CERTIFICATION

I, **MARCELINO C. BUNDOC,** of legal age, Filipino, being the Finance and Accounting Manager of **ROXAS AND COMPANY, INC.** ("RCI"), a Corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC Registration Number **PW00000834**, and with principal office at 7th Floor Cacho-Gonzales Building, 101 Aguirre Street., Legaspi Village, Makati City; on oath state:

1. That I have caused this Annual Report (**SEC Form 17-A**) to be prepared on behalf of RCI;
2. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
3. That RCI will comply with the requirements set forth in SEC Notice dated 24 June 2020 to effect a complete and official submission of reports and/or documents through electronic mail;
4. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
5. That the e-mail account designated by RCI pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by RCI in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 17 2021 day of May 2021 at Makati City.

MARCELINO C. BUNDOC
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 2021 day of May 2021, Affiant having exhibited to me his SSS No. 03-5736160-9.

Doc. No. : 253;
Page No. : 52;
Book No.: 1;
Series of 2021.

ATTY. CLARENCE GABRIEL D. REVADILLO
Notary Public for Makati City
Appointment No. M-99
Until December 31, 2022
Roll of Attorney's No. 74289
IBP OR No. 150810/ 01-13-2021
PTR No. 8535451/Makati City/01-06-2021
MCLE Exempted – Admitted to the bar in 2020

SEC Registration Number

PW-00000834

Company Name

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town) Province)

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
SEC Form 17-A	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.roxascompany.com.ph	(02) 8810-8901 to 06	–

No. of Stockholders	Annual Meeting Month/Day	Calendar Year Month/Day
3,301	Last Wednesday of May	December 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
Atty. Monica Isabelle I. Villanueva	miv@roxascompany.com.ph	(632) 8751-9537	–

Contact Person's Address

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

Note: 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.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. As of and for the year ended: **31 December 2020**

2. SEC Identification Number: **PW- 00000834**

3. BIR Tax Identification No. : **000-269-435-000**

4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of
   Incorporation or Organization

6. (SEC Use Only)
   Industry Classification Code

7. **7th Floor Cacho-Gonzales Building, 101 Aguirre Street**
   Legaspi Village, Makati City 1229
   Address of Principal Office

8. **(632) 8810-89-01 to 06**
   Registrant's telephone number, including area code

9. CADP GROUP CORPORATION
   6th Floor Cacho-Gonzales Building, 101 Aguirre Street
   Legaspi Village, Makati City 1229
   Former name and former address.

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

Title of Each Class and Amount of Debt Outstanding	Number of Shares of Stock Outstanding
Authorized Capital Stock	
Common	**PhP4,375,000,000**
Preferred	**1,000,000,000**
No. of shares subscribed & outstanding:	
Common-Issued	**2,911,885,870**
Common-Outstanding	**2,196,013,341**
Preferred	**500,000,000**
Amount of loans outstanding as of December 31, 2020	**PhP3,608,021,164**

Of the 2,196,013,341 outstanding shares, 715,872,529 common shares and 500,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

Yes [√] No [ ]

2,911,885,870 common shares are listed with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

Yes [√] No [ ]

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

Yes [√] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the issuer. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Assuming that the number of stockholdings of non-affiliates as of 31 December 2020 is 2,196,013,341 common shares and assuming further that the market bid price of the shares as of same date is PhP1.29 then the aggregate market value of the voting stocks held by non-affiliates as of said date is PhP2.8 Billion.

14. Documents incorporated by reference. (Briefly describe them and identify the part where they are incorporated).

(a) Incorporated by reference in Part III on Financial Information is the Consolidated Financial Statements of Roxas and Company, Inc. and subsidiaries as at and for the year ended 31 December 2020.

PART I – BUSINESS

1. Business Development

Roxas & Company, Inc. (RCI) is the holding company for a group of companies with interests in (i) the real estate and hotel development and property management through its subsidiary, Roxaco Land Corporation (RLC), (ii) a minority stake in the sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc. (RHI), (iii) in coconut processing and exports through its subsidiary, Roxas Sigma Agriventures, Inc. (RSAI) and in (iv) renewable energy development. In addition to its various business interest, RCI holds approximately 2,495 hectares of investment property landholdings located in

Nasugbu, Batangas with significant areas under negotiation for exemption under the Comprehensive Agrarian Reform Program (CARP).

In November, 2013, RCI sold 31% of its equity interest in RHI to First Pacific Company, Ltd., a Hongkong based company but remained its biggest shareholder with 36% equity interest. RCI's equity interest was diluted to 23% as of December 2019 when it did not exercise its Stock Rights Option in 2016 and in the conversion of RHI's debt securities into common shares in 2017.

In December 2018, the SEC approved the corporate reorganization of RCI subsidiary, Roxaco Land Corp (RLC). The reorganization included the merger of RLC and Anya Hotels and Resorts Corporation with RLC as the surviving corporation. As part of the reorganization, RCI increased its equity in RLC by ₱60 million via conversion of its outstanding advances to common shares. In February 2019, Anya Hospitality Corp. (AHC), RLC's hotel management company was also merged with RLC. After the reorganization was completed, Anya Hotel and Resort Tagaytay and Anya Hospitality Corp operated as business units within RLC. Anya Hotel and Resort Tagaytay opened in 2017 with 80 hotel suites and a hotel core that operates its high-end facilities which include premium restaurants, heated pools, a library, function rooms, venues and lounges.

In December 2013, RCI's subsidiary, Roxaco Land Corporation (RLC) and Singapore based, VH Select Investments (Phil) Pte. Ltd. (VH Select) formed the joint venture company, Roxaco-Vanguard Hotel Corporation (RVHC) to build a minimum of five budget hotels under the "Go Hotels" brand through a franchise agreement with Robinsons Land Corporation. By 2017, five (5) Go Hotel sites located in Manila Airport Road, Cubao, Ermita, North EDSA and Timog were completed. In April 2018, VH Select sold its shareholdings to Asia Hospitality Private Capital Ltd., Singapore with RLC still maintaining 51% control of the JV Company. Consequently, the corporate name was changed to Roxaco-Asia Hospitality Corporation (RAHC) and was approved by the SEC in October 2018. In December 2019, RAHC signed an agreement to sell its Go Hotel Cubao site for P411 million in order to reduce debt and improve profitability.

RLC also has investments in Fuego Development Corporation (FDC), Fuego Land Corporation (FLC), Club Punta Fuego, Inc. (CPFI), Roxaco-ACM Development Corporation (RADC), SAMG Memorial Management and Services, Inc. (SMMSI).

RLC manages all its Go Hotel sites, Anya Hotel and Resort Tagaytay and Club Punta Fuego as well as third party hotels and resorts under various management agreements.

After completing most of its real property projects, RLC in 2016 started the development of Montana Residences, an 8.2 hectare housing project located in Palico, Nasugbu Batangas.

In May 14, 2015, RCI established Roxas Green Energy Corporation (RGEC), a wholly owned subsidiary to venture in renewable power generation. RGEC planned to develop solar power plants using the real properties owned by RCI in Nasugbu, Batangas. However, after completing the initial predevelopment requirements, permits and land preparations, RGEC deferred full development of the project and shifted to look for possible joint venture arrangements with major power firms.

In October 8, 2015, RCI entered into a Shareholders Agreement with Sigma Xynergies Corporation (SXC), a Filipino owned company and formed Roxas Sigma Agriventures, Inc. (RSAI) for the development of a 300 tons-per-day coconut processing plant in Tupi, South Cotabato. The plant is an advance processing facility to produce coconut cream/milk, virgin coconut oil and coconut water concentrate primarily for export. In 2016, RCI initially invested PhP215.0 Million in RSAI for 81.13% control of the company. RCI infused PhP21.5 Million additional capital in 2017 and another PhP200

Million in 2018 increasing its total equity to PhP436.5 million or 88.81% control of the company. Plant testing and commissioning started on the 3rd quarter of 2017. Commercial operations began in January, 2018. By March 2019, RSAI secured all key major international production and safety certifications required in the European as well as North and South American Markets that will enable it to fully market its products.

In December 2018, the SEC approved RCI's application to increase its authorized capital from 3.375 Billion to 4.375 Billion shares. The increase in capital stock reflected the creation of 1 Billion preferred shares with a par value of PhP1.00 per share.

In December 2018, RCI raised PhP500 million new equity through the issuance of preferred shares with a par value of PhP1.00 per share. The shares are redeemable after 2 years, with an option to extend by another 2 years. Dividend rate for the 1st years is at 8.5%. Proceeds from the equity raised were used to reduce bank debts and fund the group's operating requirements.

Distribution Methods of the Products or Services

RLC offers its various properties to potential buyers through its authorized sales agents and brokers.

RAHC through its hotel management, Anya Hospitality Group uses online digital channels, corporate and government direct selling, enrollment in online and local travel agencies and marketing direct to walk-in customers to generate hotel bookings.

RSAI, as a bulk producer, markets its products by initially positioning itself as major ingredient supplier to branded manufacturers, international brokers for its products and food service companies. It will eventually develop its own brand and enter into toll manufacturing when volumes have been developed and expanded for retail sale.

Competition

For RLC

RLC's real estate projects are located in Nasugbu, Batangas using its land bank to develop commercial and residential projects for the local area market. Anya Resort and Residences project in Tagaytay is its entry into the high-end residential and luxury hotel market outside Batangas.

The local property competitors in the area are Ayala Land, Robinsons Land and SM Investments.

For RAHC

All five GO Hotels are classified in the hotel and tourism industry as Economy or Budget Hotels. Major competitors considered in this category are the likes of Red Planet and Hop Inn International chains, local established chains such as Eurotel and other location – centric hotels with similar price points.

For RSAI

RSAI was established in 2015 to process 300 Metric Tons per day of raw coconuts to produce three major products for export: Coconut Water Concentrate; Virgin Coconut Oil and Coconut Milk / Cream.

Major competitors within the region include Franklin Baker Inc., Peter Paul Philippines, Inc., Century Pacific Agri Ventures., Primex Foods, Inc., Celebes Foods, Inc., and Axelum (Fiesta Foods).

Sources and Availability of Raw Materials and Names of Principal Suppliers

For its hotel operations, RAHC and Anya uses accredited third-party service providers for its laundry service requirements, security, and housekeeping.

RSAI's main raw materials of dehusked coconuts, are sourced from farmers, buying stations or consolidators within the area of South Cotabato, Saranggani, North Cotabato and Lanao del Sur. Packaging materials such as drums and corrugated boxes are purchased locally.

Patents, Trademarks and Copyrights

RLC secured registration of its trademark project "Anya Resort and Residences" with the Intellectual Property Office of the Philippines.

RLC also owns the trademarks for all the logos of "Anya" and "Fuego" brand.

For RAHC, the use of "Go Hotels" Trademark/Logo is covered by the terms and conditions of the Franchise Agreement with Robinsons Land Corporation.

Need for Government Approvals of Principal Products or Services

As part of the normal course of business, RLC secures all the necessary permits such as but not limited to development permits from the local government, Certificate of Registration and License to Sell from the Housing and Land Use Regulatory Board, and the Environmental Compliance Certificate from the Department of Environment and Natural Resources.

RSAI secured approval from Food and Drug Administration in order to operate and sell products legally. It has likewise secured various international certifications as required by foreign buyers such as USFDA, Halal, HACCP, Kosher, Organic, GMP, Food Safety System Certification (FSSC) and BRC Certification.

RGEC secured a service contract with Department of Energy to have the exclusive right to explore, develop or utilize a particular renewable energy (i.e. solar energy) contract area in Nasugbu, Batangas. It has likewise secured BOI registration to qualify for tax incentives for the project.

Effect of Existing or Probable Governmental Regulations

For RLC

The real estate business is subject to a number of laws including the Civil Code of the Philippines, Presidential Decree Nos. 957 and 1216, the Maceda Law, and certain provisions of the Local Government Code. The industry is primarily regulated by the policies and rules and regulations issued by the Housing and Land Use Regulatory Board.

