDIARIES

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

Penthouse Bldg. 3, Sta. Lucia Mall, Marcos Highway cor. Imelda Avenue, Cainta, Rizal

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@stalucialand.com.ph	682-7711	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
264	Third Friday of June	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
David M. Dela Cruz	dmdelacruz@stalucialand.com.ph	681-7322	N/A

CONTACT PERSON's ADDRESS

Penthouse, Bldg. 3, Sta. Lucia East Grand Mall, Marcos Highway cor. Imelda Avenue, Cainta, Rizal

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.*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Sta. Lucia Land, Inc. and Subsidiaries
Penthouse Bldg. 3, Sta. Lucia Mall
Marcos Highway cor. Imelda Avenue
Cainta, Rizal

Opinion

We have audited the consolidated financial statements of Sta. Lucia Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Adoption of PFRS 15, Revenue from Contracts with Customers

Effective January 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, under the modified retrospective approach. The adoption of PFRS 15 is significant to our audit because this involves application of significant judgment and estimation in the following areas: (1) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (2) assessment of probability that the entity will collect the consideration from the buyer; (3) application of the output method as the measure of progress in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; and (5) recognition of cost to obtain a contract.

The Group identifies contracts that meet all the criteria required under PFRS 15 for a valid revenue contract. In the absence of signed contracts to sell, the Group identifies alternative documentation, such as reservation application, buyer's ledger and official receipts evidencing collections from buyer, that are enforceable and that contains each party's rights regarding the real estate property to be transferred, the payment terms and the contract's commercial substance.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyers' equity). Collectability is also assessed by considering the past history with buyers. Management regularly evaluates historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by management's project specialists (project development engineers) and managers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which have qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion (POC) method in amortizing sales commission consistent with its revenue recognition policy.

The disclosures related to the adoption of PFRS 15 are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process for real estate sales, including the process of implementing the new revenue recognition standard. We reviewed the PFRS 15 adoption papers and accounting policies prepared by management, including revenue streams identification and scoping, and contract analysis.

For the identification of alternative documentation for sale of real estate property (in the absence of a signed contract to sell) that would meet the requirements of PFRS 15, our audit procedures include, among others, involvement of our internal specialist in reviewing the Group's legal basis regarding the enforceability of the alternative documentation, and reference to buyers' behavior and industry practices.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold.

For the application of the output method, in determining revenue from real estate sales, we obtained an understanding of the Group's processes for determining the POC and performed tests of relevant controls. We obtained the project accomplishment reports (PAR) certified by the project development engineers. The project accomplishment reports show the completion of the projects to date. We assessed the competence and objectivity of the project development engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries with the project development engineers.

For the cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed, to supporting documents such as project accomplishment reports and liquidation reports from contractors.

For the recognition of costs to obtain a contract, we selected contracts and agreed the basis for calculating sales commission capitalized and portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

We test computed the transition adjustments and evaluated the disclosures made in the financial statements on the adoption of PFRS 15.

Adoption of PFRS 9, Financial Instruments

On January 1, 2018, the Group adopted PFRS 9, *Financial Instruments*. PFRS 9, which replaced PAS 39, *Financial Instruments: Recognition and Measurement*, introduces a forward-looking expected credit loss model (ECL) to assess impairment on debt financial assets not measured at fair value through profit or loss and loan commitments and financial guarantee contracts. The Group adopted the modified retrospective approach in adopting PFRS 9.

1. Classification and Measurement of Financial Assets

As at January 1, 2018 (the transition date), the Group classified its financial assets based on its business models for managing these financial assets and the contractual cash flow characteristics of the financial assets. This resulted to transition adjustments that increased other comprehensive income by ₱70.00 million. Thereafter, the financial assets were accounted for based on the transition date classification, while newly originated or acquired financial assets were also classified based on the PFRS 9 classification criteria.

The Group's application of the PFRS 9 classification criteria is significant to our audit as the classification determines how the financial assets are measured and accounted for in the financial statements.

The Group has investment in unquoted equity securities carried at fair value through other comprehensive income (OCI). As of December 31, 2018, the investment's carrying value amounted to ₱159.53 million. In determining the fair value of this investment, the Group engaged external valuer and exercised judgments in selecting the appropriate valuation methodology. This includes the use of adjusted net asset method, using assumptions and inputs taking into consideration the industry where the investee operates. This matter is significant to our audit because estimating the fair value of an unquoted equity securities involves the use of valuation inputs that are not observable in the market.

The disclosures in relation to the adoption of the PFRS 9 classification criteria are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's contracts review process to establish the contractual cash flow characteristics of debt financial assets, including the identification of standard and non-standard contracts, and reviewed the assessment made by management by inspecting underlying contracts on a sample basis. We obtained the approved business models for the Group's portfolios of financial assets. For significant portfolios, we assessed the frequency and relative amount of sales in the past, understood how the business performance is measured and evaluated performance measurement reports.

We recalculated the net asset value (NAV) of the investee Company by obtaining its net book value which was adjusted to fair values, as determined by the independent valuer. The resulting adjusted NAV was compared to the amount reported by the Company. In addition, we evaluated the competence, capabilities and qualifications of the external valuer by considering their qualifications, experience and reporting responsibilities. We compared the relevant information supporting the fair value, as determined by the external valuer, against a range of values using market approach.

We test computed the transition adjustments and evaluated the disclosures on the adoption of the PFRS 9 classification criteria made in the consolidated financial statements.

2. Expected Credit Loss

The Group's adoption of the ECL model on its installment contracts receivables and contract assets is significant to our audit as it involves the exercise of significant management judgment and estimation. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as the expected life of the financial asset and timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information in calculating ECL.

Refer to Notes 2 and 3 to the consolidated financial statements for the related disclosure on the application of the ECL model.

Audit Response

We obtained an understanding of the approved methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money and, the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; (c) compared the definition of default against historical analysis of accounts and credit risk management policies and practices in place; (d) tested loss given default by inspecting historical recoveries including the timing, related direct costs, and write-offs; (e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information; and (f) tested the effective interest rate, or an approximation thereof, used in discounting expected loss.

Further, we checked the data used in the ECL models, such as the historical analysis of defaults, and recovery data, by reconciling data from source system reports to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced the disaggregation from source systems to the loss allowance analysis.

We evaluated the disclosures made in the consolidated financial statements on allowance for credit losses using the ECL model.

Other Information

Management is responsible for the Other Information. Other Information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-3 (Group A),
March 16, 2017, valid until March 15, 2020
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332607, January 3, 2019, Makati City

April 10, 2019

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2018	December 31, 2017 (As restated, Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 27)	**₱1,064,532,966**	₱626,239,307
Receivables (Notes 6, 19 and 27)	**1,874,020,117**	2,686,837,726
Contract assets (Notes 4 and 6)	**701,474,368**	–
Real estate inventories (Note 7)	**18,303,658,167**	16,027,804,597
Other current assets (Note 8)	**5,204,059,201**	2,753,835,484
Total Current Assets	**27,147,744,819**	22,094,717,114
Noncurrent Assets		
Installment contracts receivables - net of current portion (Notes 6 and 27)	**494,776,775**	1,499,767,330
Contract assets - net of current portion (Note 4)	**673,086,938**	–
Investment properties (Note 10)	**5,154,483,562**	5,157,615,826
Property and equipment (Note 11)	**44,535,128**	55,746,018
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9 and 27)	**985,036,600**	–
Available-for-sale financial assets (AFS) (Notes 9 and 27)	–	878,032,737
Other noncurrent assets	**216,496,836**	121,134,211
Total Noncurrent Assets	**7,568,415,839**	7,712,296,122
	₱34,716,160,658	₱29,807,013,236
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12, 19 and 27)	**₱3,990,826,478**	₱2,992,200,850
Short-term debt (Notes 14 and 27)	**3,608,000,000**	5,475,000,000
Contract liabilities (Notes 4, 6 and 13)	**2,017,661,692**	–
Income tax payable	**19,894,432**	46,184,278
Customers' deposits (Notes 4 and 13)	–	1,223,413,496
Total Current Liabilities	**9,636,382,602**	9,736,798,624
Noncurrent Liabilities		
Long-term debt (Notes 14 and 27)	**9,998,775,240**	5,039,663,054
Contract liabilities - net of current portion (Notes 4, 6 and 13)	**45,409,032**	–
Pension liabilities (Note 20)	**5,496,160**	2,154,455
Deferred tax liabilities - net (Note 24)	**575,790,597**	718,442,303
Total Noncurrent Liabilities	**10,625,471,029**	5,760,259,812
Total Liabilities	**20,261,853,631**	15,497,058,436
Equity		
Capital stock (Note 15)	**10,796,450,000**	10,796,450,000
Additional paid-in capital	**330,004,284**	330,004,284
Retained earnings (Note 15)	**4,402,362,924**	3,461,949,860
Treasury shares (Note 15)	**(1,640,000,000)**	(740,000,000)
Net unrealized gain on fair value of financial assets at FVOCI/AFS (Note 9)	**568,768,194**	461,764,331
Remeasurement losses on pension liabilities (Note 20)	**(3,278,375)**	(213,675)
Total Equity	**14,454,307,027**	14,309,954,800
	₱34,716,160,658	₱29,807,013,236

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2018	2017	2016
REVENUE			
Real estate sales (Notes 3, 4, 21 and 22)	**₱2,428,307,857**	₱2,108,492,387	₱1,889,582,634
Rental income (Notes 4, 10, 19, 22 and 23)	**858,758,442**	1,026,099,885	852,490,997
Interest income (Note 16)	**300,973,297**	160,047,822	139,513,712
Commission income	**181,286,064**	109,263,232	105,239,098
Construction income	–	1,612,700	25,591,746
Dividend income (Note 9)	**7,157,683**	7,157,683	7,157,683
Others (Note 17)	**255,736,621**	276,625,704	273,352,497
	4,032,219,964	3,689,299,413	3,292,928,367
COSTS OF SALES AND SERVICES			
Cost of real estate sales (Notes 7, 21 and 22)	**959,025,588**	860,882,958	946,430,049
Cost of rental income (Notes 10, 17 and 22)	**553,974,130**	583,993,393	581,212,249
Cost of construction	–	943,899	16,378,994
	1,512,999,718	1,445,820,250	1,544,021,292
SELLING AND ADMINISTRATIVE EXPENSES			
Commissions	**324,666,305**	243,968,182	278,861,526
Taxes, licenses and fees	**70,826,085**	98,388,080	100,385,982
Salaries and wages and other benefits (Notes 19 and 20)	**65,093,880**	64,083,755	55,644,323
Advertising	**59,715,755**	56,336,866	50,979,006
Repairs and maintenance	**33,631,046**	17,045,872	30,196,053
Professional fees	**21,077,509**	31,402,473	20,828,646
Representation	**17,987,405**	19,713,990	11,320,093
Depreciation and amortization (Note 11)	**16,950,967**	19,825,280	20,017,865
Utilities	**7,476,177**	21,894,451	13,684,987
Expected credit loss (Note 6)	**1,393,944**	2,550,308	2,911,115
Transportation, travel, office supplies and miscellaneous	**51,579,006**	49,608,318	42,031,393
	670,398,079	624,817,575	626,860,989
INTEREST EXPENSE (Notes 14 and 18)	**706,707,500**	487,638,932	290,365,003
INCOME BEFORE INCOME TAX	**1,142,114,667**	1,131,022,656	831,681,083
PROVISION FOR INCOME TAX (Note 24)	**76,935,383**	313,371,404	101,302,394
NET INCOME	**1,065,179,284**	817,651,252	730,378,689
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Unrealized gains on fair value of available-for-sale financial assets (Note 9)	–	25,976,439	36,479,202
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Unrealized gains on fair value of financial assets at FVOCI (Note 9)	**37,007,331**	–	–
Remeasurement gains (losses) on pension liabilities - net of tax (Note 20)	**(3,064,700)**	359,984	(597,166)
	33,942,631	26,336,423	35,882,036
TOTAL COMPREHENSIVE INCOME	**₱1,099,121,915**	₱843,987,675	₱766,260,725
Basic/Diluted Earnings Per Share (Note 25)	**₱0.12**	₱0.09	₱0.08

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital stock (Note 15)	Additional paid-in capital (Note 15)	Treasury stock (Note 15)	Retained earnings	Unrealized gains on fair value of financial assets at FVOCI/AFS (Note 9)	Remeasurement gains (losses) on pension liabilities - net of tax (Note 20)	Total
				For the Year Ended December 31, 2018			
Balances as of January 1, 2018	**₱10,796,450,000**	**₱330,004,284**	**(₱740,000,000)**	**₱3,461,949,860**	**₱461,764,331**	**(₱213,675)**	**₱14,309,954,800**
Effect of adoption of new standards (Note 2)	–	–	–	**(124,766,220)**	**69,996,532**	–	**(54,769,688)**
Balances as of January 1, 2018, as restated	**10,796,450,000**	**330,004,284**	**(740,000,000)**	**3,337,183,640**	**531,760,863**	**(213,675)**	**14,255,185,112**
Acquisition of treasury shares (750.00 million shares at ₱1.20 per share)	–	–	**(900,000,000)**	–	–	–	**(900,000,000)**
Comprehensive income							
Net income	–	–	–	**1,065,179,284**	–	–	**1,065,179,284**
Other comprehensive income (loss)	–	–	–	–	**37,007,331**	**(3,064,700)**	**33,942,631**
Total comprehensive income	–	–	–	**1,065,179,284**	**37,007,331**	**(3,064,700)**	**1,099,121,915**
Balances as of December 31, 2018	**₱10,796,450,000**	**₱330,004,284**	**(₱1,640,000,000)**	**₱4,402,362,924**	**₱568,768,194**	**(₱3,278,375)**	**₱14,454,307,027**
				For the Year Ended December 31, 2017			
Balances as of January 1, 2017	₱10,796,450,000	₱330,004,284	(₱740,000,000)	₱2,644,298,608	₱435,787,892	(₱573,659)	₱13,465,967,125
Comprehensive income							
Net income	–	–	–	817,651,252	–	–	817,651,252
Other comprehensive income	–	–	–	–	25,976,439	359,984	26,336,423
Total comprehensive income	–	–	–	817,651,252	25,976,439	359,984	843,987,675
Balances as of December 31, 2017	₱10,796,450,000	₱330,004,284	(₱740,000,000)	₱3,461,949,860	₱461,764,331	(₱213,675)	₱14,309,954,800
				For the Year Ended December 31, 2016			
Balances as of January 1, 2016	₱10,796,450,000	₱330,004,284	(₱740,000,000)	₱1,913,919,919	₱399,308,690	₱23,507	₱12,699,706,400
Comprehensive income							
Net income	–	–	–	730,378,689	–	–	730,378,689
Other comprehensive income (loss)	–	–	–	–	36,479,202	(597,166)	35,882,036
Total comprehensive income (loss)	–	–	–	730,378,689	36,479,202	(597,166)	766,260,725
Balances as of December 31, 2016	₱10,796,450,000	₱330,004,284	(₱740,000,000)	₱2,644,298,608	₱435,787,892	(₱573,659)	₱13,465,967,125

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2018	2017 (As restated, Note 2)	2016 (As restated, Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,142,114,667**	₱1,131,022,656	₱831,681,083
Adjustments for:			
Interest expense (Notes 14 and 18)	**706,707,500**	487,638,932	290,365,003
Depreciation and amortization (Notes 10, 11 and 17)	**127,996,501**	170,772,505	170,175,505
Retirement expense (Note 20)	**963,562**	990,379	847,432
Loss on retirement of property and equipment	**624,620**	–	–
Dividend income (Note 9)	**(7,157,683)**	(7,157,683)	(7,157,683)
Gain on repossession of inventories (Notes 7 and 17)	**(34,897,007)**	(45,317,126)	(32,439,532)
Interest income (Notes 5, 6 and 16)	**(300,973,297)**	(160,047,822)	(139,513,712)
Operating income before changes in working capital	**1,635,378,863**	1,577,901,841	1,113,958,096
Changes in working capital:			
(Increase) decrease in:			
Receivables (Notes 27 and 28)	**1,077,120,947**	(750,332,186)	(327,531,678)
Real estate inventories (Notes 7 and 28)	**(2,124,413,306)**	(3,859,266,105)	(2,781,767,777)
Other current assets (Notes 8 and 28)	**(2,814,418,050)**	(297,137,183)	(984,598,457)
Contract assets (Notes 4 and 6)	**(1,374,561,306)**	–	–
Increase (decrease) in:			
Accounts and other payables (Notes 12 and 28)	**1,177,239,495**	64,539,985	944,087,538
Contract liability (Notes 4 and 6)	**839,657,228**	–	–
Customers' deposits (Notes 13 and 28)	–	314,757,212	268,905,006
Net cash used in operations	**(1,583,996,129)**	(2,949,536,436)	(1,766,947,272)
Interest received	**190,322,415**	107,566,339	75,923,387
Income taxes paid	**(244,563,492)**	(128,425,760)	(109,225,772)
Net cash used in operating activities	**(1,638,237,206)**	(2,970,395,857)	(1,800,249,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Notes 10 and 28)	**(104,639,672)**	(151,302,353)	(467,930,069)
Available for sale-financial assets (Notes 9 and 28)	–	(7,893,438)	(81,458,333)
Property and equipment (Note 11)	**(6,778,748)**	(13,088,482)	(40,192,381)
Other noncurrent assets	**(95,362,625)**	(96,701,708)	(34,331,150)
Contribution to plan asset (Note 20)	**(2,000,000)**	(2,000,000)	–
Dividends received	**1,958,397**	–	9,740,326
Net cash used in investing activities	**(206,822,648)**	(270,985,981)	(614,171,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans, net of transaction costs (Note 14)	**9,211,973,800**	9,759,125,000	1,198,000,000
Payment of loans (Note 14)	**(6,148,000,000)**	(5,617,000,000)	(500,000,000)
Payment of interest (including capitalized borrowing costs)	**(780,250,496)**	(444,252,555)	(360,432,604)
Increase (decrease) in payable to related parties	**(369,791)**	29,298,263	2,302,702
Net cash provided by financing activities	**2,283,353,513**	3,727,170,708	339,870,098
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**438,293,659**	485,788,870	(2,074,551,166)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**626,239,307**	140,450,437	2,215,001,603
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱1,064,532,966**	₱626,239,307	₱140,450,437

See accompanying Notes to Consolidated Financial Statements.