Value Added Tax System

The present value-added tax (VAT) system imposes a 12% VAT on Sale of Real Properties. Section 4.106-3 of Revenue Regulations No. 16-2005 – Sale of real properties held primarily for sale to

customers or held for lease in the ordinary course of trade or business of the seller shall be subject to VAT.

For RGEC

RGEC, being in the Renewable Energy (RE) industry, is covered by the *Renewable Energy act of 2008* (Republic Act No.9513) which provides substantial incentives and privileges such as VAT zero-rated sales and income tax holiday for a period of 7 years from the start of commercial operations.

For RSAI

RSAI, being a BOI registered company, is entitled to import duty exemption of its capital equipment and income tax holiday for six (6) years from the start of commercial operations or January 2017, whichever is earlier. RSAI is also entitled to zero-rated VAT on export sales.

For the Group

The CREATE Law, once it takes effect, will affect the taxes due from the whole Group for the calendar year 2020 as some portions thereof have retroactive effect to CY 2020. This includes corporate income tax, minimum corporate income tax, and income tax holiday.

Costs and Effects of Compliance with Environmental Laws

RLC secures the required Environmental Compliance Certificates for all of its real property developments.

RGEC, RAHC and RSAI also secured the required Environmental Compliance Certificates before commencement of commercial operations.

Total Number of Employees and Number of Full-Time Employees

As of 31 December 2020, RCI, the Holding Company has three (3) executives and twelve (12) employees.

RLC, on the other hand, has three (3) executives and forty-two (42) employees, including the real estate and Anya Hospitality Group while Anya Resort Hotel Tagaytay has 1 executive and 73 employees.

RAHC has sixty-eight (68) employees. RSAI has two (2) executives and one hundred fifty (150) employees.

RGEC has no full-time employees yet as it is still at the pre-operating stage.

Property

The Company's investment property landholding located in Nasugbu, Batangas has an approximate land area of more or less 2,495 hectares with total appraised value of PhP6.413 Billion as of December 2020 and PhP6.011 Billion as of December 31, 2019.About 2,300 hectares of these properties were covered by the Comprehensive Agrarian Reform Program (CARP) with a significant portion currently under an application for exemption with the Department of Agrarian Reform.

The Company is likewise the registered owner of a 1,030 sqm office condominium unit located at the 7th Floor of Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City. It has a carrying

value of PhP526,872.90 while fair market value is at PhP78.28 million as of December 31, 2020. The property is currently used as collateral for the long-term loan of its subsidiary, RLC.

Real Estate

As of December 31, 2020, RLC's real estate for sale and development, consisting of real estate properties for sale, raw land and land improvements, amounted to PhP501.49 Million. These properties are also used as collateral to secure the loan obligations of the Company.

RAHC

RAHC's (4) Go Hotels have a total land area of 4,105.6 sqm located in Parañaque, North EDSA, Malate, and Timog, Quezon City. The four Go Hotels are situated on these sites and have a total appraised values 2.078 billion as at December 31, 2020. These properties were used as collateral for the long-term borrowings of the Company. In December 2019, an agreement to sell the Go Hotel Cubao for PhP411 million was entered into.The sale was perfected on February 2020.

RSAI

RSAI is the owner of the 21,945 sqm land located in Purok 10, Poblacion, Tupi, South Cotabato wherein the Coconut Processing Plant is situated and used as collateral for the long-term borrowings of the Company.

Legal Proceedings

RCI is a party to various legal proceedings mostly involving the coverage of its properties in Nasugbu, Batangas under the CARP.

Sometime in 1993, the Company filed a case questioning the Department of Agrarian Reform's (DAR) acquisition of its landholdings and asking for the cancellation of the Certificates of Land Ownership Awards (CLOAs) issued by the DAR in favor of the farmer-beneficiaries. On 17 December 1999, the Supreme Court promulgated its Decision in GR No. 127876 nullifying the DAR acquisition proceedings over haciendas Palico, Banilad and Caylaway/Carmen. The High Tribunal ruled that the Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOAs that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Company filed with the DAR an application for CARP exemption of its three Haciendas in Nasugbu based on Presidential Proclamation No. 1520 which declared the entire municipality of Nasugbu as a tourist zone. RCI likewise filed exemption applications for smaller areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that PP No. 1520 did not automatically reclassify the agricultural lands in Nasugbu, Batangas to non-agricultural lands[1]. However, the Court noted that RCI "can only look to the provisions of the Tourism Act and not to PP No. 1520, for possible exemption".

On February 08, 2011, the Supreme Court denied the Company's Second Motion for Reconsideration and affirmed with finality its December 2009 Decision.

Consistent with the 2009 Supreme Court Decision that "Roxas and Co. can only look to the provisions of the Tourism Act, and not to PP 1520, for possible exemption", RCI filed in April 2010 with the Tourism Infrastructure and Enterprise Zone Authority ("TIEZA") an application to declare fourteen (14)

[1]The 04 December 2009 Decision in SC GRN 149548, 165450, 167453, 179650, 167845 AND 169163 may be accessed at http://sc.judiciary.gov.ph/jurisprudence/2009/december2009/149548.htm.

Specific Geographic Areas located in the RCI landholdings as Tourism Enterprise Zones ("TEZs"). This application was based on the Tourism Act of 2009.

To date, the said application has not been acted upon, primarily because it took the DOT some time to promulgate the Implementing Rules and Regulations ("IRR"). However, in July 2011, the IRR was published in newspapers of general circulation and the same took effect on 01 August 2011. At present, RCI's application is still pending with the TIEZA.

On 20 September 2011, RCI received from the Supreme Court a Decision dated 05 September 2011[2] affirming the exemption of a 21.1236-hectare property from CARP. The exempt property consists of 27 parcels of land located in Barangay Aga, Nasugbu, Batangas.

There are three[3] other CARP-related cases that are pending with the Provincial Adjudicator (PARAD) of Western Batangas and the Department of Agrarian Reform (DAR).

On 22 October 2012, the DAR published a Notice of Coverage over approximately 2,514.76 hectares of the Company's properties. The Company has filed its Protest with the DAR against this wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage) and the applicable law (RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Company filed a Motion for Reconsideration (MR) with the DAR. On April 15, 2014, the DAR denied the MR of RCI.

On June 27, 2014, RCI filed a Petition for Certiorari with the Court of Appeals (CA). On 25 October 2017, the Court of Appeals rendered a Decision on the Petition for Certiorari filed by RCI. In its Decision, the Court of Appeals partially granted RCI's Petition. In particular, the CA nullified and set aside the Order and Resolution dated 16 October 2013 and 15 April 2014, respectively, of the Department of Agrarian Reform. It also nullified the Notice of Coverage published by the DAR on 22 October 2012. The CA further remanded the case back to the DAR for purposes of issuing a new Notice of Coverage after determining specific portions of the haciendas that should be covered by the Agrarian Reform Law. However, the CA did not order the cancellation of the existing CLOAs over the properties of RCI that were issued pursuant to the nullified Notice of Coverage. Thus, RCI filed a partial Motion for Reconsideration of the Decision of the CA on 22 November 2017. In its MR, RCI prayed that: (i) the CA cancel all the CLOAs covering the properties covered by the 1999 Roxas case; (ii) To order the DAR to act on the pending applications for exemption/exclusion/conversion; and (iii) For

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[2]Agapito Rom, et. al. vs. Roxas and Company, Inc., G.R. No. 169331.

[3] These cases are: (i) DAR Adm. Case No. A-9999-100-97, which is an application for exemption from CARP coverage of a 45.97 hectare property in Brgy. Aga on the ground that the said property has a slope of at least 18%. The DAR granted RCI's application. However, the farmer-beneficiaries filed a Motion for Reconsideration, to which RCI filed an opposition. This case is now final and executory but the DAMBA filed a Petition for Relief from Judgment which is still pending resolution of the Office of the Secretary of DAR; (ii) Petitions for the cancellation of CLOA No. 6646 covering a 21-hectare property. These cases stemmed from a Certificate of Finality issued by DAR exempting the subject property from CARP coverage. The Provincial Adjudicator of Batangas (PARAD) decided in favor of the Company and cancelled the CLOA. The farmers' Motion for Reconsideration was subsequently denied by the PARAD. The cases are now with the Department of Agrarian Reform Adjudication Board (DARAB) in view of the appeal filed by the farmers; and (iii) DAR Case Nos. R-0401-0021 to 0058-2009 stems from a final and executory Supreme Court ruling exempting from CARP coverage a 30.1685-hectare property in Barangay Banilad, Batangas. As such, the Company filed with the PARAD Petitions for cancellation of CLOA 5189 insofar as the exempted area is concerned.

Respondents to cease and desist from committing any act that involves the coverage of the subject properties pending the final resolution of the applications of RCI with the DAR.

On 05 June 2017, the DAR dismissed the application of RCI for exemption/exclusion of a total of 685 h.a. from CARP coverage. The DAR dismissed the application on purely technical grounds. Thus, RCI filed a Motion for Reconsideration on 14 August 2017. This MR has not been resolved by the DAR to date.

On 29 November 2017, the DAR denied RCI's Motion for Reconsideration of the denial of an application for exemption over a total of 285 h.a. for being agricultural in nature. The DAR found that there was no reversible error that would justify a reconsideration of the denial of exemption. Consequently, RCI filed an Appeal with the Office of the President on 22 January 2018. The Appeal is still currently pending before the Office of the President.

The DAR approved the conversion application filed by RCI and RLC over sixteen (16) parcels of land located in Barangay Banilad, Nasugbu, Batangas totaling approximately 52 hectares on July 2020. A Motion for Reconsideration was filed by the oppositors but the MR was denied and the order of conversion was affirmed by the DAR in November 2020. An appeal was filed by the oppositors with the Office of the President, where the case is now pending.

The Company shall account for any legal and financial liabilities arising from the land properties subject to CARP upon the resolution of ownership by the Court.

There are other pending legal cases as of December 31, 2020. None of these contingencies are material and discussed in detail so as not to seriously prejudice the Group's position in the related disputes.

Real Estate

In the ordinary course of its business, RLC is engaged in litigation either as complainant or defendant. RLC believes that these cases do not have any material adverse effect on it.

Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders at the last annual meeting.

PART II – SECURITIES OF THE REGISTRANT

Market Price of and Dividends on Common Equity and Related Stockholder Matters

1. Market Information.

The Company has 2,911,885,870 common shares listed and traded in the Philippine Stock Exchange under the trading symbol "RCI". Out of the total common shares listed, 715,872,529 are treasury shares. The Company also had 500,000,000 preferred shares subscribed and fully paid-up, which has since been reduced to 200,000,000 preferred shares because of the redemption made in March 2021. The preferred shares are not listed with the PSE.

(a) High and low share prices for the year ended December 31, 2020.

	High	Low
January 2018 – March 2018	4.95	2.01
April 2018 – June 2018	2.85	1.82
July 2018 – September 2018	2.95	2.02
October 2018 – December 2018	2.65	1.76
January 2019 – March 2019	2.21	1.70
April 2019 – June 2019	1.78	1.36
July 2019 – September 2019	1.97	1.30
October 2019 – December 2019	2.22	1.74
January 2020 – March 2020	2.29	1.21
April 2020 – June 2020	1.92	1.32
July 2020 – September 2020	1.58	1.10
October 2020– December 2020	1.49	1.16

(b) Holders. There are 3,301 holders of the Company's listed shares as of 31 December 2020. The top twenty (20) holders of the Company's common shares as of said date are:

	STOCKHOLDERS	NATIONALITY	TOTAL SHARES	%
1	SPCI Holdings, Inc.	Philippine National	710,350,473	32.35%
2	Pesan Holdings, Inc.	Philippine National	543,381,223	24.74%
3	PCD Nominee Corporation (Non-Filipino)	Other Alien	285,390,486	13.00%
4	PCD Nominee Corporation	Philippine National	162,696,460	7.41%
5	Cisco Holdings, Inc.	Philippine National	112,500,000	5.12%
6	CRE Holdings, Inc.	Philippine National	112,500,000	5.12%
7	IÑIGO Holdings, Inc.	Philippine National	112,500,000	5.12%
8	SRE Holdings, Inc.	Philippine National	112,500,000	5.12%
9	Pedro O. Roxas	Filipino	13,118,798	0.60%
10	Rizal Commercial Banking Corporation	Philippine National	3,048,161	0.14%
11	Santiago R. Elizalde	Filipino	2,496,131	0.11%
12	Antonio Roxas Chua	Filipino	2,379,610	0.11%
13	Francisco R. Elizalde	Filipino	1,899,653	0.09%
14	Mari Carmen R. Elizalde	Filipino	1,361,241	0.06%
15	Carlos Antonio R. Elizalde	Filipino	1,358,517	0.06%
16	Central Azucarera dela Carlota Retirement Trust Fund	Philippine National	1,178,400	0.05%
17	Equitable Securities FAO Inigo Elizalde	Filipino	933,810	0.04%
18	Severo A. Tuazon & Company, Inc.	Filipino	537,000	0.02%
19	Dolores Teus De M. Vara Rey	Filipino	488,020	0.02%

20	Concepcion Teus Vda. De M. Vara De Reu	Filipino	445,650	0.02%
	SUBTOTAL		**2,181,063,633**	**99.32%**
	OTHER STOCKHOLDERS		14,949,708	0.68%
	GRAND TOTAL		**2,196,013,341**	**100.00%**

2. Dividends.

The ability of the Company to declare and pay dividends on its common shares is generally governed by the pertinent provisions of the Corporation Code of the Philippines, i.e. prohibition on capital impairment and the limitation on the discretion of the Board of Directors, among others. In the recent past, the Company declared and paid dividends as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
29 June 2006	PhP0.06	14 July 2006	31 July 2006
5 October 2006	0.06	19 October 2006	10 November 2006
21 June 2007	0.06	13 July 2007	31 July 2007
20 September 2007	0.04	15 October 2007	8 November 2007
26 June 2008	0.06	15 July 2008	31 July 2008
2 October 2008	0.06	15 October 2008	30 October 2008
13 December 2013	0.02	06 January 2014	30 January 2014
12 December 2014	0.02	15 January 2015	30 January 2015
18 December 2015	0.01	15 January 2016	05 February 2016

The Company has not declared dividends to common shares in the recent years. However, it did declare dividends to the preferred shares as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
10 May 2019	PhP0.04	28 May 2019	31 May 2019
10 May 2019	0.02	08 August 2019	13 August 2019
10 May 2019	0.02	06 November 2019	13 November 2019
	0.02	06 February 2020	13 February 2020[4]
	0.02	07 May 2020	13 May 2020
	0.02	06 August 2020	13 August 2020
	0.02	06 November 2020	13 November 2020

3. Recent Sales of Securities.

In December 2018, Amalgamated Investments Bancorporation subscribed to Five Hundred Million (500,000,000) preferred shares of stock of the Company for PhP500,000,000.00. In March 2021, RCI redeemed 300,000,000 preferred shares pursuant to its agreement with AIB, leaving only 200,000,000 preferred shares outstanding.

RCI reissued and sold to the stock market 145,201,026 treasury shares at an average price of PhP1.42 per share for PhP206.5 Million for the calendar year 2020. Out of this total, 51,093,000 shares were sold pursuant to the Put Option Agreement with LDA Capital.[5] The proceeds were used for the group's working capital and debt servicing.

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[4] The dividend declaration for preferred shares for the CY 2020 were approved by the Board prior to the start of the next calendar year on 13 November 2019.

[5] The Board of Directors approved the Put Option Agreement with LDA Capital on 16 June 2020.

4. Description of Registrant's Securities.

The authorized capital stock of the company is PhP4,375,000,000 divided into 3,375,000,000 common shares with PhP1.00 par value a share and 1,000,000,000 preferred shares with par value of PhP1.00 per share.

Preferred shares are non-voting, redeemable at the option of the Board of Directors, with preference over dividends and are re-issuable.

Shareholders have no pre-emptive rights to any issue of shares, of whatever class by the corporation unless otherwise decided by the Board of Directors for the best interest of the corporation (Art. VIII, CADPGC Amended Articles of Incorporation). There is no provision in its charter or by-laws which would delay, defer or prevent a change in control of the Company.

Calendar year 2020
Corporate Updates

Roxas & Co. is staying the course on its strategy to generate cash from core businesses, honor its commitments, sell assets, and seek partners to help deliver its product and service propositions.

The Taal eruption and Covid-19 adversely affected the hospitality businesses of the company, namely, Anya Hotel of Roxaco Land Corporation and the Go Hotel franchises of Roxaco Asia Hospitality Corporation. Major effects on the hospitality industry were due to government restrictions, but the businesses recovered strongly towards the end of the year when the government eased the restrictions. The Go Hotel properties were used as quarantine facilities by the government.

Despite the pandemic and working capital shortfall, Roxas Sigma Agriventures, Inc. converted 37 potential customers into buying clients and by year-end increased the sales from coconut product by 42% versus 2019.

The Group received the full support of its creditor banks by restructuring its loans worth PhP2.9 billion and granted up to three (3) years additional grace period for the repayment of the loan.

In February 2020, Roxaco-Asia Hospitality Corporation (RAHC), a subsidiary of RLC, sold one of its assets consisting of land and building located in Cubao. This helped the Group raise PhP411 Million, which proceeds were used in pursuit of the Group's strategy to de-leverage. Some realty and asset sales were realized in 2021.

On June 2020, RCI signed a Put Option Agreement with LDA Capital Inc. for a total commitment of PhP800 Million. Under the said agreement, RCI has the right to sell, at its sole option, treasury shares to LDA Capital. Any proceeds that may be raised from this Agreement will be used for working capital and to reduce debt.

Results of Operation

Consolidated revenues for the year amounted to PhP500.2 million from real estate sales of PhP33.8 million, hotel revenues from Go Hotels and Anya Resort of PhP273.0 million and RSAI's exports of PhP193.3 million.

Gross profit for the year amounted to PhP57.1 million or 11.42% of sales.

Operating expenses of Php488.6 million increased due to provision for impairments of assets and recognition of loss on loan modifications.

Equity in net loss of PhP938.0 million represents the 23.08% share in the net loss of RHI.

Financing cost for the year of PhP229.9 million was due to higher interest rates on debts to fund working capital and capital assets.

Net other income of PhP25.6 million represent gain from sale of investment property of PhP25.1 million, income from forfeited and cancelled sales and RSAI sale of coconut by-products .

Net loss from discontinued operations amounted to PhP35.6 million represents loss from asset held for sale.

Consolidated net loss for the year amounted PhP1,150.4 million. Total comprehensive income Php 1,033.5 million is net of other compressive income of P116.9 million from appraisal increases and re-measurement gain (losses) of associates

Financial Position

Consolidated total assets amounting to PhP12,458.9 million as at December 31, 2020 is 8.15% lower than PhP13,564.0 million as at December 31, 2019.

Comparative debt to equity (D/E) ratio as of December 2020 versus December 2019 increased from 0.59:1 to 0.62:1 and continues to be within the allowable 0.75:1 DE ratio required by banks for term loans.

Book value per share is at PhP3.28 as at December 31, 2020.

Trade and installment receivables decreased to PhP272.2 million due to collection on sales of realty and investment property assets and offset by overdue government receivables.

Consolidated long and short term debts slightly increased to PhP3.61 billion due to loan restructuring offsett by repayment from collections and proceeds from sales of certain properties.

Total equity amounting to PhP7,692.6 million as at December 31, 2020 decreased by PhP850.3 million from December 31, 2019, mainly due to the equity in net loss for the year.

Other than the matters discussed above, there are no:

- Significant elements of income or loss that arose from continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

Gross profit. This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over

the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

Export Sales and lots sold. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

Hotel occupancy and average daily room rate (ADR). These represent the key factors that determines the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

Earnings before interest, taxes and depreciation (EBITDA) - This is the measure of cash income from operations and company's liquidity.

Return on Equity - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	For the Period Ended December 31, 2020 (One Year)	December 31, 2019 (One Year)	December 31, 2018 (One Year)
Gross profit	PhP57.1 million	PhP328.2 million	PhP185.7 million
Export Sales of coconut products	PhP193.3 million	PhP136.9 million	PhP54.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	45% / PhP3,282	45% / PhP5,738	37% / PhP5,472
- *Go Hotels*	51% / PhP1,587	59% / PhP1,505	46% / PhP1,514
EBITDA	(PhP765.2 million)	PhP229.0 million	(PhP181.0 million)
Return on equity	(14.95%)	2.07%	1.94%

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation's continued growth and to ensure its viability, management intends to push through with the following plans and projects:

- Continue the land development in Nasugbu, Batangas.
- To develop new customers and increase export and local sales of RSAI to maximize plant capacity.

PART III – MANAGEMENT AND SECURITY HOLDERS

1. Incumbent Directors and Officers of the Issuer

Pedro O. Roxas, Filipino, is the Chairman of the Board of Directors. Mr. Roxas is the Chairman of the Nomination, Election and Governance Committee and is a member of the Compensation Committee. He has been a Director of the Company since 18 October 1995. He is currently the Executive Chairman of the Board and held the position of President and Chief Executive Officer of the Company until 16 December 2016. He is the Chairman of Roxas Holdings, Inc. and other subsidiaries of RHI, Club Punta Fuego, Inc., Roxaco Land Corporation, Fundacion Santiago and Philippine Sugar Millers Corporation. He is an Independent Director of Brightnote Assets Corporation, PLDT, Meralco, CEMEX Holdings, Inc., MAPFRE Insurance Corporation and BDO Private Bank. Mr. Roxas was educated at Portsmouth Abbey School, USA and at the University of Notre Dame, USA where he obtained his degree in Business Administration. Mr. Roxas is married to Regina Tambunting and they have three (3) children.

Fernando L. Gaspar, Filipino, served as the President and Chief Executive Officer of RCI until his retirement on 31 December 2019. He still remains a director of RCI to date despite having retired as President/CEO. He also holds the position of Head COB Aviation of ICTSI. He previously served as the Senior Vice President and Chief Administration Officer of International Container Terminal Systems, Inc. (ICTSI). Apart from this, Mr. Gaspar also served as: Managing Director of Alvarez & Marsal, Inc., Philippine Country Manager for the KUOK Group, President and CEO of KUOK Philippine Properties, Inc., President and CEO of KSA Realty Corporation, President of Shangri-la Hotels, President and COO of KPPI Land Corporation, President and COO of EDSA Properties Holdings, Inc., Vice-Chairman and Managing Director and President and COO of Shangri-la Plaza Corp., Executive Vice-President of KUOK Philippine Properties, Inc., Vice-President of Planning and Finance of San Miguel Holdings Limited Vice-President (China Business Development) of San Miguel Brewing International Limited, Managing Director of San Miguel Brewery Ltd, Chairman of the Board of Guangzhou San Miguel Brewery Ltd., Finance Controller and Company Secretary of San Miguel Brewery Ltd., Sr. Assistant Vice President & Business Development Manager for the Packaging Products Division of San Miguel Corporation, Sr. Assistant Vice President & Manager of the Cash Management Department of San Miguel Corporation. He was educated at the De La Salle University, where he took his undergraduate course in Chemical Engineering. He also took post-graduate courses at the INSEAD Asian Studies Centre, Fontainebleu, France, the Stanford University Graduate School of Business and the Columbia University Graduate School of Business.[6]

Corazon S. de la Paz-Bernardo is Honorary President of the Swiss-based International Social Security Association (ISSA), where she served as President from 2004 to 2010. She served as the first woman President of the Social Security System of the Philippines from 2001 to 2008. She is

[6]Mr. Gaspar was elected by the Board of Directors of the Company as its new President and Chief Executive Officer on 16 December 2016.