STA. LUCIA LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Sta. Lucia Land, Inc. (SLLI or the Parent Company) is a publicly-listed company incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 1966 under the name Zipporah Mining and Industrial Corporation. On August 14, 1996, the Parent Company's Articles of Incorporation was amended.

Under the amendment, it changed the corporate name to Zipporah Realty Holdings, Inc. and it transferred the original primary purpose to secondary purpose from being a mining firm to a real estate company with the amended primary purpose to acquire by purchase, lease, and to own and develop and hold for investment and/or disposal, real estate of all kinds together with their appurtenances.

On July 16, 2007, the Parent Company changed its corporate name from Zipporah Realty Holdings, Inc. to Sta. Lucia Land, Inc.

The end of the corporate life of the Parent Company was December 5, 2016. On June 16, 2016, the SEC approved the extension of the Parent Company's life to another 50 years up to December 5, 2066.

The registered office address and principal place of business of the Parent Company and its subsidiaries (collectively referred to as the Group) is at Penthouse Bldg. 3, Sta. Lucia Mall, Marcos Highway cor. Imelda Avenue, Cainta, Rizal.

The Group is 81.75% owned by Sta. Lucia Realty and Development Inc. (SLRDI or the Ultimate Parent Company).

As delegated by the Board of Directors (BOD), the accompanying consolidated financial statements were approved and authorized for issue by the Executive Committee and Audit Committee on April 10, 2019.

2. Basis of Preparation and Other Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and available-for-sale (AFS) financial assets that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency and all values are rounded to nearest Philippine peso except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019

as discussed in the section below on Adoption of New and Amended Accounting Standards and Interpretations. PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018.

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements include the financial statements of the Parent Company and the following wholly owned subsidiaries. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	% of Ownership
Sta. Lucia Homes, Inc. (SLHI)	100.00%
Santalucia Ventures, Inc. (SVI)	100.00

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended PFRSs which became effective January 1, 2018. The nature and impact of each new standard and amendment are described below:

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The Group has no share-based payment transaction, therefore these amendments do not have any impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments*

  PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Group applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Group has not restated comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other components of equity.

  The effect of adopting PFRS 9 as at January 1, 2018 was, as follows:

	As previously reported December 31, 2017	**Reference**	**Adjustment**	**As restated January 1, 2018**
Available-for-sale financial assets	₱878,032,737	(a)	(₱878,032,737)	₱–
Financial assets at fair value through other comprehensive income (FVOCI)	–	(a)	948,029,269	948,029,269
Retained earnings	3,461,949,860	(a)	(72,745,004)	3,389,204,856
Net unrealized gain on financial assets at FVOCI	–	(a)	531,760,863	531,760,863
Net unrealized gain on fair value of available-for-sale financial assets	461,764,331	(a)	(461,764,331)	–

The nature of adjustments are described below:

(a) Classification and measurement
Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognized before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39. The following are changes in the classification of the Group's financial assets:

- Cash and cash equivalents and installment contracts receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.

- Equity investments in listed and non-listed companies previously classified as Available-for-sale (AFS) financial assets are now classified and measured as financial assets designated at fair value through OCI. The Group elected to classify irrevocably its equity investments under this category as it intends to hold these investments for the foreseeable future.

  As a result of the change in classification and measurement, the Group's investment in unquoted securities was valued at fair value using the adjusted net asset method. Under this method, all the assets consisting mainly of real estate properties and liabilities of an investee are measured at fair value. The Group intends to hold its AFS financial assets at OCI for the long term. The investment currently recognized at cost amounting ₱92.89 million was measured at fair value with a gain amounting ₱70.00 million as at January 1, 2018 to be presented as unrealized gain on financial assets at FVOCI.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon adoption of PFRS 9, the Group had the following required or elected reclassifications as at January 1, 2018.

		PFRS 9 Measurement Categories		
PAS 39 Categories	Balances	Fair value through profit of loss	Amortized cost	Fair value through OCI
Loans and receivables				
Cash and cash equivalents	₱626,239,307	₱	₱626,239,307	₱–
Receivables	4,186,605,056	-	4,186,605,056	–
Available-for-sale financial assets	878,032,737	-	–	948,029,269
	₱5,690,877,100	₱	₱4,812,844,363	₱948,029,269

(b) Impairment
The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to record an allowance for impairment losses for all debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group has applied the standard's simplified approach on installment contracts receivables and contract assets, and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group used the simplified approach to calculate ECLs for installment contracts receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by region and product type).

The simplified approach is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as foreign exchange growth rate and bank lending rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

In addition, primary drivers like macroeconomic indicators such as forward looking data on foreign exchange growth rate and bank lending rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The key inputs in the model include the Group's definition of default and historical data of four (4) years for the origination, maturity date and default date. The Group defines default as the buyer's inability to meet its monthly amortization on time or late payments. The Group understands that the buyer may no longer fulfill its contractual obligation. The Group applies conservative approach as its definition of default, thus, the Group recognizes ECL when such uncertainty exists at the onset the buyer fails to pay its dues on time.

The probability of default (PD) is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on type and location of real estate project. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Maceda law, cost to complete (for incomplete units).

As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original effective interest rate or an approximation thereof.

For other financial assets such as accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The transition adjustment in relation to the impairment allowance as of January 1, 2018 amounted to ₱72.75 million.

- Amendments to PFRS 4, Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

  These amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  PFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

On February 14, 2018, the PIC issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues on PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of three years until December 31, 2020:

a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H
d. Accounting for cancellation of real estate sales as discussed in PIC Q&A No. 2018-14

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferrals are applicable to real estate sales transactions.

The SEC Memorandum Circular also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact to the consolidated financial statements had the concerned application guideline in the PIC Q&A had been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Group availed of the deferral of adoption of the above specific provisions of PIC Q&As. Had these provisions been adopted, it would have the following impact in the consolidated financial statements:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

b. The Group is acting as principal on air-conditioning services, common use service areas and administration and handling services. This would have resulted to the gross presentation of the related revenue and the related expenses and cost. Currently, the related revenue is presented net of costs and expenses. These would not result to any adjustment in the retained earnings as of January 1, 2018 and net income for 2018.

c. Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). This would not impact the retained earnings as at January 1, 2018 and gain/(loss) from repossession in 2018. Currently, the Group records the repossessed inventory at its fair value less cost to sell and recognize any difference between the carrying amount of the derecognized receivable and the repossessed property in profit or loss.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2018.

The cumulative effect of initially applying PFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under PAS 11, PAS 18 and related interpretations.

The effect of adopting PFRS 15 as at January 1, 2018, was as follows:

	As previously reported December 31, 2017	Reference	Increase (decrease)	As restated January 1, 2018
ASSETS				
Current Assets				
Installment contracts receivables	₱770,312,214	(a)	(₱440,787,633)	₱329,524,581
Contract assets	–	(a)	440,787,633	440,787,633
Other current assets	2,753,835,484	(b)	15,219,338	2,769,054,822
	3,524,147,698		15,219,338	3,539,367,036
Noncurrent Assets				
Installment contracts receivables - net of current portion	1,499,767,330	(a)	(825,479,801)	674,287,529
Contract assets - net of current portion	–	(a)	825,479,801	825,479,801
	1,499,767,330		–	1,499,767,330
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payable	₱2,992,200,850	(c)	₱67,240,554	₱3,059,441,404
Customers' deposit	1,223,413,496	(a)	(1,223,413,496)	–
Contract liabilities	–	(a)	1,223,413,496	1,223,413,496
	4,215,614,346		67,240,554	4,282,854,900
Equity				
Retained earnings	3,461,949,860	(b)(c)	(52,021,216)	3,409,928,644

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended December 31, 2018 as a result of the adoption of PFRS 15. The adoption of PFRS 15 did not have a material impact on OCI or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted:

Consolidated Statement of Financial Position as at December 31, 2018:

		Amounts prepared under		Increase
	Reference	PFRS 15	Previous PFRS	(decrease)
ASSETS				
Contract assets	(a)			
Current portion		₱701,474,368	₱–	₱701,474,368
Noncurrent portion		673,086,938	–	673,086,938
Installment contracts receivables	(a)			
Current portion		753,282,880	1,454,757,248	(701,474,368)
Noncurrent portion		494,776,775	1,167,863,713	(673,086,938)
Other current assets	(b)	5,204,059,201	5,174,036,828	30,022,373
Liabilities and Equity				
Liabilities				
Accounts and other payable	(c)	₱4,049,860,029	₱3,887,376,517	₱162,483,512
Customers' deposit	(a)	–	2,063,070,724	(2,063,070,724)
Contract liabilities	(a)			
Current portion		2,017,661,692	–	2,017,661,692
Noncurrent portion		45,409,032	–	45,409,032
		6,112,930,753	5,950,447,241	162,483,512
Equity				
Retained earnings	(b)(c)	4,402,362,924	4,534,824,063	(132,461,139)

Consolidated Statement of Comprehensive Income as at December 31, 2018:

		Amounts prepared under		
	Reference	PFRS 15	Previous PFRS	Increase (decrease)
Other income - processing fees	(c)	₱58,193,015	₱153,435,973	(₱95,242,958)
Commission expense	(b)	324,666,305	339,469,339	(14,803,034)

The nature of the adjustments as at January 1, 2018 and the reasons for the significant changes in the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of comprehensive income for the year ended December 31, 2018 are described below:

(a) The Group records any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contracts receivables, as contract asset while the excess of collection over progress of work is recorded as contract liability.

Before the adoption of PFRS 15, contract asset is not presented separately from installment contracts receivables while contract liability is not presented separately from customers' deposit. For those receivables with interest rate explicit in the contract, the Group records interest income based on the principal amount multiplied by the applicable interest rate.

The above resulted to recording of contract asset of ₱1,266.27 million and contract liability of ₱1,223.41 million as at January 1, 2018.

As at December 31, 2018, PFRS 15 increased contract asset and contract liability by ₱1,374.56 million and ₱2,063.07 million, respectively, and decreased installment contracts receivables and customers' deposit by the same amount.

(b) The Group has sales agents who are responsible for the marketing and sale of its real estate projects. These real estate sales agents typically receive the whole sales commission. These are recorded as contract cost and are fully accrued based on the total expected payment. Contract cost is amortized using the percentage of completion method consistent with the measure of progress for revenue recognition. Before the adoption of PFRS 15, the sales commissions are expensed as paid and there is no accrual for the unpaid portion of the total expected payment upon entering into the contract.

The above resulted to increase in other current assets of ₱15.22 million and increase in retained earnings by the same amount as of January 1, 2018.

As at December 31, 2018, PFRS 15 increased other current assets and decreased in commission expense in by ₱30.02 million and ₱14.80 million, respectively.

(c) The Group records the processing and registration fee collected from customers as unearned income under the accounts and other payables. These are recognized to income when services are rendered. Before the adoption of PFRS 15, the processing and registration fee are recorded as income upon collection.

The above resulted to increase in accounts and other payable of ₱67.24 million and decrease in retained earnings by the same amount as of January 1, 2018.

As at December 31, 2018, PFRS 15 increased accounts and other payable by ₱162.48 million and decreased in other income by ₱95.24 million.

PIC Q&A on Advances to Contractors

The Group adopted PIC Q&A 2018-15, *PAS 1 - Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the following reclassifications in the consolidated statement of financial position as at January 1, 2018.

		Reclassified to	
	Reference	Current Assets	Noncurrent Assets
Advances to contractors	(a)	₱–	₱86,086,474

(a) Advances to contractors previously presented under current assets, represent payments made in advance for construction of investment property which will be settled through recoupment against the contractors' billings, was reclassified to non-current asset. Before the adoption of PIC Q&A 2018-15, the classification of the Group is based on timing of application of these advances against billings and timing of delivery of goods and services. The interpretation aims to classify the prepayment based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. investment property, see Note 10).

- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

  The amendments do not have material impact on the Group's consolidated financial statements.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of this interpretation.

<u>Future Changes in Accounting Policy</u>
The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  The Group is currently assessing the impact of adopting this interpretation.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

  The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and,
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The Group is currently assessing the impact of adopting this interpretation.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group is currently assessing the impact of adopting this interpretation.

Annual Improvements 2015-2017 Cycle

- Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

  Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  The Group is currently assessing the impact of adopting this amendment.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts with PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*.

  Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group is currently assessing the impact of adopting these amendments.

Significant Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in consolidated statement of financial position based on current and noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve (12) months after the reporting period; or
- cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is primarily for the purpose of trading;
- it is due to be settled within twelve (12) months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Cash and cash equivalent
Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rate. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and are subject to insignificant risk of changes in value.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group 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.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss under interest income, unless it qualifies for recognition as some other type of asset or liability.

In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

<u>Financial Instruments - initial recognition and subsequent measurement effective January 1, 2018</u>

<u>Financial Instruments</u>
Date of recognition
The Group recognizes financial assets and liabilities in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

<u>Recognition and Measurement of Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial recognition of financial instruments
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest test' and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2018, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

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 Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of comprehensive income.

The Group classified cash and cash equivalents, installment contracts receivables and other receivables as financial assets at amortized cost (see Notes 5, 6 and 27).

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

Financial assets at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

Dividends earned on holding these equity instruments are recognized in the consolidated statement of comprehensive income when the Group's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial assets at fair value through profit or loss
Financial assets at fair value though profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Reclassification of financial assets
The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVPL at initial recognition is not permitted. A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For installment contracts receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a simplified approach for installment contracts receivables and contract assets that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on lifetime ECL. The Group uses the ratings from the Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of December 31, 2018 and 2017, the Group's other financial liabilities consist of accounts and other payables (excluding statutory liabilities), short-term debt and long-term debt.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to short-term and long-term debts.

Other financial liabilities
Subsequent to initial recognition, the Group's financial liabilities are carried at amortized cost. Amortized cost is calculated by taking into account any other discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortization is included as finance costs in the consolidated statement of comprehensive income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

This category generally applies to the Group's accounts and other payables (excluding statutory liabilities).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial Instruments - initial recognition and subsequent measurement prior to January 1, 2018

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a liability on the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, or loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The financial assets of the Group are of the nature of loans and receivables, while its financial liabilities are of the nature of other financial liabilities. Management determines the classification at initial recognition and re-evaluates such designation, where allowed and appropriate, at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group's financial instruments are of the nature of loans and receivables, available-for-sale (AFS) financial assets, and other financial liabilities.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and

fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in "Interest Income" in the statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized in the statement of comprehensive income.

Loans and receivables are included in current assets if maturity is within twelve (12) months from the reporting date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's trade receivables and noncurrent installment contracts receivables.

AFS financial assets
AFS financial assets are nonderiverative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as "Unrealized Gains (Losses) on Fair Value of Available-for-Sale Financial Assets" in the other comprehensive income section of the statement of comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as gain or loss on disposal in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair values of unquoted equity instruments, then instruments are carried at cost less any allowance for impairment losses.

Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS debt investments are reported as interest income using the EIR method.

Dividends earned on holding AFS equity investments are recognized in profit or loss as "Dividend Income" when the right to receive payment has been established.

AFS financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from reporting date.

The Group's AFS financial assets pertain to both quoted and unquoted equity securities included under "Available-for-Sale Financial Assets" account in the statement of financial position. The Group's quoted equity securities pertain to investments in casinos and gaming company while unquoted securities pertain to investment in real estate company.

Other financial liabilities
Other financial liabilities pertain to financial liabilities not classified or designated as financial liabilities at FVPL where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized (redemption is a form of derecognition), as well as through the amortization process.

As of December 31, 2018 and 2017, the Group's other financial liabilities consist of accounts and other payables (excluding statutory liabilities), short-term debt and long-term debt.

Debt Issuance Costs
Debt issuance costs represent costs arising from fees incurred to obtain loans. Debt issuance costs are deducted against loans payable and are amortized over the terms of the related borrowings using the EIR method.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as customer type, payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Financial assets carried at amortized costs, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date

AFS financial assets carried at fair value
For AFS financial assets, the Group assesses at each financial reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below their costs. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income - is removed from other comprehensive income and recognized in profit and loss. In case of unquoted AFS, the Group obtains other basis of recoverable value such as the recent net asset value of the investee or forecast of financial performance of the investee. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Derecognition of Financial Assets and Liabilities
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

a. the right to receive cash flows from the asset has expired or

b. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Real Estate Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation or will be occupied by the Group, is held as inventory and is measured at the lower of cost and net realizable value (NRV). In few cases of buyer defaults, the Group can repossess the properties and held it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are included in the "Real Estate Inventories" account in the consolidated statement of financial position. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts unless these exceed the recoverable values.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Other Current Assets
Other current assets are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. These include prepayments of construction costs and deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are available for their intended use.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives of the assets and included under "Costs of Rental Income" in the consolidated statement of comprehensive income. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties. The estimated useful lives of investment properties follow:

	Years
Land improvements	40
Buildings and improvements	40
Machinery and equipment	5 to 10

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engages independent valuation specialist to assess the fair values as at December 31, 2018 and 2017. The Group's investment properties consist of land and building pertaining to properties, mall and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Office tools and equipment	3 to 5
Transportation equipment	5
Furniture and fixtures	3 to 5
Software	3 to 5

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use. No further depreciation and amortization is charged against current operations.

Interests in Joint Operations
Interests in joint operations represent one or more assets, usually in the form of real estate development, contributed to, or acquired for the purpose of the joint operations and dedicated to the purposes of the joint operations. The assets are used to obtain benefits for the operators. Each operator may take a share of the output from the assets and each bears an agreed share of the expenses incurred. These joint operations do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the operators themselves. Each operator has control over its share of future economic benefits through its share of the jointly operations. Contribution of the Group to the joint operations are included in real estate inventories.

Impairment of Nonfinancial Assets
This accounting policy relates to the other current assets, investment properties and property and equipment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Deposits (Prior to January 1, 2018)
Customers' deposits represent payment received from customer accounts which have not yet reached the minimum required percentage for recording real estate sale transaction. When the level of required payment is reached, sales are recognized and these deposits and down payments will be applied against the related receivable.

Under the percentage of completion method of recognizing sales for real estate, when a real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, cash received from customers are recorded under "Customers' Deposits" account in the consolidated statement of financial position. It is also recognized when the cash received from customers is greater than the receivable from customers under percentage of completion. Subsequently, customers' deposits are applied against receivable from customers as a result of the recognition of sales through completion of the project.