also the first woman partner of Price Waterhouse International and was Chairman and Senior Partner of Joaquin Cunanan & Co. (PricewaterhouseCoopers, Philippines) from 1981 to 2001. She was in the World Board of Price Waterhouse World Firm from 1992 to 1995. Mrs. de la Paz-Bernardo was Chairperson of Equitable PCI Bank from 2006 until its merger with Banco de Oro in 2007. She had served as a member of the board of The Philippine Health Insurance Corporation, The Home Development Mutual Fund (PAGIBIG), San Miguel Corp., PLDT, Ayala Land, Ionics Inc., Phinma Energy Inc., Phinma Petroleum & Geothermal Inc. and Philex Mining and was Chairman of NAMFREL for the 2013 elections. She is a member of the boards of directors of Del Monte Philippines, Inc., Republic Glass Holdings, Inc., D&L Industries, Inc., Roxas & Co., Inc. and Phinma Education Holdings Inc. She is an advisor to the board and audit committee of BDO Unibank, Inc. and advisor to the board audit committee of PLDT. She is Vice-Chairman of Jaime V. Ongpin Foundation, Chairman of Jaime V. Ongpin Microfinance Foundation and Vice Chairman of Shareholders Association of the Philippines. She is also a life member of the Cornell University Council, a member of the boards of trustees of the University of the East, the UE Ramon Magsaysay Memorial Medical Center, Miriam College, the Philippine Business for Education, MFI Polytechnic Institute, and Laura Vicuna Foundation for Street Children, among others. She had served as National President of the Philippine Institute of CPAs, the Management Association of the Philippines, the Financial Executives Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation's Service (TOWNS), the Rizal High School Alumni Association and the Philippine Fulbright Scholars Association. She had been a trustee of the Makati Business Club, the Philippine Business for the Environment, the Philippine Business for Social Progress and Children's Hour. She is an awardee of The Outstanding Filipino (TOFIL) in Public Accounting, The Outstanding Women in the Nation's Service (TOWNS), the Outstanding Professional in Public Accounting by the Professional Regulatory Commission and the Philippine Fulbright Program. A Certified Public Accountant, she graduated from the University of the East with a Bachelor of Business Administration degree in 1960, Magna Cum Laude, and obtained first place in the same year's CPA board examination. She obtained her MBA in 1965 from Cornell University in New York as a Fulbright grantee and UE CPA topnotcher scholar. She was awarded a Doctor of Humanities degree (Honoris Causa) by the University of the Cordilleras in 2017.

Francisco Jose R. Elizalde, Filipino, was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is the President and CEO of Elro Retail Corporation, Vice President/Managing Director of ELRO Corporation. He is Chairman of ASpace Corporation, a Director in SPCI Holdings, Inc., ELRO Land, Inc., Roxaco Land Corporation, Club Punta Fuego, Inc., and Hoppler Corporation. Mr. Elizalde was educated at Portsmouth Abbey School, USA and at the University of Vermont, USA where he obtained a degree as Bachelor of Science.

Guillermo D. Luchangco, Filipino, is the Chairman of the Compensation Committee of RCI and the Lead Independent Director. He is the Chairman of the Investment & Capital Corporation of the Philippines ("ICCP"). He is the Chairman and Chief Executive Officer of the ICCP Group of Companies which includes: Pueblo de Oro Development Corporation, Science Park of the Philippines, Inc., Regatta Properties, Inc., ICCP Venture Partners, Inc., ICCP Holdings, Corp., Cebu Light Industrial Park, Inc., RFM-Science Park of the Philippines, Inc., ICCP-SBI Venture Partners, Inc.; Chairman and President of Beacon Property Ventures, Inc.; Chairman of Manila Exposition Complex, Inc.; and Director of Phinma Corp., Ionics, Inc., Ionics EMS, Inc. and Ionics EMS, Ltd. Mr. Luchangco is an independent director of the Company since he was first nominated and elected to the Board of Directors on 18 November 2009.

Aurelio R. Montinola III is Chairman and Trustee of Far Eastern University (FEU) and FEU High School and Vice Chairman and Trustee of the Philippine Business for Education (PBED) Inc. He served as the President and CEO of Bank of the Philippine Islands from 2005 - 2013, and exited

with BPI as the only Philippine bank rated Investment Grade by Fitch Ratings. He was twice awarded (2005 and 2009) the Asian Banker Leadership Achievement Award for the Philippines, and served as President of the Bankers Association of the Philippines from 2008 - 2012. Among others, he remains Director of BPI, BPI Family Savings Bank, Inc., BPI Capital Corporation, BPI Direct BanKO, Inc. and BPI/MIS Insurance Corp. and Director of Western Resources Corporation. He is the Chairman of Nicanor Reyes Education Foundation, Inc., East Asia Computer Center Inc. He is also the Chairman and Director of FEU Alabang, Amon Trading Corporation, Armon Realty, Inc. Monti-Rey, Inc., Derrc, Inc, Desrey, Inc. and Seyrel Investment & Realty Corporation. Other affiliations include: Chairman, Roosevelt College, Inc.; Vice Chairman and Director of Mere, Inc.; Chairman, President and Director of Amanda Carina Holdings, Inc.; Trustee, Pres. Manuel A. Roxas Foundation and Anita Magsaysay Ho Foundation; Member of Philippine Trade Foundation, Inc., and Vice President, Management Association of the Philippines where he received the MAP Management Man of the Year Award in 2012. He graduated BS Management Engineering at the Ateneo de Manila in 1973, and MBA at the Harvard Business School in 1977.

Santiago R. Elizalde, Filipino, is the President/CEO of the Company's wholly-owned subsidiary, Roxaco Land Corporation. Mr. Elizalde is likewise the President and Chief Operating Officer of Roxaco-Asia Hospitality Corporation. He also serves as the Chairman of the 24 Hour Vendo Machine Corporation, Vice-Chairman and member of the Executive Committee of ELRO Corporation and Club Punta Fuego, Inc., President of CGB Condominium Corporation, Chairman of Roxas Foundation, Inc., and Director of ELRO Land Corporation, Punta Fuego Village Homeowners Association, Inc., Punta Fuego Village Foundation and Terrazas de Punta Fuego Village Homeowners, Inc. and Fundacion Santiago. Mr. Elizalde obtained his Bachelor of Arts in Economics from Denison University in Ohio, USA.

The directors hold office for a term of one (1) year until their successors are elected and qualified.

Corporate Officers

Armando B. Escobar served as the Executive Vice President - Chief Finance Officer, Treasurer & Risk Management Officer of the company until his retirement on 30 June 2020. He was formerly the Group President and Chief Operating Officer of Moldex Group of Companies. Served as President of Vitarich Corporation; Senior Vice President- Head of Operations & Special Accounts Management Group of the Philippine Bank of Communications; was a Director of Bancnet. Mr. Escobar obtained his Bachelor of Science in Business Management in Ateneo de Manila University and Post-Graduate studies under the Strategic Business Economics Program in the University of Asia and the Pacific.

Edgar P. Arcos, Filipino, is the new Chief Financial Officer, Treasurer, and Risk Management Officer of RCI. He was appointed on 12 August 2020. He is the OIC-General Manager of RCI since 01 January 2021. He held senior finance roles inOil & Gas, Construction & Service, and FMCG entities in the Philippines, Singapore, South Africa, and Ghana. Prior to joining RCI, he was the COO of Jospong Group of Companies (Ghana). He also served as VP Finance of Citadel Pacific Ltd., Supply Chain Finance Manager of Coca Cola Bottlers, Philippines; Supply and Retail Finance Manager of Shell for East Asia, Africa and Philippines; Finance Manager of Otis Elevator Company (Philippines), Inc., and FP&A Manager for Otis Asia Pacific. He obtained his degree of BS Business Administration and Accounting from University of the Philippines, Certificate with Distinction Strategic Business Economics from University of Asia and the Pacific, and is pursuing MS HRMD at the University of Salford

Peter D. A. Barot, Filipino, is the Corporate Secretary of the Company. He obtained his Bachelor of Arts (Economics) and Bachelor of Laws from the University of the Philippines, and his Master of

Laws from the University of Chicago. He is a Partner at the Picazo Buyco Tan Fider & Santos Law Offices.

Monica Isabelle I. Villanueva, Filipino, is the Assistant Corporate Secretary and Compliance Officer of the Company. She is also the Corporate Secretary of Roxaco Land Corporation. Prior to joining the Company, she worked as an Associate Lawyer in Ocampo and Manalo Law Firm and served as Director and Corporate Secretary for several domestic corporations, including PRIME Media Holdings, Inc. She obtained her Bachelor's Degree in Legal Management with a Minor in International Business from Ateneo de Manila University and thereafter obtained her Juris Doctor from the same university. She became a member of the Philippine Bar in April 2009.

Significant Employees

While the Company is not highly dependent on the services of an employee who is not an Executive Officer, the Company values its human resources and expects them to do their share in achieving its objectives.

Family Relationships

Messrs. Pedro O. Roxas, Carlos R. Elizalde, and Francisco Jose R. Elizalde are related to each other within the fourth degree of consanguinity.

Messrs. Santiago R. Elizalde (President of RLC), Francisco Jose R. Elizalde and Carlos R. Elizalde are brothers.

Legal Proceedings

No director, independent director, executive officer or senior officer of the company, during the past five (5) years, has been subject to:

(a) any bankruptcy petition filed by or against any business of which a director/independent director, officer or person nominated for election as director/independent director was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;

(b) any conviction by final judgment in a criminal proceeding, domestic or foreign;

(c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director, officer or persons nominated for election as director/independent director in any type of business, securities, commodities or banking activities; and

(d) any final finding by a domestic or foreign court, the Securities and Exchange Commission or comparable foreign body, or any quasi-judicial or regulatory body, that any director / independent director, officer or any person nominated for election as director / independent director, has violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

As part of the corporate reorganization of the Roxas Group, the Company's stockholders approved the following in 2008: (i) the sale to Roxas Holdings, Inc. (RHI) of sugar-related assets, liabilities and all interests of CADPGC in sugar-related operating subsidiaries and associate; and (ii) the merger of RCI and CADPGC.

Messrs. Pedro O. Roxas and Francisco Jose R. Elizalde, who are incumbent directors of the Company, were also directors of the absorbed company, RCI. They, together with director Carlos R. Elizalde, are members of the Roxas family which owned RCI prior to its merger with CADPGC.

Messrs. Pedro O. Roxas is also a director of RHI. As of 31 December 2017, the Company owns 23% of the total issued and outstanding capital of RHI.

The Parent Company settles director's remuneration through cash compensation and issuance of treasury shares for each regular board meeting attended by a director amounting to PhP25,000 cash and PhP25,000 worth of treasury shares. As directors of the Parent Company, Messrs. Pedro O. Roxas, Francisco Jose R. Elizalde and Santiago R. Elizalde were paid directors fees as above-stated.

Parent Company

As of 31 December 2020, the Company directly owns 100% of the issued and outstanding shares of Roxaco Land Corporation (RLC), Nasugbu Feeds Corporation, United Ventures Corporation and Roxas Green Energy Corporation, 88.81% of the issued and outstanding shares of Roxas Sigma Agriventures, Inc. and 23.05% of the total issued and outstanding shares of Roxas Holdings. Inc. (RHI).

As of 31 December 2020, RLC still owns 100% of the total and outstanding shares of SAMG Memorial Management and Services, Inc. It has interests in Fuego Development Corporation (30%), Fuego Land Corporation (30%), Roxaco-ACM Development Corporation (50%), Club Punta Fuego, Inc. (25%), Roxaco-Asia Hospitality Corporation (51%) and Brightnote Assets Corporation (10%).

RHI, a publicly-listed company, owns 100% of the issued and outstanding shares of Central Azucarera Don Pedro, Inc. (CADPI). It also has interests in , San Carlos Bioenergy, Inc. (93.35%) and Roxas Power Corporation (50%).

Disagreement with the Company

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last meeting of shareholders because of a disagreement with the Company on any matter relating to its operations, policies and practices.

2. Executive Compensation

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

a) Section 7 of Art. 3 of the Amended By-Laws of the Company provides that the members of the Board of Directors and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall said remuneration exceed two (2%) of the net income of the Company before tax. Presently, the

members of the Board of Directors receive PhP50,000 for every regular meeting attended, broken down as follows: PhP25,000 in cash and shares in such numbers equivalent to the PhP25,000 balance. For special meetings of the Board, a director will be given a per diem of PhP25,000 cash. A director of the Company who attends all meetings receives a total of roughly PhP200,000 annually. Each of the members of the four committees--(i) Audit and Risk; (ii) Nomination, Election and Governance; (iii) Compensation; and (iv) Related Party Transactions--also receive a per diem of PhP20,000 per meeting. No warrants and options have been granted to the directors and officers within the past three (3) years.

b) Compensation of Executive Officers

	Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation*
		FY 2020			
A	Pedro O. Roxas – Executive Chairman		PhP -	PhP -	PhP285,000
B	Fernando L. Gaspar - President and CEO				
C	Armando B. Escobar – EVP, CFO and Risk Management Officer, Treasurer				
D	Monica Isabelle I. Villanueva – General Counsel/ Compliance Officer				
E	CEO and Top Four Executives		PhP23,927,078	PhP2,406,863	
F	All officers & directors as group unnamed		PhP28,956,273	PhP2,824,363	PhP2,010,000

*Director's fees

c) Estimated Compensation and Bonus for CY 2021

The estimated compensation and bonus of the directors and present officers of the Company for calendar year 2021 are as follows:

		Salary	Bonus	Other Annual Compensation
A	Pedro O. Roxas – Executive Chairman	PhP -	PhP-	PhP-
B	Edgar P. Arcos – CFO, Treasurer, Chief Risk Officer, OIC-GM			
C	Monica Isabelle I. Villanueva – General Counsel/ Compliance Officer			
D	CEO and Top Four Executives	PhP24,000,000	PhP2,000,000	
E	All officers & directors as group unnamed	PhP29,000,000	PhP2,000,000	PhP2,000,000

3. Security Ownership of Certain Record and Beneficial Owners and Management

(a) Security ownership of certain record and beneficial owners of more than 5% of the Company's securities, both listed and not listed, as of December 31, 2020:

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[7]
Common	SPCI Holdings, Inc. 4F New Solid Bldg. 357 Sen Gil Puyat Ave. Makati City	SPCI Holdings, Inc.[8]	Philippine National	710,350,473 (direct & indirect)	32.35%
Common	Pedro O. Roxas 7/F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City Executive Chairman	Pedro O. Roxas/ Pesan Holdings, Inc.	Filipino/ Philippine National	556,500,021 (direct & indirect)	25.34%
Common	PCD Nominee (Non-Filipino)		Other Alien	285,390,486	13.00%
Common	PCD Nominee Corporation (Filipino)		Philippine National	162,696,460	7.41%
Common	CISCO Holdings Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	Francisco R. Elizalde	Philippine National	112,500,000	5.12%
Common	CRE Holdings, Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	Carlos R. Elizalde	Philippine National	112,500,000	5.12%
Common	IÑIGO Holdings, Inc.	Iñigo R. Elizalde	Philippine National	112,500,000	5.12%
Common	SRE Holdings, Inc.[9]	Santiago R. Elizalde	Philippine National	112,500,000	5.12%
TOTAL				**2,164,931440**	**98.58%**

Except as stated above and in the related footnotes, the Board of Directors and the Management of the Company have no knowledge of any person who, as of 31 December 2020, was directly or indirectly the beneficial owner of, or who has voting power or investment power with respect to, shares comprising more than five percent (5%) of the Company's outstanding common stock.

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[7]The percentages of shareholding were arrived at by dividing the number of shares owned, directly and indirectly, by the shareholders over 1,978,182,356 common shares, the total outstanding shares as of 31 December 2017.

[8]Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde, directors of the Company, and their brothers Inigo Elizalde and Santiago Elizalde, each owns 24.99% of the total outstanding shares of SPCI Holdings, Inc. (SPCI). Collectively, the Board of Directors of SPCI has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

[9]SRE Holdings, Inc., INIGO Holdings, Inc., CRE Holdings, Inc., and CISCO Holdings, Inc. are the personal holding companies of the respective indicated beneficial owners, who in turn are the stockholders of SPCI Holdings, Inc.

(b)Security Ownership of Management as of 31 December 2020.

The following table sets forth the number of shares, listed and not listed, owned of record and/or beneficially owned by the directors, independent directors, the Chief Executive Officer and the key officers of the Company, and the percentage of shareholdings of each as of December 31, 2020:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Natur Of Ownership*	*Percent of Class*
Common	*Pedro O. Roxas* *Executive Chairman*	*Filipino*	556,500,021 *(direct & indirect)*	*25.34%*
Common	*Santiago R. Elizalde*	*Filipino*	*2,496,131* *(direct)* *710,350,473* *16,371,651* *(indirect)*	*0.11%* *32.35%* *0.75%*
Common	*Francisco Jose R. Elizalde*[10] *Director*	*Filipino*	*1,899,653* *(direct)* *710,350,473* *16,371,651* *(indirect)*	*0.09%32.3* *5%* *0.75%*
Common	*Corazon S. De la Paz-Bernardo* *Independent Director*	*Filipino*	*251,196* *(direct & indirect)*	*0.01%*
Common	*Guillermo D. Luchangco* *Independent Director*	*Filipino*	*242,707* *(direct & indirect)*	*0.01%*
Common	*Fernando L. Gaspar* *President / CEO*	*Filipino*	*9,087,653* *(direct & indirect)*	*0.41%*
Common	*Aurelio R. Montinola, III* *Independent Director*[11]	*Filipino*	*158,188* *(indirect)*	*0.00%*
Common	*Armando B. Escobar*[12] *Executive Vice-President / Chief Finance and Risk Management Officer/Treasurer*	*Filipino*	*0*	*0.00%*

[10]Please see footnote no. 10.

[11] Mr. Aurelio Montinola III was appointed as Independent Director on 16 December 2016.
[12] Retired as of _30 June 2020.

Common	*Edgar P. Arcos Chief Financial Officer/Treasurer; Risk Management Officer; OIC-General Manager*	*Filipino*	*0*	*0.00%*
Common	*Peter D. A. Barot Corporate Secretary*	*Filipino*	*0*	*0.00%*
Common	*Monica Isabelle I. Villanueva Asst. Corp. Secretary*	*Filipino*	*0*	*0.00%*
Common	*Directors and Officers As a Group*		*1,297,357,673*	*59.08%*

(c) Voting Trust Holders of 5% or More.

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

d) Change in Control

There has been no change in control since the beginning of the last fiscal year. The Company is also not aware of the existence of any change in control agreements.

PART IV-CORPORATE GOVERNANCE

The Board approved the Company's Revised Manual on Corporate Governance on 08 December 2009 in conformity with Memorandum Circular No. 6, Series of 2009 issued by the Securities and Exchange Commission (SEC). Since the effectivity of the Company's original Manual on Corporate Governance on 01 January 2003, the Company has complied with the principles contained in the Manual, both the original and the revised, insofar as they may be relevant to the Company's business. The Company likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. The evaluation system basically consists of determining the Company's compliance with certain best practices, such as the observance of the basic rights of shareholders, equitable treatment of shareholders, recognizing the shareholders' role in corporate governance, timely disclosure and transparency and Board responsibility. Measures are also being undertaken by the Company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Audit & Risk Committee, Compensation Committee, and Governance, Nomination and Election Committee, the election of the required number of independent directors to its Board of Directors, the amendment of Section 2 of Article II of its By-Laws dealing on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual which deal on the qualifications and disqualifications of directors.

On 07 August 2014, upon the directives of the SEC through Memorandum Circular No. 9, Series of 2014, the Board approved the revised Manual on Corporate Governance.

On 12 May 2017, the Board approved the Revised Manual on Corporate Governance. The revisions in the updated Manual included revisions recommended for Publicly Listed Companies as provided in SEC MC No. 19, Series of 2016.

The Company has not deviated from nor violated the provisions of the Manual. The Company undertakes to improve its corporate governance practices as may be required by law or the exigency of the business.

PART V - EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C.

(a) Exhibits

Certified Consolidated Financial Statements as of and for the year ended December 31, 2020.

b) Reports on SEC Form 17-C.

The following were filed in the last 6-month period covered by this report, to wit:

1. On 16 June 2020, the Board of Directors of Roxas and Company, Inc. ("Corporation"), in a special board meeting approved the following:
    a. Put Option Agreement with LDA Capital LLC for a total commitment of up to PhP800 Million treasury shares for 36 months from signing of the Agreement;
    b. Grant a Call Option to LDA Capital for 99,000,000 common shares at a call price of PhP2.38/share.

2. On 26 June 2020, the Board of Directors of Roxas and Company, Inc. (RCI), in its Regular Board meeting, approved the following:
    a. Audited Financial Statements for the period ending 31 December 2019
    b. SEC Form 17-A
    c. Consolidated Financial Report for the first quarter of CY 2020, quarter ended 31 March 2020
    d. SEC Form 17-Q
    e. Approval of Sustainability Report for filing.

3. On 07 August 2020, the Board of Directors of Roxas and Company, Inc. (RCI), in its regular board meeting approved the Consolidated Financial Report for the second quarter of CY 2020, quarter ended 30 June 2020 and SEC Form 17-Q.

4. On 12 August 2020, the shareholders of Roxas and Company, Inc, (RCI), in its annual meeting held via video conference, unanimously elected the following persons to the Board of Directors of RCI to serve as such until their successors are elected:

    Ms. Corazon S. De La Paz-Bernardo (Independent Director)
    Mr. Francisco R. Elizalde
    Mr. Santiago R. Elizalde
    Mr. Fernando L. Gaspar
    Mr. Guillermo D. Luchangco (Independent Director)
    Mr. Aurelio R. Montinola III (Independent Director)
    Mr. Pedro O. Roxas

The shareholders also unanimously elected the auditing firm of Sycip Gorres Velayo & Co. as external auditors of RCI for the calendar year 2020.

Further, the shareholders approved the Consolidated Annual Report with accompanying financial statement of RCI for the calendar year ended 31 December 2019. The table below shows how the shareholders voted their shares during the annual meeting:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 29 May 2019	**1,729,133,200** shares	NONE	NONE
Approval of the Annual Report to the Stockholders for the calendar year ending 31 December 2019	**1,729,133,200** shares	NONE	NONE
Ratification of all the acts and resolutions of the Board of Directors and Management from May 29, 2019 up to present	**1,729,133,200** shares	NONE	NONE
Election of the Board of Directors	**1,729,133,200** shares	NONE	NONE
Election of the external auditors	**1,729,133,200** shares	NONE	NONE

Immediately after the stockholders' meeting, the newly-elected members of the Board of Directors held an organizational meeting where they elected the following officers:

Pedro O. Roxas	-	Chairman
Fernando L. Gaspar	-	President & CEO
Guillermo D. Luchangco	-	Lead Independent Director
Edgar P. Arcos	-	Executive Vice President & CFO-Treasurer and Risk Management Officer
Atty. Peter D. Barot	-	Corporate Secretary
Atty. Monica Isabelle I. Villanueva	-	Assistant Corporate Secretary Compliance Officer/ Corporate Information Officer/ Investment Relations Officer
Marcelino C. Bundoc	-	Alternate Corporate Information Officer/Alternate Compliance Officer

They also elected the following Directors to the (a) Audit & Risk, (b) Compensation, (c) Nomination, Election & Governance Committees, and (d) Related Party Transaction Committee and (e) Executive Committee:

Audit & Risk Committee:

Corazon S. De La Paz-Bernardo	-	Chairperson (Independent Director)
Aurelio R. Montinola III	-	Member (Independent Director)
Francisco R. Elizalde	-	Member

Compensation Committee:

Guillermo D. Luchangco	-	Chairperson (Independent Director)
Corazon S. De La Paz-Bernardo	-	Member (Independent Director)
Pedro O. Roxas	-	Member

Nomination, Election & Governance Committee:

Guillermo D. Luchangco	-	Chairperson (Independent Director)
Pedro O. Roxas	-	Member
Santiago R. Elizalde	-	Member
Corazon Dela Paz-Bernardo	-	Member (Independent Director)
Aurelio R. Montinola III	-	Member (Independent Director)

Related Party Transaction Committee:

Aurelio R. Montinola III	-	Chairperson (Independent Director)
Corazon De La Paz-Bernardo	-	Member (Independent Director)
Francisco R. Elizalde	-	Member

Executive Committee

Pedro O. Roxas	-	Chairperson
Francisco R. Elizalde	-	Member
Aurelio R. Montinola III	-	Member (Independent Director)

5. On 14 September 2020, acts/resolutions were passed, wherein the Group secured approval to ask its creditor banks to approve up to three years additional grace period for the repayment of PhP2.6 Billion of the Group's debts. Bank debts with recently approved repayment terms include BPI (1.6 billion), RBC (759.4 million), and AUB (188.5 million)

6. On 10 November 2020, the Board of Directors of Roxas and Company, Inc. ("RCI"), in its regular board meeting, approved the consolidated financial report of the company for the 3rd quarter of CY2020, quarter ended 30 September 2020 as reviewed and endorsed by the Audit Committee on 05 November 2020. The Board also approved the 2021 Budget/Business Plan of the company as presented. Finally, the Board approved the company's official email addresses and official cellphone numbers for compliance with SEC Memorandum Circular No. 28, Series of 2020.