Pension Liabilities
The Group has a funded, noncontributory defined benefit retirement plan covering substantially all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit (PUC) method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Equity

The Group records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds and charged to "Additional Paid-in Capital" (APIC) account. If APIC is not sufficient, the excess is charged against retained earnings.

Retained earnings represent accumulated earnings of the Group less dividends declared. The individual accumulated retained earnings of the subsidiaries are available for dividend declaration when they are declared by the subsidiaries as approved by their respective BOD.

Treasury Shares

Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized in the profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Revenue Recognition effective January 1, 2018

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the quarterly project accomplishment report prepared by the management's project specialists (project development engineers) as approved by the project manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contracts receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contracts receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which changes are determined.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Costs to obtain contract (Commission expense)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and administrative expense" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract Balances

Installment Contracts Receivables

Installment contracts receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable. The Group's contract fulfillment assets pertain to land acquisition costs.

The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and administrative expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Others
Other income is derived from processing the registration of properties of buyers, collection from surcharges and penalties for late payments which are recognized when services are rendered.

Other income also includes profit share in hotel operations which is derived from the Group's share in service income, net of operating expenses, from units in a specific property development which is being operated as a hotel by a third party. Income is recognized when earned.

<u>Revenue Recognition prior to January 1, 2018</u>

<u>Revenue and Cost Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In arrangements where the Group is acting as the principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue. The Group has concluded that it is acting as principal in all of its revenue arrangements except for its commission income where the Group is acting as an agent.

Real estate sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial payment (buyers' equity) and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the percentage-of-completion method. In accordance with Philippine Interpretations Committee Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the “Customers’ Deposits” account in the liabilities section of the consolidated statement of financial position.

If any of the criteria under the percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the “Customers’ Deposits” account in the consolidated statement of financial position.

For sales transactions with its supplier whereby the Group sells subdivision land and condominium units in exchange for the delivery of the equivalent value of construction materials or services, the same revenue recognition policy as above is applied, except that buyer’s equity is measured based on the fair value of materials and services received to date. For materials and services received to date, pending recognition of sale, these are presented as “Offsetting Payable” under accounts and other payables in the liabilities section of the consolidated statement of financial position until the criteria for revenue recognition are met.

Cost of real estate
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate inventories sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group’s in-house technical staff.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Commission expense
The commission is charged to expense when a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Others
Other income is derived from processing the registration of properties of buyers, collection from surcharges and penalties for late payments which are recognized as revenue upon collection.

Other income also includes profit share in hotel operations which is derived from the Group’s share in service income, net of operating expenses, from units in a specific property development which is being operated as a hotel by a third party. Income is recognized when earned.

<u>Other Revenue and Income Recognition</u>
Rental income
Rental income arising from operating leases on investment properties is recognized in the consolidated statement of comprehensive income as follows:

- Based on certain percentage of net income of operator after adjustments on shared expenses, as provided in the terms of the contract.

- Based on a straight-line basis over the term of the lease plus a certain percentage of sales of the tenants, as provided under the terms of the contract.

Construction income
Construction income on housing units is recognized by reference to the recoverable costs incurred

during the period plus the fee earned, measured by the proportion of costs incurred to date compared to the estimated total cost of the contract.

Interest income
Interest income is recognized as it accrues using the EIR method.

Commission income
Commission income on promotions and marketing services is recognized when services are rendered.

Dividend income
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Costs and Expenses
Costs and expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of rental income
Cost of rental income is mostly coming from depreciation, utilities and management fees. These are recognized as cost when incurred, except for depreciation which is recognized on a straight-line basis.

Cost of construction
Cost of construction includes all direct materials, labor costs and incidental costs related to the construction of housing units.

Expenses
"Selling and administrative expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and administrative expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others and costs of administering the business.

Expenses are recognized in the consolidated statement of comprehensive income as incurred based on the amounts paid or payable.

Borrowing Costs
Interest and other financing costs incurred during the construction period on borrowings used to finance the acquisition and construction of a qualifying asset are capitalized as to the appropriate

asset accounts (included in “Real Estate Inventories” account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur.

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease income is recognized on a straight-line basis over the lease term in the profit or loss. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Input VAT
The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT
Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group. If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts and other payables" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under the "Other current assets" account.

Deferred tax
Deferred tax is provided on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating losses carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT over RCIT credits and unexpired NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are credited to or charged against income for the period.

Deferred tax relating to items recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Basic and Diluted Earnings Per Share
Basic EPS is computed by dividing net income applicable to common stock by the weighted average

number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount. As of December 31, 2018 and 2017, the Group has no potential diluted common shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 22 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to date when the consolidated financial statements are authorized for issue that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements, when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Real estate revenue recognition (Effective January 1, 2018)

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation application, buyer's ledger and official receipts evidencing collections from buyer, would contain all criteria to qualify as a contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group for revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

Collectability is also assessed by considering factors such as historical experience with customers. Management regularly evaluates historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability of economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 20% would demonstrate commitment to pay.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by management's project specialists (project development engineers) and managers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contracts receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financing covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected credit loss calculation.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Real estate revenue recognition (Prior to January 1, 2018)
Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and the stage of completion of the project. In

determining whether the sales price are collectible, the Group considers that initial and continuing investment of 20% of the net contract price for real estate development and sale would demonstrate the buyer's commitment to pay. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before allowing revenue recognition.

Distinction between real estate inventories and investment properties
The Group determines whether a property is classified as investment property or real estate inventories as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Real estate inventories comprises property that is held for sale in the ordinary course of business. Principally, this is residential and industrial property that the Group develops and intends to sell before or on completion of construction.

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets 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. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

The Group did not recognize deferred tax assets from NOLCO amounting to ₱12.09 million and ₱36.72 million in 2018 and 2017 for the subsidiaries, respectively. The unrecognized deferred tax asset from NOLCO is not expected to be utilized by the subsidiaries as management assessed that there is no available taxable income against which the deferred income tax asset can be utilized (Note 24).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition and measure of progress for real estate sales (Effective January 1, 2018)
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Real estate sales amounted to ₱2,428.31 million for the year ended December 31, 2018.

Revenue and cost recognition on real estate (Prior to January 1, 2018)
The Group applies the percentage of completion (POC) method in determining real estate revenue and cost. The POC is based on the physical proportion of work and the cost of sales is determined based on the estimated project development costs applied with the respective project's POC.

For the year ended December 31, 2017 and 2016, real estate sales under the percentage of completion amounted to ₱2,108.49 million and ₱1,889.58 million, respectively, while cost of real estate sales amounted to ₱860.88 million and ₱946.43 million, respectively.

Evaluation of impairment of installment contracts receivables and contract assets
(Effective January 1, 2018)
The Group uses the simplified approach to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by project type and geography).

The vintage analysis (the model) is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as foreign exchange growth rate and bank lending rates. For instance, if forecast economic conditions (e.g., foreign exchange growth rate) are expected to appreciate over the next year, which can lead to decreased number of defaults since the buying power of the public will increase, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., foreign exchange growth rate and bank lending rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's installment contracts receivables and contract assets is disclosed in Note 6.

The carrying values of installment contracts receivables and contract assets amounted to ₱1,248.06 million and ₱1,374.56 million, respectively, as of December 31, 2018 (see Notes 4 and 6).

Evaluation of impairment of contract receivables (Prior to January 1, 2018)
The Group maintains allowance for impairment losses at a level based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. Impairment loss is determined as the difference between the receivable's carrying balance and the computed present value. The collective assessment would require the Group to group its receivables based on the credit risk characteristics (e.g., industry, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. The assessment also considers that title of the property passes on to the buyer only when the receivable is fully collected (Note 6).

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The Group recognized provision for expected credit loss amounting to ₱1.39 million, ₱2.55 million and ₱2.55 million in 2018, 2017 and 2016, respectively.

Evaluation of net realizable value of inventories
Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged, slow or non-moving or if their selling prices have declined in comparison to the cost (Note 7).

There was no provision for impairment nor reversal of impairment in 2018, 2017 and 2016.

Evaluation of impairment of other non-financial assets (except inventories)
The Group reviews other current assets, investment properties and property and equipment for impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's net selling price, except for assets where value in use computation is applied.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs (Notes 7, 10 and 11).

There was no provision for impairment nor reversal of impairment in 2018, 2017 and 2016.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation (Note 26).

4. Revenue from Contracts with Customers

Disaggregated Revenue Information
The Group derives revenue from the transfer of goods and services over time and at a point in time, respectively, in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	2018	2017	2016
Real estate sales by product			
Lot only	**₱1,959,255,620**	₱1,594,053,265	₱1,401,156,537
Condominium units	**469,052,237**	514,439,122	488,426,097
Total revenue from contracts with customers	**₱2,428,307,857**	₱2,108,492,387	₱1,889,582,634

	2018	2017	2016
Geographical Location			
Luzon	**₱1,640,424,023**	₱1,549,039,295	₱1,415,562,288
Visayas	**395,358,341**	371,777,957	284,292,655
Mindanao	**392,525,493**	187,675,135	189,727,691
	₱2,428,307,857	₱2,108,492,387	₱1,889,582,634

The Group's real estate sales are revenue from contracts with customers which are recognized over time.

As of December 31, 2018, contract balances are as follows:

	Current	Noncurrent	Total
Installment contracts receivables (Note 6)	₱753,282,880	₱494,776,775	₱1,248,059,655
Contract assets	701,474,368	673,086,938	1,374,561,306
Contract liabilities	2,017,661,692	45,409,032	2,063,070,724

Installment contracts receivables from real estate sales are collectible in equal monthly principal installments with various terms up to ten (10) years. Interest rates per annum range from 14% to 16%. Titles to the residential units sold are transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as installment contracts receivables. Contract assets is reclassified to installment contracts receivables when monthly amortization of the customer is already due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by the Group based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

Set-out below is the amount of revenue recognized from:

	December 31, 2018
Amounts included in contract liabilities at the beginning of the year	₱153,417,294
Performance obligation satisfied in previous years	572,619,787

Performance obligations

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; and (b) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the reservation application and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 10% to 20% of the contract price spread over a certain period (e.g., one to three months) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from one (1) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2018 follows:

Within one year	₱294,941,281
More than one year	31,960,161
	₱326,901,442

The remaining performance obligations expected to be recognized within one year and in more than one year relate to continuous development of the Group's real estate projects. The Group's subdivision lots are expected to be completed within 12 months, while the condominium units are expected to be completed within one to two years.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay a security deposit equivalent to six (6) months rental to cover any defaults in payments, with the excess returned to the tenant.

Cost to Obtain Contract
As at December 31, 2018, the rollforward of the cost to obtain contract included in the other current assets is as follows:

Balance at beginning of year	₱15,219,338
Additions	222,372,787
Amortization	(207,569,752)
Balance at end of year	₱30,022,373

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

5. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash on hand	**₱1,383,018**	₱1,179,586
Cash in banks	**559,190,448**	625,059,721
Cash equivalents	**503,959,500**	–
	₱1,064,532,966	₱626,239,307

Cash in banks earns interest at the prevailing bank deposit rates.

Cash equivalents include short-term placements made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.15% to 0.25%.

Interest income earned from cash in banks amounted to ₱11.95 million, ₱1.09 million, and ₱8.66 million in 2018, 2017, and 2016, respectively (Note 16).

No cash and cash equivalents are used to secure the obligations of the Group.

6. Receivables and Contract Assets

This account consists of:

	2018	2017
Trade:		
Subdivision land	**₱949,841,462**	₱1,765,978,552
Condominium units	**298,218,193**	504,100,992
Receivable from related parties (Note 19):		
Trade	**600,926,486**	1,562,390,254
Non-trade	**16,882,795**	16,882,579
Advances to joint venture	**138,649,152**	126,506,537
Advances to officers, employees and agents (Note 19)	**93,900,187**	86,924,210
Commission receivable	**67,574,255**	60,689,078
Accrued interest receivable	**162,107,893**	51,457,011
Receivable from tenants	**50,335,764**	42,044,231

(Forward)

	2018	2017
Dividend receivable (Note 9)	**₱10,862,227**	₱5,662,941
Others	**27,585,636**	16,578,363
	2,416,884,050	4,239,214,748
Less unamortized discount	**32,251,195**	38,167,673
	2,384,632,855	4,201,047,075
Less allowance for expected credit losses	**15,835,963**	14,442,019
	2,368,796,892	4,186,605,056
Less noncurrent installment contracts receivables	**494,776,775**	1,499,767,330
	₱1,874,020,117	₱2,686,837,726

As of December 31, 2018, contract balances are as follows (See Note 2):

	Current	Noncurrent	Total
Installment contracts receivables	₱753,282,880	₱494,776,775	₱1,248,059,655
Contract asset	701,474,368	673,086,938	1,374,561,306
Contract liabilities	2,017,661,692	45,409,032	2,063,070,724

Trade receivables are installment contracts receivables which represent the buyer's outstanding balance arising from real estate sales. These are collectible in equal monthly installments with various terms up to 10 years. These are carried at amortized cost. The corresponding titles to the subdivision land or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Annual interest rates on installment contracts receivables ranged from 14% to 16%. The total interest income recognized on these interest-bearing installment contracts receivables amounted to ₱236.30 million, ₱113.87 million and ₱89.37 million in 2018, 2017 and 2016, respectively (Note 16).

As of December 31, 2018 and 2017, receivables from sales of subdivision land and condominium units with a nominal amount of ₱1,215.81 million and ₱1,272.94 million, respectively, were recorded at fair value at initial recognition. The fair value of the receivables was obtained by discounting future cash flows using the applicable annual rates of similar types of instruments ranging from 6.25% to 7.74% and 5.19% to 8.08% in 2018 and 2017, respectively. The interest income recognized from these noninterest bearing receivables amounted to ₱52.72 million, ₱45.09 million and ₱41.49 million in 2018, 2017 and 2016, respectively (Note 16). The unamortized discount amounted to ₱32.25 million and ₱38.17 million as of December 31, 2018 and 2017, respectively.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as installment contracts receivables. Contract assets is reclassified to installment contracts receivables when monthly amortization of customer is due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

Movement in the unamortized discount arising from noninterest-bearing installment contracts receivable follow:

	2018	2017
Balance at beginning of year	**₱38,167,673**	₱35,625,351
Additions	**46,805,523**	47,628,649
Accretion from unamortized discount (Note 16)	**(52,722,001)**	(45,086,327)
Balance at end of year	**₱32,251,195**	₱38,167,673

Allowance for expected credit losses pertain to trade receivables. Movement follows:

	2018	2017
Balance at beginning of year	**₱14,442,019**	₱11,891,711
Provisions	**1,393,944**	2,550,308
Balance at end of year	**₱15,835,963**	₱14,442,019

Trade receivables from related parties include advances and uncollected rental income from related parties (Note 19). These are noninterest-bearing due and demandable.

Non-trade receivables from related parties include set-up of receivables due to returned deposit as a result of the rescission of the assignment of land rights (Note 15), sale of lots and assumption of loan of the Ultimate Parent Company (Note 19). These are noninterest-bearing due and demandable.

Advances to joint venture pertain to cash advances to land owners or joint venture partners for the property or land that will be developed. These advances are liquidated by the joint venture partners once the purpose for which the advances were made had been accomplished and accordingly will be offset to the related liability to joint venture partners.

Advances to officers, employees and agents pertain to loans granted to the Group's employees which are collectible through salary deduction, are noninterest-bearing and have various maturity dates. This also includes advances for liquidation pertaining to cash advances to custodians for site costs and administrative expenses and advances to sales agents for marketing activities which are replenished upon liquidation.

Commission receivable represents the uncollected and unbilled commission revenue for real estate sales services rendered to outside parties. This is equivalent to a certain percentage of the total contract price of properties sold.

Accrued interest receivable pertains to interest on trade receivables already earned but not yet received.

Receivable from tenants represent the outstanding receivable arising from the lease of commercial spaces relating to the Group's mall operations and are collectible within 30 days from billing date.

Dividend receivable pertains to cash dividend declared from FVOCI and AFS financial assets not yet received.

Other receivables primarily represent the Group's uncollected development income from the Summerhill Executive Phase 4 project located in Antipolo, Rizal.

7. Real Estate Inventories

A summary of the movement in inventory is set out below:

	2018	2017
Balance at January 1	**₱16,027,804,597**	₱11,952,808,030
Construction and development costs incurred	**2,698,077,364**	1,920,229,882
Land acquired during the year	**319,458,026**	2,832,525,855
Repossessed real estate inventories	**118,521,932**	122,513,639
Capitalized borrowing costs (Notes 14 and 18)	**98,821,836**	60,610,149
Costs of real estate sales	**(959,025,588)**	(860,882,958)
Balance at December 31	**₱18,303,658,167**	₱16,027,804,597

The real estate inventories are carried at lower of cost or net realizable value (NRV). There are no inventories recorded at lower than cost.

Real estate inventories recognized as cost of sales amounted to ₱959.03 million in 2018, ₱860.88 million in 2017 and ₱946.43 million in 2016, and are included as "Costs of real estate sales" in the consolidated statement of comprehensive income. Cost of real estate sales includes acquisition cost of land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition. The capitalization rate used to determine the borrowing cost eligible for capitalization is 6.47% and 5.67% in 2018 and 2017, respectively.

The Group acquired various land for development amounting to ₱319.46 million and ₱2,832.53 million in 2018 and 2017, respectively. Initial stages of development are underway on these properties with a view to sell as subdivision, condominium or commercial space.

Repossessed real estate inventories arising from cancellation of sales due to buyers' default in payment represent previously sold lot inventories which are recorded back to inventories. These are recorded at fair value less cost to sell and cost to complete at the time of transfer and are held for sale in the ordinary course of business. Gain on repossession of real estate inventories amounted to ₱34.90 million, ₱45.32 million and ₱32.44 million in 2018, 2017 and 2016, respectively (Note 17).

There was no provision for nor reversal of impairment on real estate inventories in 2018 and 2017.

No inventories were pledged as collateral to borrowings of the Group as of December 31, 2018 and 2017.

8. Other Current Assets

This account consists of:

	2018	2017 (As restated, see Note 2)
Advances to lot owners	**₱1,998,736,136**	₱719,282,052
Advances to contractors (Note 2)	**1,836,235,152**	1,152,507,474
Prepaid commission (Notes 2 and 4)	**715,471,451**	342,357,464
Input VAT - net	**394,170,768**	308,432,119
Advances to agents and brokers	**54,969,920**	54,558,828
Prepaid taxes	**19,276,514**	57,423,928
Others	**185,199,260**	119,273,619
	₱5,204,059,201	₱2,753,835,484

Advances to lot owners consist of advance payments to land owners which will be applied against the selling price of the real properties that will be acquired. The application is expected to be within 12 months after the reporting date.

Advances to contractors represent payments made for the development and construction of real estate inventories. The advances will be recouped against contractors' billings.

Advances to contractors previously presented under current assets, representing payments made for the development and construction of investment properties which will be settled through recoupment against contractors' billings was reclassified to noncurrent asset. The amount reclassified to noncurrent asset amounted to ₱154.67 million and ₱86.09 million as of December 31, 2018 and 2017, respectively. Before the adoption of PIC Q&A 2018-15, the classification of the Group is based on timing of application of these advances against billings and timing of delivery of goods and services. The interpretation aims to classify the prepayment based on the actual usage/realization of such advances based on the determined usage/realization of the asset to which it is intended for.

Prepaid commission pertains to payments to agents for sales commission on inventories that are not yet recognized as sales during the year. These are recorded as contract cost and are fully accrued based on the total expected payment. Contract cost is amortized using the percentage of completion method consistent with the measure of progress for revenue recognition. As of December 31, 2018, commissions paid to agents are presented under 'Other current asset'.

Input VAT represents VAT on purchase of goods and services. This is presented net of output VAT. The remaining balance is recoverable in future periods.

Prepaid taxes pertain to creditable withholding taxes to be applied against future income tax payable and prepayments for registration of acquired lots.

Advances to agents and brokers pertain to unliquidated advances to operate branch offices in the country and abroad. These advances are liquidated.

Others consist mainly of prepayments related to mall operations and security deposits for short term leases, among others.

9. Financial Assets at Fair Value through OCI/Available-for-Sale Financial Assets

Financial assets at FVOCI/AFS consists of investments in (Note 2):

	December 31, 2018	December 31, 2017
Investment at cost	**₱416,268,406**	₱416,268,406
Net unrealized gain	**568,768,194**	461,764,331
At end of year	**₱985,036,600**	₱878,032,737

Movement in the investment at cost follows:

	December 31, 2018	December 31, 2017
Balance at beginning of year	**₱416,268,406**	₱408,374,968
Additions	**–**	7,893,438
At end of year	**₱416,268,406**	₱416,268,406

Movement in unrealized gain reflected in the other comprehensive income follows:

	December 31, 2018	December 31, 2017
Balance at beginning of year	**₱461,764,331**	₱435,787,892
Effect of adoption of new standards (Note 2)	**69,996,532**	–
Balance at beginning of year, as restated	**531,760,863**	435,787,892
Fair value change during the year	**37,007,331**	25,976,439
Balance at end of year	**₱568,768,194**	₱461,764,331

The following table provides the fair value hierarchy of the Group's financial assets at fair value through OCI/AFS financial assets which are measured at fair value as of December 31, 2018 and 2017:

December 31, 2018

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Shares of stock:					
Quoted					
Gaming	December 31, 2018	₱825,504,831	₱825,504,831	₱–	₱–
Unquoted					
Real estate	December 31, 2018	159,531,769	–	–	159,531,769
		₱985,036,600	₱825,504,831	₱–	₱159,531,769

December 31, 2017

	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:					
Quoted					
Gaming	December 31, 2017	₱785,139,299	₱785,139,299	₱–	₱–
Unquoted					
Real estate	December 31, 2017	–	–	–	–
		₱785,139,299	₱785,139,299	₱–	₱–

In 2017, no impairment was recognized for AFS financial assets and no gains or losses were transferred to profit or loss in 2018 and 2017.

Dividends earned from financial assets at fair value through OCI / quoted AFS financial assets amounted to ₱7.16 million in 2018, 2017 and 2016.

10. **Investment Properties**

The rollforward analyses of this account follow:

	2018					
	Land	**Land Improvements**	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Total**
Cost						
Balances at January 1	**₱1,766,045,000**	**₱44,259,000**	**₱3,850,002,704**	**₱412,409,000**	**₱307,298,427**	**₱6,380,014,131**
Additions	**–**	**–**	**10,640,514**	**–**	**96,858,705**	**107,499,219**
Balances at December 31	**1,766,045,000**	**44,259,000**	**3,860,643,218**	**412,409,000**	**404,157,132**	**6,487,513,350**
Accumulated Depreciation						
Balances at January 1	**–**	**11,064,752**	**798,924,553**	**412,409,000**	**–**	**1,222,398,305**
Depreciation (Note 17)	**–**	**1,106,475**	**109,525,008**	**–**	**–**	**110,631,483**
Balances at December 31	**–**	**12,171,227**	**908,449,561**	**412,409,000**	**–**	**1,333,029,788**
Net Book Value	**₱1,766,045,000**	**₱32,087,773**	**₱2,952,193,657**	**₱–**	**₱404,157,132**	**₱5,154,483,562**

	2017					
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Total
Cost						
Balances at January 1	₱1,766,045,000	₱44,259,000	₱3,845,581,924	₱412,409,000	₱156,604,014	₱6,224,898,938
Additions	–	–	4,420,780	–	150,694,413	155,115,193
Balances at December 31	1,766,045,000	44,259,000	3,850,002,704	412,409,000	307,298,427	6,380,014,131
Accumulated Depreciation						
Balances at January 1	–	9,958,277	690,924,796	371,168,100	–	1,072,051,173
Depreciation (Note 17)	–	1,106,475	107,999,757	41,240,900	–	150,347,132
Balances at December 31	–	11,064,752	798,924,553	412,409,000	–	1,222,398,305
Net Book Value	₱1,766,045,000	₱33,194,248	₱3,051,078,151	₱–	₱307,298,427	₱5,157,615,826

The construction in progress represents capitalized costs arising from the construction of the Group's business center that is located in Cainta, Rizal. The expected completion of the business center is June 2019.

Depreciation expense recognized as costs of rental income amounted to ₱110.63 million, ₱150.35 million and ₱150.16 million in 2018, 2017 and 2016, respectively (Note 17).

The aggregate fair value of the Group's investment properties amounted to ₱6,989.00 million and ₱5,550.60 million as of December 31, 2018 and 2017, respectively.

The latest valuation was obtained in April 2018. The fair values were determined by independent professionally qualified appraisers. The fair value of the investment properties disclosed in the financial statements is categorized within Level 3 of the fair value hierarchy.

The fair value of investment properties was arrived at using Market Data Approach. In this approach, the value of the investment properties is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishing of comparable property by reducing reasonable comparative sales and listings within the area to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Borrowing cost capitalized to investment properties in 2018, 2017 and 2016 amounted to ₱2.86 million, ₱3.81 million and ₱14.48 million, respectively (Note 18). Capitalization rate used range from 5.67% to 6.47% in 2018, 2017 and 2016.

Rental income from investment properties amounted to ₱858.76 million, ₱1,026.10 million and ₱852.49 million in 2018, 2017 and 2016, respectively (Note 23). Cost of rental income from investment properties amounted to ₱553.97 million, ₱583.99 million, and ₱581.21 million in 2018, 2017 and 2016, respectively.

The cost of fully depreciated investment properties that are still in use amounted to ₱412.49 million as of December 31, 2018 and 2017, respectively.

There are no investment properties as of December 31, 2018 and 2017 that are pledged as security for liabilities of the Group.

11. Property and Equipment

The rollforward analysis of this account follow:

			2018		
	Office Tools and Equipment	**Transportation Equipment**	**Furniture and Fixtures**	**Software**	**Total**
Cost					
Balances at January 1	**₱21,739,499**	**₱81,632,410**	**₱11,714,186**	**₱38,333,814**	**₱153,419,909**
Additions	**2,283,505**	**4,052,518**	**442,725**	**–**	**6,778,748**
Disposals	**–**	**(1,102,271)**	**–**	**–**	**(1,102,271)**
Balances at December 31	**24,023,004**	**84,582,657**	**12,156,911**	**38,333,814**	**159,096,386**
Accumulated Depreciation and Amortization					
Balances at January 1	**11,073,685**	**44,074,661**	**6,401,909**	**36,123,636**	**97,673,891**
Depreciation and amortization	**2,426,730**	**12,034,513**	**910,460**	**1,993,315**	**17,365,018**
Disposals	**–**	**(477,651)**	**–**	**–**	**(477,651)**
Balances at December 31	**13,500,415**	**55,631,523**	**7,312,369**	**38,116,951**	**114,561,258**
Net Book Value	**₱10,522,589**	**₱28,951,134**	**₱4,844,542**	**₱216,863**	**₱44,535,128**

	2017				
	Office Tools and Equipment	Transportation Equipment	Furniture and Fixtures	Software	Total
Cost					
Balances at January 1	₱18,864,664	₱75,766,679	₱7,616,270	₱38,333,814	₱140,581,427
Additions	2,874,835	5,865,731	4,347,916	–	13,088,482
Reclassification	–	–	(250,000)	–	(250,000)
Balances at December 31	21,739,499	81,632,410	11,714,186	38,333,814	153,419,909
Accumulated Depreciation and Amortization					
Balances at January 1	7,976,503	31,515,607	4,186,087	33,570,321	77,248,518
Depreciation and amortization	3,097,182	12,559,054	2,215,822	2,553,315	20,425,373
Balances at December 31	11,073,685	44,074,661	6,401,909	36,123,636	97,673,891
Net Book Value	₱10,665,814	₱37,557,749	₱5,312,277	₱2,210,178	₱55,746,018

Depreciation expense pertaining to mall operations recognized as costs of rental income amounted to ₱0.41 million, ₱0.60 million, nil in 2018, 2017 and 2016, respectively (Note 17).

The cost of fully depreciated property and equipment that are still in use amounted to ₱56.48 million and ₱43.82 million as of December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017, there are no property and equipment pledged to secure obligations of the Group.

12. Accounts and Other Payables

This account consists of:

	2018	2017
Contractors payable	**₱1,661,633,075**	₱1,221,862,467
Accounts payable	**1,224,671,818**	1,015,903,526
Joint venture payable	**354,452,771**	236,456,979
Unearned processing income (Note 2)	**162,483,512**	–
Interest payable (Note 14)	**147,228,975**	58,631,306
Retentions payable	**110,346,999**	101,318,750
Withholding tax payable	**77,074,921**	69,330,091
Taxes and licenses payable	**64,585,747**	61,593,580
Payable to related parties (Note 19)	**45,811,724**	46,181,514
Advances from shareholders (Note 19)	**16,346,102**	16,346,102
Accrued payables	**15,221,243**	27,237,491
Others	**110,969,591**	137,339,044
	₱3,990,826,478	₱2,992,200,850

Contractors payable arises from progress billings received from contractors' unbilled completed work on the development of projects. These are non-interest bearing and are normally settled on 30 to 60-day terms.

The Group entered into offsetting agreements with its suppliers whereby the Group sells subdivision land and condominium units in exchange for the delivery of the equivalent value of construction materials or services in accordance with specifications stated in the purchase orders and as stated in the bid proposal. The fair value of materials and services received to date is recorded under "Accounts Payable" until the criteria for revenue recognition are met. These liabilities under offsetting arrangements amounted to ₱1,126.69 million and ₱893.27 million as of December 31, 2018 and 2017, respectively.

Accounts payable also include amounts due to suppliers which are noninterest-bearing and are normally settled on 15 to 60-day terms.

Joint venture payable pertains to the collection of the share of the joint venture partners collected by the Group and is normally remitted within 90 days from the date of collection.

Unearned processing income refers to advanced collections from buyers for the processing of transfer of title that is to be performed upon full payment of the contract price.

Retentions payable represents amounts withheld from payments to contractors as a guaranty for any claims against them. These are non-interest bearing and will be remitted to contractors at the end of the contract work, generally within one year.

Withholding tax payable consists of taxes withheld for remittance to the government.

Taxes and licenses payable are amounts due to local government units for the processing of registration fees and licenses related to the Group's land acquisitions.

Interest payable pertains to interest incurred on bank loans (Note 14). These are settled on a quarterly basis.

Accrued payables mostly include utilities pertaining to mall operations and unpaid salaries by the Group and are normally settled on 15 to 60-day terms.

Advances from shareholders are advances for the working capital on the Group's administrative expenses related to selling properties.

Other payables primarily consist of professional fees, documentary stamp tax, unearned rent, security deposits from tenants and mandatory employer's contributions which are noninterest-bearing and are normally settled within one year.

13. Customers' Deposits

This account consists of customers' reservation fees, downpayments and excess of collections over the installment contracts receivables. As of December 31, 2017, this amounted to ₱1,223.41 million.

The Group requires buyers of the residential condominium units and subdivision lots to pay a minimum percentage of the total selling price before revenue recognition. These reservation fees and downpayments will be applied against the installment contracts receivables when revenue recognition is met.

The excess of collections over the recognized revenue is applied against the installment contracts receivables in the succeeding years.

As of December 31, 2018, the customers' deposit account have been reported as contract liabilities in the consolidated statements of financial position under the modified retrospective approach (see Note 2). This amount to ₱2,063.07 million.

14. Short-term and Long-term Debt

Short-term debt

Below are the details of the short-term debt:

	2018	2017
Loans under revolving credit facility	**₱748,000,000**	₱2,575,000,000
Single payment short-term loan	**2,500,000,000**	2,700,000,000
Loans under notes facility agreement	**360,000,000**	200,000,000
	₱3,608,000,000	₱5,475,000,000

Loans under revolving credit facility agreement follow:

	2018	2017
Beginning balance	**₱2,575,000,000**	₱1,300,000,000
Availments	**1,823,000,000**	4,694,000,000
Payments	**(3,650,000,000)**	(3,419,000,000)
Ending balance	**₱748,000,000**	₱2,575,000,000

In 2018, the Group obtained various unsecured short-term loans amounting to ₱1,423.00 million from various financial institutions and qualified institutional buyers of securities arranged by MIB. These have maturity periods ranging from 3 to 6 months, with annual interest rates ranging from 3.75% to 6.00%. Of the total ₱1,423.00 million loans availed, ₱986.00 million were settled in 2018. The remaining balance on loans amounted to ₱437.00 million as of December 31, 2018.

In August 2018, a credit facility amounting ₱250.00 million was granted by Bank of Commerce, from which ₱150.00 million was drawn by the Group. This bears annual interest of 5.48%. This was settled in November 2018.

In December 2018, the credit facility amounting ₱250.00 million which bears interest rate 6.00% of was fully drawn during the same year. The loan remained outstanding as of December 31, 2018.

In February 2017, the Group opened a one (1) year, ₱250.00 million credit line with interest rate of 4.28% per annum with Maybank Philippines, Inc. under terms and conditions that are in the best interest of the Corporation. This amount was subsequently drawn by the Group for every 3-month period. The Group availed a total of ₱500.00 million from this credit line which matured and was paid in 2017.

On December 2017, two (2) unsecured 5-month loans were borrowed from Maybank Philippines, Inc. amounting ₱150.00 million and ₱100.00 million with interest rates per annum of 4.28% and 4.20%, respectively. Both of these loans were paid in 2018.

In 2017, various unsecured short-term loans amounting to ₱2,194.00 million were obtained substantially from various financial institutions and qualified institutional buyers of securities arranged by Multinational Investment Bancorporation (MIB). These have maturity periods ranging from 3 to 6 months, with annual interest rates ranging from 3.75% to 6.75%. Total outstanding loans amounted to ₱61.00 million and ₱1,325.00 million as of December 31, 2018 and 2017, respectively.

In August and November, 2017, three (3) unsecured 1-year term loans were obtained amounting ₱300.00 million, ₱500.00 million and ₱200.00 million with interest rates per annum of 3.75%, 4.47% and 3.75%, respectively. These loans were paid in full in 2018.

In January and May 2017, unsecured 3-month loans were borrowed from China Banking Corporation amounting ₱150.00 million and ₱600.00 million, respectively. These loans bear interest rates per annum of 5.13% and 3.75%, respectively. The loans matured and were paid in full in 2017.

In 2016, China Banking Corporation granted the Group additional ₱500.00 million unsecured revolving credit facility, ₱300.00 million of which was drawn and payable upon maturity on May 29, 2017. Interest is at 4.625% per annum payable quarterly in arrears. This was paid in full in 2017.

On December 21, 2015, the Group borrowed unsecured ₱1,000.00 million 2-year term loan agreement with China Banking Corporation (CBC) payable in lump sum on December 21, 2017 through a single payment at a fixed rate of 5.8713% per annum. Interest on the loan shall be calculated based on a 30/360 day count basis and shall be paid quarterly in arrears every March 22, June 22, September 22 and December 22 of each year on the unpaid principal amount of the loan, starting on March 22, 2016. This was paid in full in 2017. Unamortized debt issuance cost pertaining to this specific loan amounting to ₱2.44 million as at December 31, 2016 was recognized as expense in the 2017 consolidated statement of comprehensive income.

Single payment short-term loan

The rollforward analyses of single payment short-term loan follow:

	2018	2017
Beginning balance	**₱2,700,000,000**	₱700,000,000
Availments	**1,500,000,000**	2,700,000,000
Payments	**(1,700,000,000)**	(700,000,000)
Ending balance	**₱2,500,000,000**	₱2,700,000,000

On October 25, 2018, the Group borrowed a six-month unsecured loan amounting ₱1,500.00 million with annual interest rate of 6.33%. The loan is outstanding as of December 31, 2018.

The Group has executed a clean loan from Amalgamated Investment Bancorporation (AIB) which was extended for another one (1) year on June 19, 2017. The loan amounted to ₱200.00 million with 5% interest per annum and was paid in full upon maturity on July 31, 2018.

On August 3 and August 14, 2017, the Group obtained a one-year unsecured loan with annual interest rates of 4.25% totaling ₱2,000.00 million. The remaining balance on this loan amounted to ₱1,000.00 million and ₱2,000.00 million as of December 31, 2018 and 2017, respectively.