7. On 17 December 2020, the Board of Directors of RCI, in a special meeting, approved the sale of portions of its property located in Banilad, Batangas, as well as the sale by its wholly owned subsidiary, Roxaco Land Corporation, of portions of its properties located in Banilad, Batangas to National Grid Corporation of the Philippines (NGCP). The total area subject of the sale is 27,680 sq. meters, more or less. The properties are intended to be used by NGCP for its Tuy (Calaca)-Dasmariñas 500 kV Transmission Line Project.

8. On 24 February 2021 Roxaco Land Corp (Roxaco) sold to Sta. Lucia Realty and Dev., Inc., a portion of property located in Brgy Lumbangan, Nasugbu Batangas for an area of 202,535 sqm and in Brgy. Bilaran, Nasugbu Batangas for and area of 171,876 sqm. The proceeds form the sale will be used to pay-off a portion of Roxaco's debt and for its working capital needs. Sta. Lucia planned residential and commercial developments for the properties are expected to substantially increase the fair market value of the land bank owned by Roxaco and Roxas and Company in the adjacent areas as well as, enhance the attractiveness of Nasugbu, Batangas as a destination for other major developers and locators.

9. On 03 March 2021 Roxas and Company, Inc. (RCI) successfully restructured its existing debt with AIB. Under this arrangement, AIB will grant RCI a loan in the amount of Php370 Million. The proceeds of the loan will be used to redeem a portion of its preferred shares held by AIB and convert it into a term loan, and fully pay its short-term loan. The new loan shall be repaid after five (5) years from borrowing date. The restructuring plan reflects AIB's confidence in RCI and the viability of its operations. It provides RCI with sufficient period to generate additional cash flows to significantly reduce debt through operational excellence, sale of non-core assets, divestment from minority investments, and equity raise from the re-issuance of its treasury shares.

OTHER MATTERS

The following reports/minutes of meetings will be submitted for ratification/approval by the stockholders in the next Annual Stockholders' Meeting, which is scheduled on the last Wednesday of May 2021 but has been postponed by the Board of Directors to 16 June 2021:

a) Chairman's Report and the Consolidated Audited Financial Statements for the calendar year ended 31 December 2020.

b) Minutes of the Annual Meeting of Stockholders held on 12 August 2020.

The minutes of meeting of the 12 August 2020 annual meeting of shareholders will be made available to all shareholders on the day of the annual meeting but have also been published in the company website immediately after the annual meeting. Essentially, the minutes of the annual meeting contains the following:

(i) reading and approval of the minutes of the 12 August 2020 annual meeting of shareholders;

(ii) presentation and approval of the 31 December 2020 annual report to shareholders;

(iii) approval and ratification of all acts and resolution of the Board of Directors since the annual meeting of shareholders on 12 August 2020;

(iv) the elected members of the Board of Directors for calendar year 2021;

(v) the external auditor for calendar year 2021.

c) Acts/Resolutions of the Board of Directors since the 12 August 2020 annual meeting of shareholders, which include the following:

1. Acts/resolutions approved during the 16 June 2020 special meeting of the Board of Directors:
    a. approval of Put Option Agreement with LDA Capital LLC for a total commitment of up to PhP800 Million treasury shares for 36 months from signing of the Agreement;
    b. grant of a Call Option to LDA Capital for 99,000,000 common shares at a call price of PhP2.38/share.

2. Acts/resolutions approved during the 26 June 2020 regular meeting of the Board of Directors:
    a. Audited Financial Statements for the period ending 31 December 2019.
    b. SEC Form 17-A.
    c. Consolidated Financial Report for the first quarter of CY 2020, quarter ended 31 March 2020.
    d. SEC Form 17-Q
    e. Approval of Sustainability Report for filing.

3. Acts/resolutions passed in the regular Board meeting held on 07 August 2020, where the Board approved the Consolidated Financial Report for the second quarter of CY 2020, quarter ended 30 June 2020 and SEC Form 17-Q.

4. Acts/resolutions passed on 14 September 2020, wherein the Group secured approval to ask its creditor banks to approve up to three years additional grace period for the repayment of PhP2.6 billion of the Group's debts. Bank debts with recently approved repayment terms include BPI (1.6 billion), RBC (759.4 million), and AUB (188.5 million).

5. Acts/resolutions passed during the regular meeting of the Board held on 10 November 2020 where the board approved the consolidated financial report of the company for the 3rd quarter of CY2020, quarter ended 30 September 2020 as reviewed and endorsed by the Audit Committee on 05 November 2020. The Board also approved the 2021 Budget/Business Plan of the company as presented. Finally, the Board approved the company's official email addresses and official cellphone numbers for compliance with SEC Memorandum Circular No. 28, Series of 2020.

6. Acts/resolutions passed during the special board meeting held on 17 December 2020, where the board approved the sale of portions of its property located in Banilad, Batangas, as well as the sale by its wholly owned subsidiary, Roxaco Land Corporation, of portions of its properties located in Banilad, Batangas to National Grid Corporation of the Philippines (NGCP). The total area subject of the sale is 27,680 sq. meters, more or less. The properties are intended to be used by NGCP for its Tuy (Calaca)-Dasmariñas 500 kV Transmission Line Project.

7. Acts/resolutions passed during the special board meeting held on 12 March 2021, where the Board approved the redemption of 300 Million redeemable preferred shares, which are not listed with the Philippine Stock Exchange ("PSE"), issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of PhP1.00/share pursuant to its Articles of Incorporation, which provides

that the preferred shares of the Corporation are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its Board of Directors. The Board has yet to determine the terms of re-issuance of the said preferred shares.

8. Acts/resolutions passed during the regular meeting of the Board held on 12 April 2021, where the Board approved the nomination of Mr. Gerardo C. Ablaza, Jr. as nominee for Independent Director at the next Annual Stockholders' Meeting and setting the Annual Stockholders' Meeting on 26 May 2021 as provided in the By-Laws and set the record date for the ASM to 30 April 2021.

9. Acts/resolutions passed during the special meeting of the Board held on 03 May 2021, where the Board approved the postponement of the Annual Shareholders' Meeting to 16 June 2021 to give Management sufficient time to finalize the Audited Consolidated Financial Statements due to delays caused by the restrictions imposed under a Modified Enhanced Community Quarantine and to correspondingly adjust the record date to 18 May 2021.

VOTING PROCEDURES

(a) The vote required for the:-

(1) Approval of the Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting
(2) Approval of the Chairman's and President's Report - majority of the shares represented at the meeting
(3) Approval of the Audited Financial Statements - majority of the shares represented at the meeting
(4) Approval of All Acts and Resolutions of the Board of Directors and Management - majority of the shares represented at the meeting
(5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares
(6) Election of External Auditors - plurality of the shares represented at the meeting
(7) Extension of corporate term - at least 2/3 of the outstanding capital stock

(b) The method by which votes will be counted - Subject to cumulative voting in the election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro as the Company's stock transfer agent, representatives of SGV& Co., and the Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY, 7/F CG BULDING, 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229.

SIGNATURE

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

ROXAS AND COMPANY, INC.
(formerly **CADP GROUP CORPORATION)**

By:

MONICA ISABELLE I. VILLANUEVA
Assistant Corporate Secretary

Issuer

ROXAS AND COMPANY, INC.

Pursuant to the requirements of Section 17 of Revised Securities Act, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
OIC-General Manager and Chief Finance Officer

MONICA ISABELLE I. VILLANUEVA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 17 2021 in Makati City affiants exhibiting to me their respective competent ID's as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
Edgar P. Arcos	Passport No. P7030824A	03 May 2018 – 02 May 2028	DFA NCR South
Monica Isabelle I. Villanueva	Passport No. P1265908A	17 Dec 2016 - 16 Dec 2021	DFA Manila

Doc. No. 259
Page No. 53
Book No. 1
Series of 2021.

ATTY. CLARENCE GABRIEL D. REVADILLO
Notary Public for Makati City
Appointment No. M-99
Until December 31, 2022
Roll of Attorney's No. 74289
IBP OR No. 150810/ 01-13-2021
PTR No. 8535451/Makati City/01-06-2021
MCLE Exempted – Admitted to the bar in 2020

Roxas & Company, Inc.

ANNEX "A"

AUDIT COMMITTEE REPORT

Audit and Risk Committee Report

14 May 2021

The Board of Directors
Roxas and Company, Inc.

Further to our compliance with applicable corporate governance laws and rules, we confirm that for the period of 01 January to 31 December 2020:

- The Chairman of the Audit and Risk Committee is an independent director as determined by the Board of Directors;

- We had four (4) regular meetings during the said period;

- We have discussed with RCI's internal audit group and Sycip Gorres Velayo & Co. ("SGV"), RCI's external auditor, the overall scope and plans for their respective audits, and the results of examinations, their evaluations of the internal controls and the overall quality of the financial reporting of Roxas and Company, Inc. and its subsidiaries (the Roxas Group);

- We have reviewed and approved all audit services rendered by SGV & Co. to the Roxas Group, and the related fees for such services, and concluded that the fees are not significant to impair their independence;

- We have discussed with SGV & Co. the matters required to be discussed by the prevailing applicable Auditing Standards, and we have received written disclosures and the letter from SGV & Co. as required by the prevailing applicable Independence Standards (Statements as to Independence) and have discussed with SGV & Co. its independence from the Roxas Group and Roxas Group's management;

- In the performance of our oversight responsibilities, we have reviewed and discussed the audited financial statements of the Roxas Group as of and for the year ended 31 December 2020 with the Roxas Group's management, which has the primary responsibility for the financial statements, and with SGV & Co., the Roxas Group's independent auditor, who is responsible for expressing an opinion on the conformity of the Roxas Group's audited financial statements with Philippine Financial Reporting Standards (PFRS);

- Based on the reviews and discussions referred to above, in reliance on the Roxas Group's management and SGV & Co. and subject to the limitations of our role, we recommended to the Board of Directors and the Board has approved, the inclusion of the Roxas Group's audited financial statements as of and for the year ended 31 December 2020 in the Roxas Group's Annual Report to the Stockholders and to the Philippines Securities and Exchange Commission (SEC) on Form 17-A; and

- Based on a review of SGV & Co.'s performance and qualifications, including consideration of management's recommendation, we approved the appointment of SGV & Co. as the Roxas Group's independent auditor.

CORAZON DE LA PAZ-BERNARDO
Chairperson

FRANCISCO R. ELIZALDE
Member

AURELIO R. MOTINOLA III
Member

ANNEX "B"

Statement of Management Responsibility for Consolidated Financial Statements

Report of Independent Auditors

Consolidated Statements of Financial Position

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Retained Earnings Available for Dividend Declaration

Index to Consolidated Financial Statements

Organizational Structure

Roxas & Company, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Roxas and Company, Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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

The Board of Directors reviews and approves the consolidated 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 consolidated financial statements of the Group 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.

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
OIC-General Manager and Chief Finance Officer

Signed this **14th day of May, 2021**.

Roxas & Company, Inc.

SUBSCRIBED AND SWORN to before me this MAY 17 2021 in Makati City, affiants exhibiting to me their respective competent ID as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
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Roll of Attorney's No. 74289
IBP OR No. 150810/ 01-13-2021
PTR No. 8535451/Makati City/01-06-2021
MCLE Exempted – Admitted to the bar in 2020

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	0	0	0	0	0	8	3	4

COMPANY NAME

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

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

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.roxascompany.com.ph	(02) 8810-8901 to 06	–

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
3,301	Last Wednesday of May	December 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
Atty. Monica Isabelle I. Villanueva	miv@roxascompany.com.ph	(637) 8751-9537	–

CONTACT PERSON's ADDRESS

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

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

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village
Makati City

Opinion

We have audited the consolidated financial statements of Roxas and Company, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

Assessment of the Going Concern Basis of Accounting

As at December 31, 2020, the current liabilities of the Group exceeded its current assets by ₱71.2 million. Furthermore, the Group incurred a net loss of ₱1,150.4 million and net cash outflows of ₱44.3 million for the year ended December 31, 2020. The Corona Virus Disease 2019 (COVID-19) pandemic has affected the various businesses of the Group, resulting in deterioration in earnings and negative operating cash flows. The Group's ability to generate sufficient operating cash flows amidst the disruptions caused by the COVID-19 pandemic and availability of sufficient funding to enable the Group to meet its currently maturing obligations is important in supporting the going concern assumption and, as such, is significant to our audit. This assessment is based on management's expectations of and estimates of future cash flows of the Group. Estimated future cash flows are based on management assumptions, such as growth rate in sales of coconut products and food and beverage revenue, growth in hotel occupancy rate, coconut plant capacity utilization rate, manufacturing cost ratio and operating expenses ratio, and sale of raw land properties and property, plant and equipment.

Refer to Note 5 to the consolidated financial statements for the discussion of significant judgment and estimates, Note 1 for the disclosure about the Group's status of operations and management plans and Note 32 for the disclosures about the impact of the COVID-19 pandemic to the Group.

Audit Response

We obtained management's assessment of the going concern assumption and its forecasts of future cash flows. Together with our internal specialist, we evaluated management's assessment and the significant assumptions used. We compared the key assumptions used, such as growth rate in sales of coconut products and food and beverage revenue and growth in hotel occupancy rate, coconut plant capacity utilization rate, manufacturing cost ratio and operating expenses ratio and sale of raw land properties and property, plant and equipment, against the Group's historical performance, current industry outlook and other relevant external data, taking into consideration the impact associated with the COVID-19 pandemic. We also compared significant assumptions on investing and financing activities against minutes of meetings of board of directors and shareholders, audit committee and other committees and significant contracts and agreements entered into by the Group. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions. We reviewed the adequacy of disclosures relating to management's assessment and plans.

Impairment testing of property, plant and equipment

The Group assesses at the end of its reporting period whether there is any indicator that its property, plant and equipment may be impaired. As of December 31, 2020, the Group's coconut processing plant was underutilized, while the actual occupancy rate of its hotel business is below its budgeted occupancy rate. Management assessed that these factors are indicators of impairment of the coconut processing plant and the assets related to the hotel business, thus, the Group performed an impairment testing. For the year ended December 31, 2020, the Group recognized impairment loss on the coconut processing plant amounting to ₱40.9 million, while there was no impairment loss for the hotel business. As of December 31, 2020, the carrying amounts of the coconut processing plant and the hotel assets amounted to ₱857.8 million and ₱2,264.3 million, respectively.

We considered the impairment testing of property, plant and equipment as a key audit matter because of the materiality of the amounts involved. In addition, management's assessment process requires significant judgment in determining the discount rates and assumptions on cash flows for its coconut processing and hotel business. The management used significant assumptions relating to the sales growth rate, plant capacity utilization rate, gross profit ratio and operating expenses ratio for the coconut processing business; and growth rate, occupancy rate, food and beverage revenue, gross profit ratio, operating expenses ratio and salvage value of the cash generating unit for the hotel properties; and how management considered the impact of the COVID-19 pandemic in the forecasted cash flows.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgment and estimates, and Note 12 for the detailed disclosures about the carrying amounts of the property, plant and equipment.

Audit response

We reviewed management's assessment of the indicators of impairment that would require the impairment testing of the individual assets and the cash generating units (CGUs). With the involvement of our internal specialist, we evaluated the methodologies and key assumptions used to estimate the discounted cash flows of the CGUs based on our understanding of the Group's business plans. We compared these assumptions against the historical performance of the CGUs and other relevant external data, as applicable, taking into consideration the impact associated with the COVID-19 pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment testing is most sensitive; specifically, those that have the most significant effect in the determination of the recoverable amount of property and equipment.

Accounting for the investment in a significant associate

The Group has a 23.05% ownership interest in Roxas Holdings, Inc. (RHI, an associate) that is accounted for under the equity method. For the year ended December 31, 2020, the Group's share in the net loss and other comprehensive income of RHI amounted to ₱938.0 million and ₱90.3 million, respectively. The Group's share in RHI's net income is significantly affected by RHI's raw sugar business which follows the *quedan* system, where a negotiable instrument called *quedan* evidences ownership of a specified amount of raw sugar in a warehouse. As such, RHI's physical possession of these raw sugar may not

necessarily indicate its ownership as these raw sugar may be covered by a *quedan*. This matter is significant to our audit due to the large volume of transactions covered by the *quedan* system, which in turn impacts RHI's sales and inventories which are material in the determination of the Group's share in RHI's net income. The Group's share in RHI's net income is also significantly affected by RHI's estimation of the provision from certain claims and other penalties imposed by regulatory bodies. The assessment of whether the provision should be recognized and the estimation of potential liability resulting from these assessments require significant judgment by the management of RHI. Meanwhile, the Group's share in RHI's other comprehensive income is significantly affected by the revaluation of land performed by external appraisers whose calculations involve certain assumptions, such as sales prices of similar properties and adjustments to sales price based on internal and external factors.

PFRSs also requires an impairment testing of the investment in associate where there are indicators of impairment. The Group's management assessed that the investment in RHI may be impaired since the fair value of RHI's listed shares held directly by the Group is lower than the carrying amount of its investment in RHI as of December 31, 2020. We have identified this matter as a key audit matter because management's impairment assessment process requires significant judgment and is based on assumptions, specifically, the sales growth rate, terminal growth rate, manufacturing costs ratio, operating expenses ratio and discount rate, among others.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgments and estimates and Note 11 for the disclosures on the investment in RHI.

Audit Response

We obtained the financial information of RHI as at for the year ended December 31, 2020 and recomputed the Group's share in net loss and other comprehensive income of RHI. We obtained an understanding of RHI's *quedan* system and tested the relevant controls over the relevant information system and manual processes. We observed the inventory count procedures of RHI and performed test counts to establish the physical existence of raw sugar as of count date and reviewed the rollforward procedures to arrive at the physical quantity as of reporting date. We reviewed the reconciliation of the physical quantity and the *quedan* accountability report to test the quantities that were reported either as RHI's inventory or those which are held in trust for the planters and traders.

We inquired with RHI's legal counsels and management about the status and potential exposures of the significant claims and their basis of assessment of the outcome of the claims. We also inspected relevant correspondences with the regulatory bodies and other parties, and reviewed the minutes of meetings of the Board of Directors and Audit Committee. We involved our internal specialist in the evaluation of management's assessment on whether provisions for losses should be recognized and the estimation of such amounts.

We compared the property-related data in the appraisal reports against RHI's records. We involved our internal specialist in reviewing the scope, methodology and the assumptions used by RHI's external appraiser. We evaluated the competence capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We compared the assumptions used, specifically the sales price of comparable properties, against the relevant external information. We also discussed with the external appraiser the nature and magnitude of the adjustment factors.

For the review of impairment testing, we involved our internal specialist in evaluating the methodology and the assumptions used. We compared the key assumptions used against the historical performance of the CGUs and other relevant external data. We tested the parameters used in the determination of the discount rate against market data.

Classification of investment properties, and valuation of investment properties and land under property, plant and equipment

The Group has significant parcels of land in Nasugbu, Batangas that are included in the Revised Notice of Coverage issued by the Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Program (CARP). These investment properties are the subject of claims that are currently in the legal courts that may impact the future use and recovery of these assets. As of December 31, 2020, the Group continues to recognize the parcels of land under CARP as part of its investment properties. As of December 31, 2020, these parcels of land have a carrying value of ₱5,526.7 million, representing 86% of the Group's total investment properties. The classification of these parcels of land as part of investment properties is significant to our audit because the assessment requires significant judgment by management based on the status and the ultimate outcome of the legal proceedings. The uncertainty over the ultimate outcome of the legal proceedings is brought about by the inherent differences in the interpretation and application of the relevant regulations, laws and rulings.

Meanwhile, the Group accounts for its investment properties at fair value and its land under property, plant and equipment at revalued amount. As of December 31, 2020, the fair values of the Group's investment properties, including the parcels of land under CARP, and land properties under property, plant and equipment amounted to ₱6,413.0 million and ₱549.9 million, representing 51% and 4% of the Group's consolidated total assets, respectively. The determination of the fair values of investment properties and land properties under property, plant and equipment were performed by external appraisers whose calculations involved certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and discussion of significant judgment and estimates, and Notes 12 and 14 for the disclosure about the Group's investment properties and land properties under property, plant and equipment and Note 30 for the disclosures about the related fair values.

Audit Response

For the parcels of land that are covered by CARP and classified as investment properties, we inquired with the Group's internal and external legal counsels and finance officers about the status of the legal proceedings. We obtained the legal opinion from external legal counsels about the progress of the legal proceedings, including their assessment on the likely outcome. We also inspected relevant correspondence with the regulatory bodies.

For the fair values of the investment properties and land under property, plant and equipment and equipment, we evaluated the methodology and the assumptions used by the external appraisers, whose professional qualifications and objectivity were considered. We reviewed the relevant information supporting the sales prices of similar properties and inquired from the external appraiser the basis of adjustments made to the sales price. We also reviewed the Group's disclosures with respect to these investment properties and land under property, plant and equipment.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2020, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534231, January 4, 2021, Makati City

May 14, 2021

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas and Company, Inc. and subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 14, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
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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
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village
Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Roxas and Company, Inc. and subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated May 14, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
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SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
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November 27, 2020, valid until November 26, 2023
PTR No. 8534231, January 4, 2021, Makati City

May 14, 2021

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱31,069**	₱75,395
Trade and other receivables (Notes 7 and 20)	**245,473**	284,758
Contract assets - current portion (Note 21)	**26,680**	47,025
Real estate properties for sale and development (Note 8)	**501,488**	503,892
Inventories (Note 9)	**71,580**	70,541
Other current assets (Note 10)	**292,185**	259,218
	1,168,475	1,240,829
Assets held for sale (Note 25)	**606,170**	373,679
Total Current Assets	**1,774,645**	1,614,508
Noncurrent Assets		
Contract assets - net of current portion (Note 21)	**90,032**	91,854
Investments in associates (Note 11)	**1,149,329**	1,997,069
Property, plant and equipment (Note 12):		
At cost	**2,154,842**	2,647,407
At appraised values	**549,922**	816,394
Right-of-use assets (Note 13)	**71,318**	117,243
Investment properties (Note 14)	**6,412,991**	6,010,836
Deferred income tax assets - net (Note 26)	**138,169**	85,296
Other noncurrent assets (Note 10)	**117,696**	183,359
Total Noncurrent Assets	**10,684,299**	11,949,458
TOTAL ASSETS	**₱12,458,944**	₱13,563,966
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17 and 20)	**₱731,131**	₱605,832
Short-term borrowings (Note 15)	**313,641**	1,265,634
Current portion of long-term borrowings (Note 16)	**205,857**	429,597
Contract liabilities (Note 21)	**154,096**	167,972
Current portion of lease liabilities (Note 13)	**44,161**	40,136
	1,448,886	2,509,171
Liabilities directly associated with the assets held for sale (Note 25)	**396,984**	231,502
Total Current Liabilities	**1,845,870**	2,740,673
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 16)	**2,716,142**	2,039,247
Deferred income tax liabilities - net (Note 26)	**89,391**	94,053
Retirement liability (Note 18)	**72,591**	60,539
Lease liabilities - net of current portion (Note 13)	**42,382**	86,582
Total Noncurrent Liabilities	**2,920,506**	2,280,421
Total Liabilities	**4,766,376**	5,021,094