On September 9, 2016, the Group obtained a clean loan credit line from Rizal Commercial Banking Corporation (RCBC) amounting ₱500.00 million for working capital purposes with the loan principal and 4.00% interest per annum payable upon maturity on September 4, 2017. On September 4, 2017, the Group extended the loan for another 1-year payable on August 30, 2018 at 4.25% interest per annum. This was paid in full upon maturity on August 30, 2018.

Movement in the account is as follows:

	2018	2017
Beginning balance	**₱200,000,000**	₱398,000,000
Availments	**958,000,000**	–
Payments	**(798,000,000)**	(198,000,000)
Ending balance	**₱360,000,000**	₱200,000,000

In December 2018, the Group availed 3-month term loans from Banco De Oro (BDO) amounting to ₱260.00 million, with interest rates ranging from 4.63% to 6.50% per annum. The loans remained outstanding as of December 31, 2018.

In August and September 2018, the Group availed a 3-month term loans from BDO amounting ₱100.00 million and ₱200.00 million, respectively. The remaining loan payable as of December 31, 2018 amounted to ₱100.00 million.

In February 2018, the Group availed from BDO amounting ₱398.00 million with annual interest rates ranging from 4.63% to 4.88%. The loans were paid in full in 2018.

On September 30, 2016, the Group entered into another Local Currency Notes Facility with Banco De Oro, whereby the Group was granted an unsecured credit line facility amounting to ₱400.00 million. The Group availed ₱198.00 million and ₱200.00 million of the credit line on July 29, 2016 and November 10, 2016, respectively. The interest is payable on a monthly basis at 4.66% per annum and 4.25% per annum for the ₱198.00 million and ₱200.00 million loans, respectively. The loan principals were paid on July 29, 2017 and September 28, 2017, respectively.

On August 9, 2017, the ₱198.00 million principal and accrued interest thereon was fully paid. The ₱200.00 million loan payable was settled in 2018.

Loans under notes facility agreement

Long-term debt

Below are the details of the long-term debt:

	2018	2017
Bonds		
Series B Bonds	**₱2,000,000,000**	₱2,000,000,000
Loans under term facility agreement	**8,100,000,000**	3,100,000,000
	10,100,000,000	5,100,000,000
Less unamortized debt issuance cost	**(101,224,760)**	(60,336,946)
	₱9,998,775,240	₱5,039,663,054

The rollforward analyses of this account follow:

	2018	2017
Beginning balance	**₱5,100,000,000**	₱4,000,000,000
Availments	**5,000,000,000**	3,100,000,000
Payments	–	(2,000,000,000)
Ending balance	**₱10,100,000,000**	₱5,100,000,000

In 2018, one (1) 7-year Corporate Notes Facility was drawn by the Parent Company from China Banking Corporation, Development Bank of the Philippines, China Bank Savings, and Maybank Philippines, Inc. totaling ₱2,000.00 million, ₱2,000.00 million, ₱500.00 million and ₱500.00 million, respectively. The 7-year Corporate Notes Facility bears annual interest rates of 6.85% for the 1st to 2nd year and 7.80% for the 3rd to 7th year.

On October 27, 2017, the remaining ₱1,000.00 million of the ten (10) year Corporate Note Facility was drawn by the Group. The ten (10) year Corporate Note Facilities bear annual interest rates at 6.85% for the 1st to 5th year and 7.14% for the 6th to 10th year.

As of December 31, 2018, the Group's bond Series B remained outstanding.

On June 22, 2017, the Group exercise its Early Redemption Option for the Series A unsecured Fixed-Rate Peso bonds in the amount of ₱2,000.00 million at the early redemption price of One Hundred and One Percent (101%) of the principal amount, plus all accrued interest on the bonds at the Early Redemption Option Date. This was paid using the proceeds from the ₱3,100.00 million, ten (10) year Corporate Note Facility with financial institutions, with a maximum of nineteen (19) investors, ₱2,100.00 million of which was availed by the Group during the first half in 2017. This note is intended for the strategic land banking, capital expenditures for ongoing and new projects, and general corporate purposes.

On December 22, 2015, the Group issued a total of ₱4,000.00 million Unsecured Fixed-Rated Peso bonds, broken down into ₱2,000.00 million Series A Bonds due in 2018 at a fixed rate equivalent to 6.73% per annum and a ₱2,000.00 million Series B Bonds due in 2021 at a fixed rate equivalent to 6.72% per annum. The Bonds have been rated by the Credit Rating and Investors Services Philippines Inc. on October 16, 2015. The bonds shall constitute the direct, unconditional, and unsecured obligations of the Issuer and shall at all times rank pari passu and ratably without preference among themselves and among any present and future unsecured obligations of the Issuer, except for any statutory preference or priority established under Philippine law.

The proceeds of the bonds were used by the Group to fully refinance existing secured loans, for capital expenditure requirements, and/or general corporate purposes.

The Bonds is repaid at par (or 100% of face value), plus any outstanding interest, on the relevant maturity date of each series or on December 22, 2018 for the Series A Bonds and on March 22, 2021 for the Series B Bonds, unless the Group exercises its early redemption option for the Series A or Series B Bonds.

Interest on the Bonds is payable quarterly in arrears every March 22, June 22, September 22 and December 22 of each year, starting on March 22, 2016.

The Group is required to maintain a maximum of debt-to-equity ratio of 1.50:1:00, a minimum current ratio of 1.00:1.00 and a minimum debt service coverage ratio of 1.25. The Group has complied with the debt covenants.

Movement in unamortized debt issuance cost for both short-term and long-term debt follows:

	2018	2017
Beginning balance	**₱60,336,946**	₱67,522,131
Additions	**69,026,200**	34,875,000
Derecognition	**–**	(23,086,804)
Amortization	**(28,138,386)**	(18,973,381)
Ending balance	**₱101,224,760**	₱60,336,946

Interest expense on short-term and long-term debts amounted to ₱800.88 million, ₱505.77 million and ₱380.64 million in 2018, 2017 and 2016, respectively (Note 18). Of the total interest expense, amortization of transaction cost on short-term and long-term loans amounted to ₱28.08 million, ₱18.97 million, ₱22.72 million in 2018, 2017 and 2016, respectively, and included under "Interest expense" in the consolidated statement of comprehensive income (Note 18).

Borrowing costs capitalized to real estate inventories and investment properties in 2018, 2017 and 2016 amounted to ₱101.68 million, ₱64.42 million and ₱91.92 million, respectively (Notes 7, 10 and 18).

15. **Equity**

The capital stock consists of:

	2018		2017	
	Shares	**Amount**	Shares	Amount
Par value per share - ₱1.00				
Authorized common shares	**16,000,000,000**	**₱16,000,000,000**	16,000,000,000	₱16,000,000,000
Issued shares	**10,796,450,000**	**10,796,450,000**	10,796,450,000	10,796,450,000
Treasury shares (additional 750 million shares at ₱1.20 per share totalling ₱900 million in 2018)	**2,600,000,000**	**1,640,000,000**	1,850,000,000	740,000,000
Outstanding shares	**8,196,450,000**	**8,196,450,000**	8,946,450,000	8,946,450,000

Registration Track Record:

a) The Parent Company was incorporated as Zipporah Mining and Industrial Corporation ('Zipporah Mining') on December 6, 1966 as a mining firm which was amended to a real estate developer.

b) On September 14, 1987, the Parent Company launched its Initial Public Offering where a total of 20,000.00 million common shares were offered at an offering price of ₱1.00 per share.

c) Subject to a restructuring program, the BOD of the Parent Company approved on November 22, 1995 the offering of up to 1,000.00 million shares of stock out of the increase in the authorized capital stock from ₱50.00 million to ₱2,000.00 million at a par value of ₱1.00 to a group of investors led by the Ultimate Parent Company. This was subsequently approved and ratified by the stockholders in a Special Stockholders' Meeting on December 18, 1995.

d) On December 18, 1995, the stockholders of the Parent Company approved a number of changes in the corporate structure as part of its diversification scheme. These were:

   1. The change of its name to Zipporah Realty Holdings, Inc.;
   2. The increase in the number of directors from nine to eleven;
   3. The waiver of the pre-emptive rights over the future issuances of shares;
   4. The change in the primary and secondary purposes;
   5. The change in the par value of its shares from ₱0.01 to ₱1.00; and
   6. The increase in its authorized capital stock to ₱2,000.00 million.

   The first four changes were approved by the SEC on August 14, 1996 while the last two corporate acts were approved on January 22, 1997.

e) On June 15, 2007, the BOD approved the following resolutions and was ratified by the stockholders on July 16, 2007:

   1. Change in Corporate name to Sta. Lucia Land, Inc.;
   2. Increase in authorized capital stock of the Parent Company from ₱2,000.00 million divided into 2,000.00 million shares to ₱16,000.00 million divided into 16,000.00 million shares or an increase of ₱14,000.00 million with a par value of ₱1.00 per share;
   3. Subscription of the Ultimate Parent Company of up to 10,000.00 million shares out of the increase in the Parent Company's authorized capital stock; and
   4. Subscription of the Ultimate Parent Company to such shares shall be at par value, and the consideration for which shall be the assignment and transfer by the Ultimate Parent Company to the Parent Company of assets acceptable to the Parent Company at a reasonable discount on the fair market value of such assets. The fair value market value was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and knowledgeable, willing seller in an arm's length transaction at the date of valuation.

   The above resolutions were ratified by the Parent Company's shareholders on July 16, 2007.

f) On December 8, 2007, the Parent Company and the Ultimate Parent Company executed various deeds of assignment wherein the Ultimate Parent Company assigned all its rights, title and interest to certain properties consisting of investment properties (Sta. Lucia East Grand Mall) amounting to ₱4,710.00 million and certain parcels of land amounting to ₱6,018.50 million and assumption of mortgage in the investment properties of ₱723.60 million. The investments of the Ultimate Parent Company through the assignment of various properties, net of mortgage assumed, were issued with shares of stock totaling ₱10,000.00 million.

   The Group has 264 existing certified shareholders as at December 31, 2018 and 2017.

Treasury Shares

As of December 31, 2010, the Parent Company had intercompany receivables from the Ultimate Parent Company amounting ₱1,029.88 million. The receivables ballooned to ₱1,358.69 million as of December 31, 2011. As full settlement of the receivables amounting to ₱1,358.69 million, the Ultimate Parent Company assigned shares of stocks of "Saddles and Clubs Leisure Park" to the Parent Company.

Also, the Parent Company accumulated ₱442.42 million receivables from Sta. Lucia East Commercial Corporation (SLECC) arising from uncollected rental income.

As of March 31, 2014, the Parent Company recognized assets consisting of the “Saddles and Clubs Leisure Park” amounting to ₱1,358.69 million and receivables from SLECC amounting to ₱442.42 million. In aggregate, the assets amounted to ₱1,801.11 million.

In July 2014, the Parent Company agreed to enter into an agreement with the Ultimate Parent Company to convert portion of the Ultimate Parent Company’s investments into treasury shares as settlement of the assets recognized by the Parent Company aggregating ₱1,801.11 million (Note 19). Accordingly, on July 8, 2014, the Ultimate Parent Company and the Parent Company executed a deed of assignment.

Under the deed of assignment, the parties agreed to rescind its previous arrangement with respect to the assignment of the “Saddles and Clubs Leisure Park” project which resulted in the reversion of the assignment and the reinstatement of the receivables from the Ultimate Parent Company amounting ₱1,358.69 million. The parties also agreed to assign the SLECC receivables of ₱442.42 million. As a result, the total amount of receivables from the Ultimate Parent Company amounted to ₱1,801.11 million.

In order to fully settle the receivables from the Ultimate Parent Company in the amount ₱1,801.11 million as of March 31, 2014, the Ultimate Parent Company agreed to assign, convey and transfer in favor of the Parent Company 3,000.00 million shares out of the Ultimate Parent Company’s total shareholdings in the Parent Company. Upon exercise, the shares will become treasury shares.

The parties agreed to execute the assignment of the 3,000.00 million of the Parent Company shares in 2 tranches:

- Tranche 1 - 2,250.00 million shares, which covered ₱900.00 million of the advances, were transferred within 30 days from the signing of the Deed of Assignment. The Parent Company successfully executed Tranche 1 in September 2014.

- Tranche 2 - 750.00 million shares, which shall cover the remaining ₱901.11 million of the advances, to be transferred within 1 year from the date of the Deed of Assignment, or when the Parent Company accumulates more than ₱901.11 million in unrestricted retained earnings, whichever is earlier.

On December 22, 2015, the Group’s 400.00 million treasury shares costing ₱0.40 per share were reissued at ₱0.75 per share, thus increasing the outstanding shares to 8,946.45 million.

On December 27, 2018, pursuant to the Deed of Assignment, the Ultimate Parent Company and the Parent Company executed Tranche 2 in the Deed of Assignment. The Parent Company acquired 750.00 million treasury shares at a price of ₱1.20 per share to settle the ₱900.00 million advances under Tranche 2.

<u>Retained Earnings</u>
In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, after reconciling items, the Group’s retained earnings available for dividend declaration as of December 31, 2018, amounted to ₱2,553.38 million.

The retained earnings is restricted to dividends to the extent of shares held in treasury amounting ₱1,640.00 million.

The subsidiaries are in a capital deficit position as of 2018 and 2017, hence there are no accumulated earnings available for dividend declaration and distribution.

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its credit rating and allows it the financial flexibility, while providing sufficient cushion to absorb cyclical industry risks. The Group manages its capital structure and make adjustments to it, in light of changes in economic decisions.

The Group's sources of capital include all the components of the equity totaling ₱14,454.31 million and ₱14,309.95 million as of December 31, 2018 and 2017, respectively.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. The Group includes within debt, interest-bearing loans and external borrowings whether in the form of short term notes or long-term notes and bonds.

The following table shows how the Group computes for its net debt-to-equity ratios as of December 31, 2018 and 2017:

	2018	2017
Debt	**₱13,606,775,240**	₱10,514,663,054
Less: Cash and Cash equivalent (Note 5)	**1,064,532,966**	626,239,307
Net debt	**12,542,242,274**	9,888,423,747
Equity	**14,516,196,683**	14,309,954,800
Net debt-to-equity ratio	**86%**	69%

Financial risk assessment
The Group's financial condition and operating results would not be materially affected by the current changes in credit, interest and liquidity conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

16. **Interest Income**

This account consists of:

	2018	2017	2016
Interest income from:			
Trade receivables (Note 6)	**₱236,303,281**	₱113,874,018	₱89,365,678
Accretion from unamortized discount (Note 6)	**52,722,001**	45,086,327	41,492,492
Cash in banks and cash equivalents (Note 5)	**11,948,015**	1,087,477	8,655,542
	₱300,973,297	₱160,047,822	₱139,513,712

17. Cost of Rental Income and Other Revenue

Cost of rental income consists of:

	2018	2017	2016
Utilities	**₱369,485,451**	₱360,788,328	₱361,650,518
Depreciation (Notes 10 and 11)	**111,045,532**	150,947,225	150,157,640
Management fee (Note 19)	**55,982,602**	55,856,832	55,239,103
Carpark maintenance	**9,515,899**	9,906,847	11,617,698
Manpower	**5,906,705**	5,118,191	816,024
Others	**2,037,941**	1,375,970	1,731,266
	₱553,974,130	₱583,993,393	₱581,212,249

Other revenue consists of:

	2018	2017	2016
Processing and registration fee (Note 12)	**₱58,193,015**	₱102,728,411	₱76,812,832
Surcharges and penalties	**75,633,291**	63,301,996	60,805,298
Gain on repossession of inventories (Note 7)	**34,897,007**	45,317,126	32,440,532
Profit share in hotel operations	**47,175,695**	19,928,680	6,945,437
Gain from forfeited deposits	**25,909,716**	45,349,491	96,348,398
Others	**13,927,897**	–	–
	₱255,736,621	₱276,625,704	₱273,352,497

Processing and registration fee consists of ‘closing fees’ collected from customers prior to the transfer of the title. These closing fees are usually 5% to 10% of the contract price.

Others mainly consists of income from nonrefundable collection from delinquent buyers and foreign exchange gains and losses.

18. Interest Expense

Interest expense consists of:

	2018	2017	2016
Interest expense on bonds (Note 14)	**₱141,995,997**	₱200,307,682	₱353,701,673
Interest expense on loans (Note 14)	**658,880,663**	305,458,139	26,939,446
Loss on pretermination of loans/bonds	**–**	43,086,804	–
Other financing charges	**7,512,222**	3,209,297	1,647,114
	808,388,882	552,061,922	382,288,233
Less capitalized borrowing costs (Notes 7, 10 and 14)	**(101,681,382)**	(64,422,990)	(91,923,230)
	₱706,707,500	₱487,638,932	₱290,365,003

19. Related Party Transactions

The related amounts and outstanding balances from related party transactions in 2018 and 2017 follow:

	2018			
	Volume	**Receivable**	**Terms**	**Conditions**
Trade receivables (Note 6)				
Ultimate Parent Company (SLRDI)				
Sharing of expenses, collection from buyers collected by SLRDI, unremitted share of SLRDI, marketing fee	**₱60,326,425**	**₱550,397,266**	Due and demandable; noninterest-bearing	Unsecured; no impairment (Note 14)
Affiliate (SLECC)				
Rental and management fee (Note 15) (d)	**390,588,883**	**16,183,229**	Due and demandable; noninterest-bearing	Secured; no impairment
Affiliate (Mall Tenants)				
Rental income (d)	**65,418,367**	**34,345,991**	Due and demandable; noninterest-bearing	Unsecured; no impairment
		600,926,486		
Non-trade receivables (Note 6)				
Affiliate (Marketing Arm)				
Advances (e)	**216**	**16,882,795**	Due and demandable; noninterest-bearing	Unsecured; no impairment
		16,882,795		
Key officers and directors (Note 6) (f)	**10,964,537**	**41,927,584**	Due and demandable; noninterest-bearing	Unsecured; no impairment
		₱659,736,865		
Trade payables (Note 12)				
Ultimate Parent Company (SLRDI)				
Advances	–	**45,811,724**	Payable on demand; noninterest bearing	Unsecured
Advances to shareholders				
Advances (g)	–	**16,346,102**	Payable on demand; noninterest-bearing	Unsecured
		₱62,157,826		

	2017			
	Volume	Receivable	Terms	Conditions
Trade receivables (Note 6)				
Ultimate Parent Company (SLRDI)				
Sharing of expenses, collection from buyers collected by SLRDI, unremitted share of SLRDI, marketing fee and advances arising from "Saddles and Clubs Leisure Park" project (Note 15) (c)	₱17,132,573	₱751,416,965	Due and demandable; noninterest-bearing	Unsecured; no impairment (Note 14)
Affiliate (SLRDI)				
Rental and management fee (Note 15) (d)	55,856,832	404,517,214	Due and demandable; noninterest-bearing	Secured; no impairment
Affiliate (Mall Tenants- SLRDI)				
Rental income (d)	182,235,071	406,456,075	Due and demandable; noninterest-bearing	Unsecured; no impairment
		1,562,390,254		
Non-trade receivables (Note 6)				
Affiliate (Marketing Arm)				
Advances (f)	₱572,865	₱16,882,579	Due and demandable; noninterest-bearing	Unsecured; no impairment
		16,882,579		
Key officers and directors (Note 6) (g)	12,174,148	37,338,308	Due and demandable; noninterest-bearing	Unsecured; no impairment
		₱1,616,611,141		

	2017			
	Volume	Receivable	Terms	Conditions
Trade payables (Note 12)				
Ultimate Parent Company (SLRDI)				
Advances	₱29,298,263	₱46,181,514	Payable on demand; noninterest-bearing	Unsecured
Advances to shareholders				
Advances (h)	–	16,346,102	Payable on demand; noninterest-bearing	Unsecured
		₱62,527,616		

The Group in its regular conduct of business has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture. These accounts are noninterest-bearing and are generally unsecured. The outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed-upon by the parties.
The significant transactions with related parties follow:

a. The Parent Company, in the normal course of business, has transactions with the Ultimate Parent Company consisting of non-interest bearing advances for working capital requirements with no fixed repayment terms. These are transactions and related receivable arising from sale of lots to Ultimate Parent Company. As discussed in Note 15, on December 27, 2018, pursuant to the Deed of Assignment, the Ultimate Parent Company and the Parent Company executed the Second tranche. The Parent Company acquired 750.00 million treasury shares at the price of ₱1.20 per share to cover the settlement of the ₱900.00 million advances made by the Parent Company to the Ultimate Parent Company. As at April 10, 2019, ₱300.00 million was collected from the Ultimate Parent Company.

b. Other transactions with the Ultimate Parent Company include noninterest-bearing cash advances for various charges for reimbursements of expenses on gasoline consumption of service vehicles, repairs and maintenance, supplies, rentals for project exhibits and advertising/marketing costs. This pertains to the monthly amortization payment from the buyers of the Parent Company collected by the Ultimate Parent Company due to be remitted to the Parent Company.

c. In 2014, SLLI and SLRDI entered into several memorandums of agreements wherein SLLI undertakes the development and marketing of the several projects of SLRDI and has assumed the position of the development contractor and marketing arm. In consideration of the services rendered by SLLI, SLRDI has agreed to the following:

   - Colinas Verdes Bulacan Project - SLRDI has entered into a joint venture agreement with Araneta Properties, Inc. (API) for a proceeds sharing agreement of 60% SLRDI - 40% API share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture agreement and 12% marketing fee on the gross selling price of all sales made from the project;

   - Green Meadows Iloilo Project - SLRDI has entered into a joint venture agreement with AFP-Retirement and Separation Benefits System (ARSBS) for a lot sharing agreement of 55% SLRDI - 45% ARSBS share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project;

   - Ponte Verde Davao Project- SLRDI has entered into a joint venture agreement with Green Sphere Realty Corporation (GSRC) for a lot sharing agreement of 60% SLRDI - 40% GSRC share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project; and

- Valle Verde Davao Project - SLRDI has entered into a joint venture agreement with GSRC for a lot sharing agreement of 60% SLRDI - 40% GSRC share. SLLI shall be entitled to 75% of SLRDI's share in the joint venture and 12% marketing fee on the gross selling price of all sales made from the project.

Total proceeds share of SLRDI from the joint operations amounted to ₱169.51 million, ₱157.70 million, ₱159.86 million in 2018, 2017 and 2016, respectively. The share amounting ₱47.13 million, ₱63.57 million, and ₱65.08 million are still to be remitted or offset against the receivable from SLRDI as of December 31, 2018, 2017 and 2016, respectively.

d. Effective October 1, 2014, SLLI directly entered into lease agreements with mall tenants. SLECC and SLLI, on the other hand, entered into a management services agreement effective October 1, 2014 wherein SLECC will provide property management and business development services, leveraging its knowledge in the mall operations from the past years. In exchange of SLECC's services, SLLI shall pay SLECC a management fee equivalent to 7% of the gross rental revenue for managing mall operations including, repairs and maintenance and collection of space rental from storeowners or tenants.

   These are receivables from affiliates which are tenants of the mall.

e. The Parent Company made cash advances for preoperating costs for various expenses like registration fees, taxes and licenses fees to its marketing arm.

   The advances amounted to nil and ₱0.57 million in 2018 and 2017, respectively.

f. The Parent Company made noninterest-bearing cash advances to officers and directors which will be liquidated upon completion of the business transaction.

   These advances amounted to ₱9.96 million and ₱14.50 million in 2018 and 2017, respectively.

g. The Parent Company made cash advances to SVI to be used for various administrative and operating expenses.

   These advances amounted to ₱59.00 million and ₱33.83 million in 2018 and 2017, respectively.

h. The Parent Company made advances from SLHI to be used for various administrative and operating expenses.

   These advances amounted to nil and ₱0.09 million in 2018 and 2017, respectively.

As of December 31, 2018 and 2017, the Group has not made any provision for ECL relating to amounts owed by related parties. There have been no guarantees and collaterals provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are generally unsecured. This assessment of the Group is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Key Management Personnel
Compensation of key management personnel by benefit type follows:

	2018	2017
Short-term employee benefits	**₱14,670,000**	₱14,670,000
Post-employment benefits (Note 20)	**554,745**	541,059
	₱15,224,745	₱15,211,059

20. Pension Liabilities

The Group has a funded, noncontributory, defined benefit pension plan covering all employees having regular employment status starting 2017. The plan provides a retirement benefit equal to 22.5 days pay for every year of credited service in accordance with the Retirement Pay Law (Republic Act No. 7641). The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

The following tables summarize the components of pension expense and net interest expense recognized in the consolidated statements of comprehensive income, remeasurements recognized in other comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the existing pension plan.

Components of retirement expense included in “Salaries and wages and other benefits” in the statements of comprehensive income follow:

	2018	2017
Current service cost	**₱896,950**	₱845,213
Interest cost	**66,612**	145,166
	₱963,562	₱990,379

The remeasurements recognized in OCI for the year ended December 31, 2018 and 2017 follows:

	2018	2017
Actuarial losses (gains) due to:		
Experience adjustments	**₱5,612,027**	(₱333,091)
Changes in financial assumptions	**(1,406,984)**	(235,371)
Asset return in net interest cost	**173,100**	54,200
	₱4,378,143	(₱514,262)

Changes in the present value of the defined benefit obligation follow:

	2018	2017
Balances at beginning of year	**₱4,154,455**	₱3,678,338
Current service cost	**896,950**	845,213
Interest cost	**239,712**	199,366
Actuarial losses (gains) due to:		
Changes in financial assumptions	**(1,406,984)**	(235,371)
Experience adjustments	**5,612,027**	(333,091)
Balances at end of year	**₱9,496,160**	₱4,154,455

Changes in the fair value of the plan asset which are in the form of cash follow:

	2018	2017
Balances at beginning of year	**₱2,000,000**	₱–
Interest income	**173,100**	54,200
Contributions	**2,000,000**	2,000,000
Return on plan assets	**(173,100)**	(54,200)
Balances at end of year	**₱4,000,000**	₱2,000,000

The Group expects to contribute ₱2.00 million to its retirement fund in 2019.

The plan deficit follow:

	2018	2017
Defined benefit obligation, ending	**₱9,496,160**	₱4,154,455
Fair value of plan assets, ending	**(4,000,000)**	(2,000,000)
Balances at end of year	**₱5,496,160**	₱2,154,455

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2018	2017
Discount rate	**7.70%**	5.77%
Salary increase rate	**3.00%**	3.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant.

	2018		
	Increase/ decrease in rate	**Impact on defined benefit obligation**	
		Increase	**Decrease**
Salary increase rate	**+/-1%**	**₱687,450**	**(₱574,339)**
Discount rate	**+/-1%**	**661,438**	**(546,658)**

	2017		
	Increase/ decrease in rate	Impact on defined benefit obligation	
		Increase	Decrease
Salary increase rate	+/-1%	₱689,445	(₱568,863)
Discount rate	+/-1%	722,758	(584,303)

Shown below is the maturity analysis of the undiscounted benefit payments:

	December 31	
	2018	2017
2018	**₱5,238,305**	₱–
2019	**–**	–
2020	**547,552**	504,797
2021	**–**	–
2022	**666,025**	–
2023 – 2027	**6,857,765**	7,312,038

There was no plan amendment, curtailment, or settlement recognized in 2018 and 2017.

21. Interest in Joint Operations

The Group has entered into joint operations with various landowners and other companies, which include related parties. The interests in these joint operations range from 32% to 80% of the value of the whole project depending on the value of the land or investment of the other party against the estimated development costs. These joint operations entered into by the Group relate to the development and sale of subdivision land and condominium projects, with certain specified lots or units allocated to the joint operations. The Group's joint operations typically require the parties to contribute the land free from any lien, encumbrance and tenants or informal settlers to the project, with the Group bearing all costs related to land development and the construction of subdivision and condominium facilities.

Sales and marketing costs are allocated to both the Group and the joint operator. The projects covering the joint operations are expected to be completed in various dates. Capital commitments amounted to ₱5,200.00 million and ₱4,170.00 million in 2018 and 2017, respectively.

22. Segment Information

Operating segments are components of an entity for which discrete financial information is available that is regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and in assessing performance. Generally, financial information is required to be reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has two reportable operating segments as follows:

- *Leasing*
  This segment consists of the Group's investment properties which includes properties that are held to earn rentals and are not occupied by the Group.

- *Residential development*
  This represents the development and selling of subdivision lots and high rise condominium projects across the Philippines.

For investment properties, financial information is provided to the BOD on a property by property basis. The information provided is net rentals (including gross rent less property expenses). Information on the residential development property segment provided to the BOD is aggregated and is represented by revenue and profit from the sale of real estate inventories.

Segment assets for the investment property segment represent investment property held to earn rentals. Segment assets for the residential development segment represent unsold real estate inventories. Segment liabilities represent loans payable and customers' deposits as these are the only liabilities reported to the BOD on a segmental basis.

The Group's administrative costs, interest income and interest expense are reported to the BOD on a segmental basis. There are no sales between segments.

The following tables regarding business segments present assets and liabilities as of December 31, 2018, 2017 and 2016 and revenue and income information for each of the three years in the period ended December 31, 2018.

	2018		
	Leasing	**Residential Development**	**Total**
Rental income	**₱858,758,442**	**₱–**	**₱858,758,442**
Cost of rental income	**(553,974,130)**	**–**	**(553,974,130)**
Real estate sales	**–**	**2,428,307,857**	**2,428,307,857**
Cost of real estate sales	**–**	**(959,025,588)**	**(959,025,588)**
Segment gross profit	**304,784,312**	**1,469,282,269**	**1,774,066,581**
Selling and administrative expense	**(113,357,034)**	**(505,462,039)**	**(618,819,073)**
Interest income	**498,370**	**300,474,927**	**300,973,297**
Interest expense	**–**	**(706,707,500)**	**(706,707,500)**
Commission income	**–**	**181,286,064**	**181,286,064**
Dividend income	**–**	**7,157,683**	**7,157,683**
Other income	**–**	**255,736,621**	**255,736,621**
Other expense	**(781,460)**	**(50,797,546)**	**(51,579,006)**
Provision for income tax	**–**	**(76,935,383)**	**(76,935,383)**
Net income	**₱191,144,188**	**₱874,035,096**	**₱1,065,179,284**
Total segment assets	**₱5,628,128,351**	**₱29,208,955,514**	**₱34,837,083,865**
Segment liabilities	**₱–**	**₱19,725,202,153**	**₱19,725,202,153**
Income tax payable	**–**	**19,894,432**	**19,894,432**
Deferred tax liabilities	**49,301,827**	**526,488,770**	**575,790,597**
Total liabilities	**₱49,301,827**	**₱20,271,585,355**	**₱20,320,887,182**
Cash flows arising from:			
Operating activities	**₱382,371,833**	**(₱2,020,609,309)**	**₱1,638,237,206**
Investing activities	**(108,667,923)**	**(98,154,725)**	**(206,822,648)**
Financing activities	**–**	**2,283,353,513**	**2,283,353,513**

	2017		
	Leasing	Residential Development	Total
Rental income	₱1,026,099,885	₱–	₱1,026,099,885
Cost of rental income	(583,993,393)	–	(583,993,393)
Real estate sales	–	2,108,492,387	2,108,492,387
Cost of real estate sales	–	(860,882,958)	(860,882,958)
Construction income	–	1,612,700	1,612,700
Cost of construction	–	(943,899)	(943,899)
Segment gross profit	442,106,492	1,248,278,230	1,690,384,722
Selling and administrative expense	(30,483,143)	(544,726,114)	(575,209,257)
Interest income	50,429	159,997,393	160,047,822
Interest expense	–	(487,638,932)	(487,638,932)
Dividend income	–	7,157,683	7,157,683
Commission income	–	109,263,232	109,263,232
Other income	–	276,625,704	276,625,704
Other expense	(9,428,471)	(40,179,847)	(49,608,318)
Provision for income tax	(120,673,592)	(192,697,812)	(313,371,404)
Net income	₱281,571,715	₱536,079,537	₱817,651,252
Total segment assets	₱6,407,023,367	₱23,399,989,869	₱29,807,013,236
Segment liabilities	₱326,175,555	₱14,406,256,300	₱14,732,431,855
Income tax payable	–	46,184,278	46,184,278
Deferred tax liabilities	325,136,555	393,305,748	718,442,303
Total liabilities	₱651,312,110	₱14,845,746,326	₱15,497,058,436
Cash flows arising from:			
Operating activities	₱22,162,829	(₱3,078,645,160)	(₱3,056,482,331)
Investing activities	(4,755,961)	(180,143,546)	(184,899,507)
Financing activities	–	3,727,170,708	3,727,170,708

	2016		
	Leasing	Residential Development	Total
Rental income	₱852,490,997	₱–	₱852,490,997
Cost of rental income	(581,212,249)	–	(581,212,249)
Real estate sales	–	1,889,582,634	1,889,582,634
Cost of real estate sales	–	(946,430,049)	(946,430,049)
Construction income	–	25,591,746	25,591,746
Cost of construction	–	(16,378,994)	(16,378,994)
Segment gross profit	271,278,748	952,365,337	1,223,644,085
Selling and administrative expense	(48,404,587)	(533,513,894)	(581,918,481)
Interest income	61,866	139,451,846	139,513,712
Interest expense	–	(290,365,003)	(290,365,003)
Dividend income	–	7,157,683	7,157,683
Commission income	–	105,239,098	105,239,098
Other income	–	273,352,497	273,352,497
Other expense	(9,001,890)	(35,940,618)	(44,942,508)
Provision for income tax	(64,018,589)	(37,283,805)	(101,302,394)
Net income	₱149,915,548	₱580,463,141	₱730,378,689
Total segment assets	₱5,735,948,482	₱18,389,362,616	₱24,125,311,098
Segment liabilities	₱182,423,584	₱9,860,395,654	₱10,042,819,238
Income tax payable	44,184,821	34,720,182	78,905,003
Deferred tax liabilities	192,920,179	344,699,553	537,619,732
Total liabilities	₱419,528,584	₱10,239,815,389	₱10,659,343,973
Cash flows arising from:			
Operating activities	₱6,349,685	(₱2,201,363,096)	(₱2,195,013,411)
Investing activities	(319,200,922)	(260,639,535)	(579,840,457)
Financing activities	–	700,302,702	700,302,702

Capital expenditures consist of additions to investment property is amounting ₱107.50 million and to ₱155.12 million in 2018 and 2017, respectively.

23. Operating Lease

Operating Leases - Group as Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. These leases have an average life of one (1) to two (2) years with renewal option included in the contracts. There are no restrictions place upon the lessee by entering into the contract.

Future minimum rentals receivable under noncancelable operating leases of the Group follows:

	2018	2017
Within one year	**₱127,591,056**	₱224,743,200
After one year but not more than five years	**17,883,319**	3,151,852
More than five years	**–**	–
	₱145,474,375	₱227,895,052

Monthly rental from mall tenants was subject to escalation clause of 10% per renewal.

Rent income recognized amounted to ₱858.76 million, ₱1,026.10 million and ₱852.49 million in 2018, 2017 and 2016, respectively.

Parent Company
Effective October 1, 2014, SLLI directly entered into lease agreements with mall tenants. SLECC and SLLI, on the other hand, entered into a management services agreement effective October 1, 2014 wherein SLECC will provide property management business development services, leveraging its knowledge in the mall operations from past years. In exchange of SLECC's services, SLLI shall pay SLECC a management fee equivalent to 7% of the gross rental revenue for managing mall operations including repairs and maintenance and collection of space rental from storeowners or tenants.

24. Income Tax

Provision for income tax consists of:

	2018	2017	2016
Current	**₱216,105,289**	₱132,390,260	₱155,326,875
Deferred	**(141,338,263)**	180,668,293	(55,818,205)
Final	**2,168,357**	312,851	1,793,724
	₱76,935,383	₱313,371,404	₱101,302,394

The current provision for income tax in 2018, 2017 and 2016 represents RCIT.

The Group recognized deferred tax liabilities amounting to ₱1.31 million, ₱0.15 million and ₱0.25 million on remeasurement losses from pension liabilities recognized in OCI for the years ended December 31, 2018, 2017 and 2016, respectively.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2018	2017	2015
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Nondeductible expenses	**0.10**	0.06	0.10
Income subjected to final taxes	**(0.10)**	–	0.08
Nontaxable income	**(0.19)**	(0.86)	(0.25)
Reversal of deferred tax liability	–	(1.49)	(17.75)
Effective income tax rate	**29.81%**	27.71%	12.18%

The components of net deferred tax liabilities as of December 31, 2018 and 2017 are as follows:

	2018	2017
Deferred tax assets on:		
Allowance for doubtful accounts	**₱4,750,789**	₱4,332,605
Accrued retirement liability	**787,507**	646,336
	5,538,296	4,978,941
Deferred tax liabilities on:		
Excess of realized gross profit over taxable realized gross profit on real estate sales and difference in tax base and accounting base on rental income	**240,044,741**	528,670,179
Prepaid commission	**194,671,128**	95,179,195
Capitalized borrowing cost	**63,871,418**	41,349,272
Fair value gain on repossessed inventory	**40,646,988**	30,177,886
Unamortized transaction cost	**30,367,428**	18,101,084
Unamortized discount on receivables	**11,699,852**	9,924,908
Others	**27,338**	18,720
	581,328,893	723,421,244
Net deferred tax liability	**(₱575,790,597)**	(₱718,442,303)

The Group did not recognize deferred tax asset on NOLCO of SLHI amounting to ₱12.09 million and ₱36.72 million in 2018 and 2017, respectively, since management believes that the tax benefit related will not reverse through income tax deductions in the near future.

The details of NOLCO follows:

Year Incurred	Amount	Expired	Balance	Expiry Date
Decemebr 31, 2018	₱36,697	₱–	₱36,697	2021
December 31, 2017	85,300	–	85,300	2020
December 31, 2016	11,963,840	–	11,963,840	2019
December 31, 2015	24,665,440	24,665,440	–	2018
	₱36,751,277	₱24,665,440	₱12,085,837	

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

25. Earnings per Share

The basic earnings per share for the years ended December 31, 2018, 2017 and 2016 were computed as follows:

	2018	2017	2016
Net income	**₱1,065,179,284**	₱817,651,252	₱730,378,689
Weighted average number of shares outstanding	**8,946,450,000**	8,946,450,000	8,946,450,000
Earnings per share	**₱0.12**	₱0.09	₱0.08

There were no potential dilutive shares in 2018, 2017 and 2016.

26. Fair Value Determination

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The following methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

Cash and cash equivalents, receivables and accounts and other payables
Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Installment contracts receivables
The fair values of real estate receivable are calculated by discounting expected future cash flows at applicable rates for similar instruments using the remaining terms of maturity. The discount rate used in 2018 and 2017 ranges from 6.25% to 7.24% and 5.19% to 8.08%, respectively. The carrying value and fair value of the receivables amounted to ₱1,215.81 and ₱1,234.77 million in 2018 and 2017, and ₱1,248.06 million and ₱1,272.94 million in 2018 and 2017, respectively.

Financial assets at FVOCI quoted equity securities
In 2018, the fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities
In 2018, the fair values are based on the adjusted net asset value.

AFS financial assets
In 2017, the fair value of quoted AFS financial assets is the current closing price as of reporting date while unquoted AFS financial assets are carried at cost since fair value cannot be reliably estimated due to lack or reliable estimates of future cash flows and discount rates necessary to calculate the fair value. There is currently no market for these unquoted AFS financial assets and the Group intends to hold them for the long term.

Short term debt
Carrying amounts approximate the fair values because they carry interest rates which are the prevailing market rates for similar instruments.

Long term debt
The fair values of bonds payable are calculated by discounting expected future cash flows at applicable rates for similar instruments using the remaining terms of maturity. The discount rate used in 2018 and 2017 ranges from 6.14% to 7.52%. The carrying value and fair value of the bonds payable amounted to ₱9,998.78 million and ₱10,100.00 million in 2018 and ₱5,039.66 million and ₱5,100.00 million in 2017.

The quantitative disclosures on fair value measurement hierarchy for assets as of December 31, 2018 and 2017 follow:

		2018			
		Fair value measurements using			
	Carrying values	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Quoted equity securities	**₱825,504,831**	**₱825,504,831**	**₱825,504,831**	**₱–**	**₱–**
Unquoted equity securities	**159,531,769**	**159,531,769**	–	–	**159,531,769**
Assets for which fair value are disclosed					
Installment contracts receivables	**1,215,808,860**	**1,248,060,055**	–	–	**1,248,060,055**
Investment properties	**5,154,483,562**	**6,989,000,000**	–	–	**6,989,000,000**
Liabilities for which fair value are disclosed					
Short-term debt	**3,608,000,000**	**3,608,000,000**	–	–	**3,608,000,000**
Long-term debt	**9,998,775,240**	**10,100,000,000**	–	–	**10,100,000,000**

		2017			
		Fair value measurements using			
	Carrying values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Quoted equity securities	₱785,139,299	₱785,139,299	₱785,139,299	₱–	₱–
Unquoted equity securities	92,893,438	92,893,438	–	–	92,893,438
Assets for which fair value are disclosed					
Installment contracts receivables	2,231,911,871	2,270,079,543	–	–	2,270,079,543
Investment properties	5,157,615,826	8,089,976,115	–	–	8,089,976,115
Liabilities for which fair value are disclosed					
Short-term debt	5,475,000,000	5,475,000,000	–	–	5,475,000,000
Long-term debt	5,039,663,054	5,100,000,000	–	–	5,100,000,000

As at December 31, 2018, the Group's financial assets at FVOCI amounting to ₱825.50 million (Note 9) is carried at fair value based on Level 1 while the fair value for the investment amounting ₱159.53 million is based on Level 3. The fair value for non-current receivables are based on Level 3. There have been no transfers between Level 1 and Level 2 during 2018 and 2017.

27. **Financial Asset and Liabilities**

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the net asset settles the liability simultaneously.

The following table represents the recognized financial instruments that are offset as of December 31, 2018 and December 31, 2017, and shows in the 'Net' column what the net impact would be on the Group's consolidated statements of financial position as a result of the offsetting rights.

	December 31, 2018		
	Gross Amount	**Offsetting**	**Net Amount**
Due from related parties	**₱–**	**₱1,073,475,512**	**₱1,073,475,512**
Due to related parties	**(523,078,246)**	**–**	**(523,078,246)**
	(₱523,078,246)	**₱1,073,475,512**	**₱550,397,266**

	December 31, 2017		
	Gross Amount	Offsetting	Net Amount
Due from related parties	₱962,055,678	₱–	₱962,055,678
Due to related parties	–	(210,638,713)	(210,638,713)
	₱962,055,678	(₱210,638,713)	₱751,416,965

SLLI's payable to SLRDI arising from SLRDI's unremitted share in the development and sale of the several projects of the latter is offset against the total receivable from SLRDI.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, financial assets at FVOCI, accounts and other payables, short-term debt and long-term debt.

Management closely monitors the cash fund and financial transactions of the Group. These strategies, to an extent, mitigate the Group's interest rate and credit risks.

Exposure to liquidity and credit risks arise in the normal course of the Group's business activities.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

Liquidity risk
Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The Group actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. In mitigating liquidity risk, management measures and forecasts its cash commitments, matches debt maturities with the assets being financed, maintains a diversity of funding sources with its unhampered access to bank financing and the capital markets. As of December 31, 2018 and 2017, the Group has undrawn facilities amounting nil and ₱675.00 million, respectively. As part of the liquidity risk management, the Group is currently transacting with local banks for a longer term corporate notes and negotiation of higher undrawn credit lines to meet the debtors', suppliers' and contractors' obligations and business expansion.

At the Special Meeting of the Board of Directors of the Group held last February 17, 2017, wherein, subject to securing all required approvals under applicable laws, rules and regulations, the Group was authorized to negotiate and avail of a 10 year Corporate Note Facility with financial institutions, with a maximum of 19 investors, for an aggregate amount of ₱3,000.00 million and with an overallotment option of ₱2,000.00 million, for the pre-payment of existing obligations of the Group, strategic land banking, capital expenditures for ongoing and new projects, and general corporate purposes.

Through scenario analysis and contingency planning, the Group also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost, and ensures the availability of ample unused credit facilities as back-up liquidity.

Cash are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise.

The table summarizes the maturity profile of the Group's financial assets and financial liabilities at December 31 based on contractual undiscounted payments:

	2018			
	< 1 year	>1 to < 5 years	> 5 years	Total
Financial assets				
Cash and cash equivalents	**₱1,064,532,966**	**₱–**	**₱–**	**₱1,064,532,966**
Receivables:				
Trade:				
Subdivision land	**322,312,401**	**603,260,509**	**24,268,552**	**949,841,462**
Condominium units	**101,195,184**	**189,403,505**	**7,619,504**	**298,218,193**
Receivable from related parties	**617,809,281**	**–**	**–**	**617,809,281**
Advances to joint venture	**138,649,152**	**–**	**–**	**138,649,152**
Advances to officers and employees	**93,900,187**	**–**	**–**	**93,900,187**
Commission receivable	**67,574,255**	**–**	**–**	**67,574,255**
Accrued interest receivable	**162,107,893**	**–**	**–**	**162,107,893**
Receivable from tenants	**50,335,764**	**–**	**–**	**50,335,764**

(Forward)

	2018			
	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
Dividend receivable	**₱10,862,227**	**₱–**	**₱–**	**₱10,862,227**
Others	**27,585,636**	–	–	**27,585,636**
Financial instruments at fair value through other comprehensive income (FVOCI)	**985,036,600**	–	–	**985,036,600**
Total Financial Assets	**3,641,901,546**	**792,664,014**	**31,888,056**	**4,466,453,616**
Contract assets	**466,433,596**	**873,007,535**	**35,120,175**	**1,374,561,306**
	₱4,108,335,142	**₱1,665,671,549**	**₱67,008,231**	**₱5,841,014,922**
Financial liabilities				
Accounts and other payables:				
Contractors payable	**₱1,661,633,075**	**₱–**	**₱–**	**₱1,661,633,075**
Joint venture payable	**354,542,771**	–	–	**354,542,771**
Accounts payable	**1,224,671,818**	–	–	**1,224,671,818**
Retention payable	**110,346,999**	–	–	**110,346,999**
Accrued payables	**15,221,243**	–	–	**15,221,243**
Payable to related parties				
Trade	**45,811,724**	–	–	**45,811,724**
Nontrade	**16,346,102**	–	–	**16,346,102**
Interest payable	**147,228,975**	–	–	**147,228,975**
Others	**110,969,591**	–	–	**110,969,591**
Short term and long term debts	**3,608,000,000**	**6,032,243,232**	**3,966,532,008**	**13,606,775,240**
Total Financial Liabilities	**₱7,294,772,298**	**₱6,032,243,232**	**₱3,966,532,008**	**₱17,293,547,538**

	2017			
	< 1 year	>1 to < 5 years	> 5 years	Total
Financial assets				
Cash	₱626,239,307	₱–	₱–	₱626,239,307
Receivables:				
Trade:				
Subdivision land	662,130,542	1,061,123,661	42,724,349	1,765,978,552
Condominium units	108,181,672	380,642,914	15,276,406	504,100,992
Receivable from related parties	1,579,272,833	–	–	1,579,272,833
Advances to joint venture	126,506,537	–	–	126,506,537
Advances to officers and employees	86,924,210	–	–	86,924,210
Commission receivable	60,689,078	–	–	60,689,078
Accrued interest receivable	51,457,011	–	–	51,457,011
Receivable from tenants	42,044,231	–	–	42,044,231
Dividend receivable	5,662,941	–	–	5,662,941
Others	16,578,363	–	–	16,578,363
Available for sale securities	878,032,737	–	–	878,032,737
	₱4,243,719,462	₱1,441,766,575	₱58,000,755	₱5,743,486,792
Financial liabilities				
Accounts and other payables:				
Contractors payable	₱1,221,862,467	₱–	₱–	₱1,221,862,467
Accounts payable	1,015,903,526	–	–	1,015,903,526
Joint venture payable	236,456,979	–	–	236,456,979
Retentions payable	101,318,750	–	–	101,318,750
Accrued payable	27,237,491	–	–	27,237,491
Payable to related parties:				
Trade	46,181,514	–	–	46,181,514
Nontrade	16,346,102	–	–	16,346,102
Interest payable	58,631,306	–	–	58,631,306
Others	137,339,044	–	–	137,339,044
Short term and long term debts	5,475,000,000	1,971,742,547	3,067,920,507	10,514,663,054
	₱7,443,007,601	₱1,971,742,547	₱3,067,920,507	₱12,482,670,655

Short term and long term debts include future interest payments.

Cash and receivables are used for the Group's liquidity requirements. Refer to the terms and maturity profile of these financial assets under the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using a simplified approach to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Real estate contracts
Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject lot in case of refusal by the buyer to pay on time the amortization due. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

An impairment analysis is performed at each reporting date using a simplified approach to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by geography, product type, customer type and rating and coverage by letters of credit and other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's installment contracts receivables and contract assets using the simplified approach:

		2018	
	Total	**Vertical**	**Horizontal**
Expected credit loss rate	**0.0%**	**0.0%**	**0.0%**
Estimated total gross carrying amount at default	**₱2,622,621,161**	**₱822,150,794**	**₱1,800,470,367**

		2017	
	Total	Vertical	Horizontal
Expected credit loss rate	0.0%	0.0%	0.0%
Estimated total gross carrying amount at default	₱2,231,911,871	₱564,887,075	₱1,667,024,796

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position as of December 31, 2018 and 2017.

	2018	2017
Contract assets	**₱1,374,561,306**	₱–
Trade receivables		
Subdivision land	**949,841,462**	1,765,978,552
Condominium units	**298,218,193**	504,100,992
Receivable from related parties	**617,809,281**	1,579,272,833
Accrued interest receivable	**162,107,893**	51,457,011
Commission receivable	**67,574,255**	60,689,078
Receivable from tenants	**50,335,764**	42,044,231
Dividend receivable	**10,862,227**	5,662,941
	₱3,531,310,381	₱4,009,205,638

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk. As of December 31, 2018 and 2017, the aging analysis of past due but not impaired receivables presented per class, is as follows:

	2018								
	Neither Past Due nor Impaired	**Past Due but not Impaired**						**Impaired**	**Total**
		1-30 days	**31-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**		
Trade:									
Subdivision land	**₱882,136,037**	**₱13,033,396**	**₱9,868,537**	**₱8,684,393**	**₱8,068,046**	**₱12,215,090**	**₱51,869,462**	**₱15,835,963**	**₱949,841,462**
Condominium units	**282,019,054**	**3,655,973**	**3,489,390**	**3,077,569**	**2,630,596**	**3,345,611**	**16,199,139**	**–**	**298,218,193**
Receivable from related parties	**617,809,281**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**617,809,281**
Advances to joint venture	**138,649,152**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**138,649,152**
Advances to officers and employees	**93,900,187**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**93,900,187**
Commission receivable	**67,574,255**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**67,574,255**
Accrued interest receivable	**162,107,893**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**162,107,893**
Receivable from tenants	**50,335,764**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50,335,764**
Dividend receivable	**10,862,227**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10,862,227**
Others	**27,585,636**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27,585,636**
Total	**₱2,333,079,486**	**₱16,689,369**	**₱13,357,927**	**₱11,761,962**	**₱10,698,642**	**₱15,560,701**	**₱68,068,601**	**₱15,835,963**	**₱2,416,884,050**

	2017								
	Neither Past Due nor Impaired	Past Due but not Impaired						Impaired	Total
		1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total		
Trade:									
Subdivision land	₱1,685,921,312	₱12,197,842	₱10,577,176	₱8,720,624	₱15,190,655	₱18,928,924	₱65,615,221	₱14,442,019	₱1,765,978,552
Condominium units	488,286,998	3,738,459	2,895,874	2,523,203	2,274,014	4,382,444	15,813,994	–	504,100,992
Receivable from related parties	1,579,272,833	–	–	–	–	–	–	–	1,579,272,833
Advances to joint venture	126,506,537	–	–	–	–	–	–	–	126,506,537
Advances to officers and employees	86,924,210	–	–	–	–	–	–	–	86,924,210
Commission receivable	60,689,078	–	–	–	–	–	–	–	60,689,078
Accrued interest receivable	51,457,011	–	–	–	–	–	–	–	51,457,011
Receivable from tenants	42,044,231	–	–	–	–	–	–	–	42,044,231
Dividend receivable	5,662,941	–	–	–	–	–	–	–	5,662,941
Others	16,578,363	–	–	–	–	–	–	–	16,578,363
Total	₱4,143,343,514	₱15,936,301	₱13,473,050	₱11,243,827	₱17,464,669	₱23,311,368	₱81,429,215	₱14,442,019	₱4,239,214,748

The table below shows the credit quality of the Group's financial assets as of December 31, 2018 and 2017.

	2018						
	Neither past due nor impaired				**Past due but**		
	High Grade	**Medium Grade**	**Low Grade**	**Total**	**not impaired**	**Impaired**	**Total**
Cash in bank and cash equivalents	**₱1,063,149,948**	**₱–**	**₱–**	**₱1,063,149,948**	**₱–**	**₱–**	**₱1,063,149,948**
Receivables:							
Trade:							
Subdivision land	**882,136,037**	–	–	**882,136,037**	**51,869,462**	**15,835,963**	**949,841,462**
Condominium units	**282,019,054**	–	–	**282,019,054**	**16,199,139**	–	**298,218,193**
Receivable from related parties	**617,809,281**	–	–	**617,809,281**	–	–	**617,809,281**
Advances to officers and employees	**93,900,187**	–	–	**93,900,187**	–	–	**93,900,187**
Advances to joint venture	**138,649,152**	–	–	**138,649,152**	–	–	**138,649,152**
Commission receivable	**67,574,255**	–	-	**67,574,255**	–	–	**67,574,255**
Accrued interest receivable	**162,107,893**	–	–	**162,107,893**	–	–	**162,107,893**
Receivables from tenants	**50,335,764**	–	–	**50,335,764**	–	–	**50,335,764**
Dividend receivable	**10,862,227**	–	–	**10,862,227**	–	–	**10,862,227**
Others	**27,585,636**	–	–	**27,585,636**	–	–	**27,585,636**
Financial assets at fair value through other comprehensive income (OCI)	**985,036,600**	–	–	**985,036,600**	–	–	**985,036,600**
	₱4,381,166,034	**₱–**	**₱–**	**₱4,381,166,034**	**₱68,068,601**	**₱15,835,963**	**₱4,465,070,598**

	2017						
	Neither past due nor impaired				Past due but		
	High Grade	Medium Grade	Low Grade	Total	not impaired	Impaired	Total
Cash in bank	₱625,059,721	₱–	₱–	₱625,059,721	₱–	₱–	₱625,059,721
Receivables:							
Trade:							
Subdivision land	1,685,671,427	–	–	1,685,671,427	65,615,221	14,442,019	1,765,728,667
Condominium units	488,286,998	–	–	488,286,998	15,813,994	–	504,100,992
Receivable from related parties	1,579,272,833	–	–	1,579,272,833	–	–	1,579,272,833
Advances to officers and employees	86,924,210	–	–	86,924,210	–	–	86,924,210
Accrued interest receivable	126,506,537	–	–	126,506,537	–	–	126,506,537
Commission receivable	–	–	60,689,078	60,689,078	–	–	60,689,078
Advances to joint venture	51,457,011	–	–	51,457,011	–	–	51,457,011
Receivables from tenants	42,044,231	–	–	42,044,231	–	–	42,044,231
Dividend receivable	5,662,941	–	–	5,662,941	–	–	5,662,941
Others	16,578,363	–	–	16,578,363	–	–	16,578,363
AFS financial assets	878,032,737	–	–	878,032,737	–	–	878,032,737
	₱5,585,247,124	₱–	₱60,689,078	₱5,645,936,202	₱81,429,215	₱14,442,019	₱5,742,057,321

The credit quality of the financial assets was determined as follows:

Cash - high grade pertains to cash deposited in local banks belonging to the top ten banks in the Philippines in terms of resources and profitability.

Receivables - high grade pertains to receivables with no default in payment and pertains to related parties; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group manages the equity price risk through diversification and placing limits on equity instruments.

The effect on equity, as a result of a change in carrying amount of financial assets at fair value through other comprehensive income (FVOCI) as of December 31, 2018 and 2017 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱98.50 million and ₱87.80 million, respectively, if equity indices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve, and degree of variability of cash flows.

The following table demonstrates the sensitivity of the Group's income before tax and equity to a reasonably possible change in interest rates on December 31, 2018 and 2017, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax Increase (decrease)	
	2018	2017
Change in basis points:		
+100 basis points	**(₱112,312,658)**	(₱105,146,631)
-100 basis points	**112,312,658**	105,146,631

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

The terms and maturity profile of the undiscounted interest-bearing financial assets and liabilities, at discounted values together with their corresponding nominal amounts and carrying values are shown in the following table:

	2018						
	Interest terms (p.a.)	**Rate Fixing Period**	**On Demand**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Financial Assets							
Cash and cash equivalents	Fixed at the date of investment	Various	**₱1,064,532,966**	**₱–**	**₱–**	**₱–**	**₱1,064,532,966**
Installment contracts receivables	Fixed at the date of sale	Date of sale	**78,692,838**	**165,366,331**	**496,098,992**	**507,901,494**	**1,248,059,655**
Receivables from related parties	N/A	N/A	**617,809,281**	–	–	–	**617,809,281**
Other	N/A	N/A	**27,585,636**	–	–	–	**27,585,636**
Financial assets at fair value through OCI	N/A	N/A	–	–	–	**985,036,600**	**985,036,600**
Total financial assets			**1,788,620,721**	**165,366,331**	**496,098,992**	**1,492,938,094**	**3,943,024,138**
Contract assets			**64,618,364**	**159,214,001**	**477,642,003**	**673,086,938**	**1,374,561,306**
Total undiscounted financial and contract assets			**1,853,239,085**	**324,580,332**	**973,740,995**	**2,166,025,032**	**5,317,585,444**
Financial Liabilities							
Bonds payable	Variable at 2.5% over 91 days PDST	Quarterly	–	–	–	**2,000,000,000**	**2,000,000,000**
Loans payable	Fixed at the date of loan	Quarterly	–	**1,108,000,000**	**2,500,000,000**	–	**3,608,000,000**
Notes payable	N/A	N/A	–	–	–	**8,100,000,000**	**8,100,000,000**
Accounts and other payables	N/A	N/A	**3,990,826,478**	–	–	–	**3,990,826,478**
Total undiscounted financial liabilities			**3,990,826,478**	**1,108,000,000**	**2,500,000,000**	**10,100,000,000**	**17,698,826,478**
Liquidity position (gap)			**(₱2,137,587,393)**	**(₱783,419,668)**	**(₱1,526,259,005)**	**(₱7,933,974,968)**	**(₱12,381,241,034)**

	2017						
	Interest terms (p.a.)	Rate Fixing Period	On Demand	1 to 3 months	3 to 12 months	1 to 5 years	Total
Financial Assets							
Cash	Fixed at the date of investment	Various	₱626,239,307	₱–	₱–	₱–	₱626,239,307
Installment contracts receivables	Fixed at the date of sale	Date of sale	105,707,278	164,236,964	492,710,889	1,507,424,413	2,270,079,544
Receivables from related parties	N/A	N/A	1,579,272,833	–	–	–	1,579,272,833
Other	N/A	N/A	16,578,363	–	–	–	16,578,363
Financial assets at fair value through OCI	N/A	N/A	–	–	–	948,029,269	948,029,269
Total financial assets			2,327,797,781	164,236,964	492,710,889	2,455,453,682	5,440,199,316
Contract assets			36,463,545	101,081,022	303,243,066	825,479,801	1,266,267,434
Total undiscounted financial and contract assets			2,364,261,326	265,317,986	795,953,955	3,280,933,483	6,706,466,750
Financial Liabilities							
Bonds payable	Variable at 2.5% over 91 days PDST	Quarterly	–	–	–	2,000,000,000	2,000,000,000
Loans payable	Fixed at the date of loan	Quarterly	–	1,183,000,000	4,292,000,000	–	5,475,000,000
Notes payable	N/A	N/A	–	–	–	3,100,000,000	3,100,000,000
Accounts and other payables	N/A	N/A	2,992,200,850	–	–	–	2,992,200,850
Total undiscounted financial liabilities			2,992,200,850	1,183,000,000	4,292,000,000	5,100,000,000	13,567,200,850
Liquidity position (gap)			(₱627,939,524)	(₱917,682,014)	(₱3,496,046,045)	(₱1,819,066,517)	(₱6,860,734,100)

28. **Notes to Statements of Cash Flows**

Below are the non-cash investing and financing activities for December 31, 2018, 2017 and 2016:

a. The interest paid excludes capitalized borrowing costs and accretion of bond transaction cost amounting ₱101.68 million and ₱101.28 million, respectively in 2018, ₱64.42 million and ₱18.97 million, respectively, in 2017, and ₱91.92 million and ₱22.72 million, respectively, in 2016.

b. The Parent Company acquired 750.00 million treasury shares at the price of ₱1.20 per share to cover the settlement of the ₱900.00 million advances made by the Parent Company to the Ultimate Parent Company. The amount was credited against the outstanding receivables from the Ultimate Parent Company.

c. The Group transfer other current assets to other noncurrent assets amounting to ₱154.67 million and ₱86.09 million in 2018 and 2017, respectively.

d. In 2017, the Group reclassified property and equipment amounting to ₱0.25 million to other current assets.

Details of the movement in cash flows from financing activities follow:

	December 31, 2017	Cash flows	Non-cash changes	December 31, 2018
Payable to related parties (Note 19)	₱46,181,514	(₱369,791)	₱–	₱45,811,723
Short-term and long-term debt (Note 14)	10,514,663,054	3,063,973,800	(28,138,386)	13,550,498,468
Interest paid	58,631,306	(780,250,496)	868,848,165	147,228,975
Total liabilities from financing activities	₱10,619,475,874	₱2,283,353,513	₱840,709,779	₱13,743,539,166

Non-cash changes pertain to accretion of bond discount from short-term and long-term debt, capitalized borrowing costs to inventories and investment properties and accrual of interest expense.

29. **Contingencies**

Contingencies
The Group has various contingent liabilities arising in the ordinary conduct of business including cases related to property restriction violation. The estimate of the probable cost for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. In the opinion of management and its legal counsel the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. Accordingly, no provision for any liability has been made in the consolidated financial statements.

Disclosures required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, were not provided as it may prejudice the Group's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Sta. Lucia Land, Inc. and Subsidiaries
Penthouse Bldg. 3, Sta. Lucia Mall
Marcos Highway cor. Imelda Avenue
Cainta, Rizal

We have audited the accompanying consolidated financial statements of Sta. Lucia Land, Inc. and its subsidiaries (the Group), as at and for the years ended December 31, 2018 and 2017, on which we have rendered the attached report dated April 10, 2019.

In compliance with Securities Regulation Code Rule No. 68, As Amended (2011), we are stating that the Group has two hundred fifty-five (255) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-3 (Group A),
March 16, 2017, valid until March 15, 2020
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 7332607, January 3, 2019, Makati City

April 10, 2019

SGV
Building a better working world

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November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
Sta. Lucia Land, Inc. and Subsidiaries
Penthouse Bldg. 3, Sta. Lucia Mall
Marcos Highway cor. Imelda Avenue
Cainta, Rizal

We have audited in accordance with Philippine Standards on Auditing the accompanying consolidated financial statements of Sta. Lucia Land, Inc. and its subsidiaries (the Group) as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018 and have issued our report thereon dated April 10, 2019. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of Sta. Lucia Land, Inc. and its subsidiaries. These schedules are presented for purposes of complying with the Securities Regulation Code Rule No. 68, As Amended (2011) and are not part of the basic consolidated financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the information are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
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April 10, 2019

STA. LUCIA LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED

DECEMBER 31, 2018

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not a required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of financial assets in equity securities of the Group as of December 31, 2018:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position
Financial Assets at Fair Value through Other Comprehensive Income (OCI)		
Quoted:		
Philippine Racing Club, Inc.	70,786,759	₱670,350,608
Manila Jockey Club, Inc.	29,894,841	155,154,223
Unquoted:		
Uni-Asia Properties, Inc.	6,249,999	159,531,769
	106,931,599	₱985,036,600

The basis in determining the value of quoted equity securities is the market quotation on December 31, 2018 while unquoted security is valued at cost less any allowance for impairment.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of December 31, 2018:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Antonio Robles	₱16,323,676	₱1,580,000	₱–	₱17,903,676
Kristine May Robles	5,368,324	1,093,253	(837,580)	5,623,997
Vicente R. Santos	3,882,826	1,580,000	–	5,462,826
Aurora D. Robles	2,845,000	640,000	–	3,485,000
Antonio Robles	2,785,000	640,000	–	3,425,000
Orestes R. Santos	1,918,718	640,000	–	2,558,718
Mariza Santos Tan	1,326,618	760,000	–	2,086,618
Mardon Santos	917,105	–	–	917,105
Michelle Robles	389,452	–	–	389,452
Emerita Jingle Punzalan	321,333	–	(23,500)	297,833
Pampolina Jeremy	287,548	–	–	287,548
Paul Michael Robles	248,736	–	–	248,736
Ma. Lourdes Concepcion	160,713	–	(23,674)	137,039
David M. Dela Cruz	116,148	–	(3,983)	112,165
	₱36,891,197	₱6,933,253	(₱888,737)	₱42,935,713

These advances consist of advances for expenses and disbursements necessary in carrying out their functions in the ordinary course of business such as for selling and marketing activities, official business trips, emergency and cash on delivery (COD) purchases of materials, equipment and supplies, repair of Group's vehicles, model units and housing units, registration of titles, etc. and short term loans given to officers and employees. The advances will be liquidated when the purposes for which these advances were granted are accomplished or completed or deducted from the officers'/employees' salaries if not liquidated. No amounts were written-off during the year and all amounts are presented as current.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2018:

	Nature	Volume of Transactions	Receivable (Payable)	Terms
Sta. Lucia Homes, Inc. (SLHI)	Advances	₱79,048	(₱4,080,379)	Non-interest bearing and to be settled within one year
Santalucia Ventures Inc. (SVI)	Advances	39,039,894	190,631,047	Non-interest bearing and to be settled within one year
			₱186,550,668	

	Balance at beginning of period	Additions	Collections	Balance at end of period
SLHI	(₱4,159,426)	₱79,048	₱–	(₱4,080,378)
SVI	151,591,153	59,000,000	(19,960,106)	190,631,047
	₱147,431,727	₱59,079,048	(₱19,960,106)	₱186,550,669

The intercompany transactions between the Parent Company and the subsidiaries pertain to commission fees and advances for the pre-operations. There were no amounts written-off during the year and all amounts are expected to be settled within the year.

Related Party Transactions

Due from related parties

Below is the list of outstanding receivable from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2018:

	Relationship	Nature	Balance at end of period
Sta. Lucia Realty and Development, Inc. (SLRDI)	Ultimate Parent Company	a,b,c, d, e, f, g	(₱260,576,023)
Sta. Lucia East Commercial Corporation (SLECC)	Affiliate	h	420,700,443
Various mall tenants	Affiliate	h	440,802,066
Others	Affiliates	a, i	60,927,852
			₱661,854,338

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

a. Consisting of non-interest bearing advances for working capital requirements with no fixed repayment terms.
b. Pertain to receivables from offsetting agreements with common suppliers with the Ultimate Parent Company.
c. Pertain to noninterest-bearing cash advances for various charges to and from affiliated companies for reimbursements of expenses on gasoline consumption of service vehicles, repairs and maintenance, supplies, rentals for project exhibits and advertising/marketing costs.
d. Represent monthly amortization payment from the buyers of the Group remitted to the Ultimate Parent Company.
e. Pertain to the reinstated due from the Ultimate Parent Company after the after rescission of deposit on land rights and subsequently entering into a deed of assignment of shares of stock.
f. Pertain to payable to Ultimate Parent Company for the Ultimate Parent Company's share in the sale of real estate properties of the Ultimate Parent Company but developed by the Parent Company.
g. Pertains to the due from Ultimate Parent Company for the assumption of the its bank loan
h. Pertain to uncollected rental income.
i. Pertain to non-interest bearing cash advances to officers and directors.

The outstanding balances of intercompany transactions are all due and demandable as of December 31, 2018.

Schedule D. Long-term debt
The Group has long term loans amounting to ₱9,998.78 million as of December 31, 2018.

Schedule E. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	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	16,000,000,000	8,146,450,000	–	6,701,005,767	1,424,994	1,494,019,239

STA. LUCIA LAND, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2018

Total Unappropriated Retained Earnings - January 1, 2018		₱2,710,700,695
Less:		
Treasury shares		(740,000,000)
Income closed to retained earnings and other reconciling items		747,056,303
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION, BEGINNING		₱2,717,756,998
Net income actually earned/realized during the period:		
Net income during the period closed to retained earnings	1,046,191,512	
Less: Non actual/unrealized income net of tax		
Equity in net income of associate/joint venture	–	
Unrealized actuarial gain	–	
Fair value adjustment (M2M gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP-gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
- Accretion income	(52,722,001)	
Movement in deferred tax that reduced the amount of income tax expense	(257,844,763)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP-loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Unrealized foreign exchange loss - net (except those attributable to cash)	–	
Net income actually earned during the period		735,624,748
Add (Less):		
Dividend declarations during the period		–
Appropriations of retained earnings during the period		–
Reversals of appropriations		–
Effects of prior period adjustments		–
Treasury shares - see beginning reconciliation		(900,000,000)
TOTAL RETAINED EARNINGS, AVAILABLE FOR DIVIDEND DECLARATION , ENDING		₱2,553,381,746

STA. LUCIA LAND, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

Financial Soundness Indicators

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2018 and 2017:

Financial ratios		2018	2017
Current ratio	Current assets / Current liabilities	**2.81:1**	2.31:1
Debt to equity ratio	Total liabilities / Stockholders' Equity	**0.94:1**	0.73:1
Debt to total assets ratio	Total liabilities / Total assets	**0.58:1**	0.52:1
Return on average assets	Net income attributable to Parent Company / Average assets	**3.30%**	3.02%
Book value per share	Stockholders' equity / Total number of shares	**₱1.76**	₱1.60
Earnings per share	Net income / Total number of shares	**₱0.12**	₱0.091
Debt service coverage ratio	EBITDA / Debt Service	**2.64:1**	3.36:1

STA. LUCIA LAND, INC. AND SUBSIDIARIES

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2018:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1:Borrowing Cost			✓
	Amendments to PFRS 1:Meaning of "Effective PFRS"			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Share-based Payment, Classification and measurement of share-based payment transactions			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Definition of Vesting Condition			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9 with PFRS 4			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Servicing Contracts	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *		✓	
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Hedge Accounting (2013 version) *		✓	
PFRS 8	Operating Segments	✓		
	Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments *	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures *	✓		
	Financial Instruments: Classification and Measurement (2010 version) *	✓		
	Amendments to PFRS 9: Hedge Accounting (2013 version) *			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13:Short Term Receivable and Payable	✓		
	Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases *		✓	
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1:Clarification of the Requirements for Comparative Information	✓		
	Amendments to PAS 1: Presentation of financial statements - disclosure initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses *		✓	
PAS 16	Property, Plant and Equipment	✓		
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Regional Market Issue Regarding Discount Rate			✓
	Amendments to PAS 19:Defined Benefit Plan: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24	Related Party Disclosures - Key Management Personnel	✓		
	Related Party Disclosures - Key Management Personnel (Amended)	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Separate Financial Statements	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28	Investments in Associates and Joint Ventures			✓
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PAS 28: Measuring an investment or Joint Venture at Fair Value			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 28: Investment Entities			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendment to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets		✓	
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Investment Property, Transfers of Investment Property	✓		
	Amendments to PAS 40: Clarification on Ancillary Services			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate *		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
IFRIC 22	Foreign Currency Transactions and Advanced Considerations			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

In addition, the International Accounting Standards Board (IASB) has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers* (effective January 1, 2018)
- IFRS 16, *Leases* (effective January 1, 2019)

Standards tagged as “Not applicable” have been adopted by the Group but have no significant covered transactions for the year ended December 31, 2018.

Standards tagged as “Not adopted” are standards issued but not yet effective as of December 31, 2018. The Group will adopt the Standards and Interpretations when these become effective.

STA. LUCIA LAND, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

The following chart illustrates the Group's material shareholders and subsidiaries as of the date of this Offering Memorandum.