(Forward)

	December 31	
	2020	2019
Equity attributable to the equity holders of the Parent Company (Note 19)		
Capital stock	**₱3,411,886**	₱3,411,886
Additional paid-in capital	**1,627,069**	1,669,061
Treasury stock	**(1,216,983)**	(1,463,825)
Other equity reserves	**677,069**	597,550
Retained earnings	**2,929,075**	4,017,126
	7,428,116	8,231,798
Non-controlling interests (Note 11)	**264,452**	311,074
Total Equity	**7,692,568**	8,542,872
TOTAL LIABILITIES AND EQUITY	**₱12,458,944**	₱13,563,966

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, Except Basic/Diluted Loss Per Share Data

	Years Ended December 31		
	2020	2019 (As restated, Note 25)	2018 (As restated, Note 25)
REVENUE FROM (Note 21):			
Hotel sales and services	**₱273,015**	₱408,271	₱322,944
Sale of goods	**193,331**	136,885	54,882
Real estate sales	**33,807**	236,816	106,787
	500,153	781,972	484,613
COST OF SALES AND SERVICES			
Cost of hotel sales and services (Note 22)	**(140,536)**	(223,552)	(181,397)
Cost of goods sold (Note 22)	**(294,847)**	(175,571)	(46,845)
Cost of real estate sales (Note 8)	**(7,648)**	(54,659)	(70,671)
	(443,031)	(453,782)	(298,913)
GROSS INCOME	**57,122**	328,190	185,700
OPERATING EXPENSES (Note 22)	**(488,572)**	(403,663)	(507,307)
OTHER INCOME (CHARGES)			
Unrealized fair value gain on investment properties (Note 14)	**398,056**	763,410	709,199
Interest expense (Notes 13, 15 and 16)	**(229,945)**	(259,082)	(196,976)
Interest income (Notes 6 and 7)	**12,087**	14,961	11,034
Equity in net loss of associates (Note 11)	**(938,021)**	(388,205)	(7,508)
Others - net (Note 24)	**25,753**	187,627	46,199
	(732,070)	318,711	561,948
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**(1,163,520)**	243,238	240,341
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**3,402**	6,843	5,016
Deferred	**(52,164)**	(16,371)	(486)
	(48,762)	(9,528)	4,530
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**(1,114,758)**	252,766	235,811
NET LOSS FROM DISCONTINUED OPERATIONS (Note 25)	**(35,638)**	(76,990)	(77,442)
NET INCOME (LOSS)	**(₱1,150,396)**	₱175,776	₱158,369
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	**(₱1,080,298)**	₱243,413	₱240,693
Non-controlling interests	**(70,098)**	(67,637)	(82,324)
	(₱1,150,396)	₱175,776	₱158,369
BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Notes 4 and 27)	**(₱0.51)**	₱0.10	₱0.12
BASIC/DILUTED EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**(₱0.48)**	₱0.13	₱0.13

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Thousands

	Years Ended December 31		
	2020	2019 (As restated, Note 25)	2018 (As restated, Note 25)
NET INCOME (LOSS)	**(₱1,150,396)**	₱175,776	₱158,369
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Appraisal increase on land - net of tax (Note 12)	**28,163**	99,531	27,932
Share in appraisal increase on land of an associate, net of tax (Note 11)	**110,912**	89,808	15,581
Share in remeasurement gain (loss) on retirement liability of an associate, net of tax (Note 11)	**(20,631)**	(19,973)	18,843
Remeasurement gain (loss) on retirement liability, net of tax (Note 18)	**(1,563)**	(1,923)	6,514
TOTAL OTHER COMPREHENSIVE INCOME	**116,881**	167,443	68,870
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱1,033,515)**	₱343,219	₱227,239
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**(₱977,237)**	₱363,059	₱297,742
Non-controlling interests	**(56,278)**	(19,840)	(70,503)
	(₱1,033,515)	₱343,219	₱227,239

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

Amounts in Thousands

	Equity Attributable to Equity Holders of the Parent Company (Note 19)									
	Capital Stock			Additional		Other Equity	Retained		Non-controlling	
	Common Stock	Preferred Stock	Total	Paid-in Capital	Treasury Stock	Reserves	Earnings	Total	Interests (Note 11)	Total Equity
Balances as at January 1, 2018	**₱2,911,886**	**₱–**	**₱2,911,886**	**₱1,630,408**	**(₱1,587,296)**	**₱420,855**	**₱3,575,071**	**₱6,950,924**	**₱401,417**	**₱7,352,341**
Net income (loss)	–	–	–	–	–	–	240,693	240,693	(82,324)	158,369
Other comprehensive income	–	–	–	–	–	57,049	–	57,049	11,821	68,870
Total comprehensive income (loss)	–	–	–	–	–	57,049	240,693	297,742	(70,503)	227,239
Issuance of preferred shares	–	500,000	500,000	(5,000)	–	–	–	495,000	–	495,000
Issuance of treasury shares	–	–	–	30,566	44,039	–	–	74,605	–	74,605
Balances as at December 31, 2018	**2,911,886**	**500,000**	**3,411,886**	**1,655,974**	**(1,543,257)**	**477,904**	**3,815,764**	**7,818,271**	**330,914**	**8,149,185**
Net income (loss)	–	–	–	–	–	–	243,413	243,413	(67,637)	175,776
Other comprehensive income	–	–	–	–	–	119,646	–	119,646	47,797	167,443
Total comprehensive income (loss)	–	–	–	–	–	119,646	243,413	363,059	(19,840)	343,219
Issuance of treasury shares	–	–	–	13,087	79,432	–	–	92,519	–	92,519
Cash dividends declared	–	–	–	–	–	–	(42,051)	(42,051)	–	(42,051)
Balances as at December 31, 2019	**2,911,886**	**500,000**	**3,411,886**	**1,669,061**	**(1,463,825)**	**597,550**	**4,017,126**	**8,231,798**	**311,074**	**8,542,872**
Net loss	–	–	–	–	–	–	(1,080,298)	(1,080,298)	(70,098)	(1,150,396)
Other comprehensive income (loss)	–	–	–	–	–	103,061	–	103,061	13,820	116,881
Total comprehensive income (loss)	–	–	–	–	–	103,061	(1,080,298)	(977,237)	(56,278)	(1,033,515)
Issuance of treasury shares	–	–	–	(41,992)	246,842	–	–	204,850	–	204,850
Transfers of appraisal increase in land to retained earnings	–	–	–	–	–	(23,542)	33,549	10,007	9,656	19,663
Cash dividends declared	–	–	–	–	–	–	(41,302)	(41,302)	–	(41,302)
Balances as at December 31, 2020	**₱2,911,886**	**₱500,000**	**₱3,411,886**	**₱1,627,069**	**(₱1,216,983)**	**₱677,069**	**₱2,929,075**	**₱7,428,116**	**₱264,452**	**₱7,692,568**

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in Thousands

	Years Ended December 31		
	2020	2019 (As restated, Note 25)	2018 (As restated, Note 25)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	**(₱1,163,520)**	₱243,238	₱240,341
Loss before income tax from discontinued operations (Note 25)	**(35,392)**	(76,807)	(65,329)
Adjustments for:			
Equity in net loss of associates (Note 11)	**938,021**	388,205	7,508
Interest expense (Notes 13, 15 and 16)	**255,995**	315,121	237,921
Depreciation and amortization (Notes 12 and 13)	**153,330**	161,096	107,992
Write-off of property, plant and equipment (Note 12)	**54,351**	–	–
Loss on loan modification (Notes 15 and 16)	**51,660**	–	–
Impairment loss on property, plant and equipment (Note 12)	**40,937**	–	–
Net movements in retirement benefits (Note 18)	**9,189**	11,495	(13,960)
Loss on disposal of property, plant and equipment	**8,984**	–	–
Changes in fair value of investment properties (Note 14)	**(398,056)**	(763,410)	(709,199)
Gain on sale of investment properties (Note 14)	**(25,079)**	(168,408)	–
Income on rent concessions (Notes 13 and 24)	**(23,569)**	–	–
Interest income (Notes 6 and 7)	**(12,358)**	(15,279)	(12,589)
Operating income (loss) before working capital changes	**(145,507)**	95,251	(207,315)
Decrease (increase) in:			
Trade and other receivables	**33,501**	(244,680)	153,648
Real estate properties for sale and development	**2,404**	32,217	29,198
Inventories	**(5,728)**	439	(5,520)
Contract assets	**22,167**	7,583	(146,462)
Other current assets	**(21,993)**	21,310	(103,039)
Other noncurrent assets	**64,280**	44,895	107,178
Increase in trade and other payables	**64,609**	118,363	129,438
Cash generated from (used in) operations	**13,733**	75,378	(42,874)
Interest received	**12,358**	15,278	12,589
Income taxes, paid including creditable withholding taxes	**(11,642)**	(7,422)	(8,246)
Net cash from (used in) operating activities	**14,449**	83,234	(38,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Note 12)	**(9,593)**	(36,398)	(46,321)
Proceeds from sale of:			
Investment properties (Note 14)	**28,039**	201,015	–
Assets held for sale (Note 25)	**367,190**	–	–
Net cash from (used in) investing activities	**385,636**	164,617	(46,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of long-term borrowings (Note 16)	–	388,691	9,152
Issuance of treasury shares (Note 19)	**204,850**	92,519	74,605

(Forward)

	Years Ended December 31		
	2020	2019 (As restated, Note 25)	2018 (As restated, Note 25)
Availments of short-term borrowings (Note 15)	**₱50,318**	₱229,634	₱148,000
Issuance of preferred shares, net of transaction cost (Note 19)	–	–	495,000
Payments of:			
Long-term borrowings (Note 16)	**(424,570)**	(711,080)	(149,605)
Interest (Note 17)	**(211,101)**	(299,930)	(229,271)
Dividends (Note 19)	**(41,302)**	(42,051)	–
Principal portion of lease liabilities (Note 13)	**(16,606)**	(35,458)	–
Short-term borrowings (Note 15)	**(6,000)**	(10,669)	(184,000)
Net cash from (used in) financing activities	**(444,411)**	(388,344)	163,881
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**(44,326)**	(140,493)	79,029
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**75,395**	215,888	136,859
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱31,069**	₱75,395	₱215,888

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Roxas and Company, Inc. (the Parent Company or RCI), formerly CADP Group Corporation (CADPGC), was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918.

On November 29, 1948, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) with a stock symbol RCI.

The purpose of RCI is to purchase, hold, pledge, transfer, sell or otherwise dispose of or deal in the shares of the capital stock, bonds, debentures, notes or other securities and evidence of indebtedness of any such securities. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others.

The principal and registered office of RCI is located at 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

Status of Operations

The Parent Company and its subsidiaries' (collectively referred to as the Group) current liabilities exceeded its current assets by ₱71.2 million and ₱1,268.3 million as of December 31, 2020 and 2019, respectively. Furthermore, the Corona Virus Disease 2019 (COVID-19) pandemic has affected the business of the Group, resulting in deterioration of some of the business activities of the Group. The Group incurred a consolidated net loss of ₱1,150.4 million and net cash outflows of ₱44.3 million for the year ended December 31, 2020.

The compounded impact of the Mt. Taal volcanic eruption (Taal eruption), the Corona Virus Disease 2019 (COVID-19) pandemic, and a deep recession reduced demand for the subsidiaries' products and services in 2020. The Group repurposed its budget hotels and transformed these into quarantine facilities. Following the relaxation and lifting of travel and community restrictions, its high-end hotel re-opened and partly recovered its pre-Taal eruption and pre-COVID-19 occupancy rates and average room revenue. The Group's real estate business continues to develop its raw land portfolio as a result of the 2020 slowdown in order to prepare for the industry's rebound. Lastly, the coconut manufacturing plant improved its customer base, production capacity and safety amidst movement restrictions and issues on working capital. The sugar business where it has a minority stake booked a major impairment loss in 2020.

The Group sold its GoHotel in Cubao, Quezon City in early 2020 and signed contracts with government to use the remaining four budget hotels as quarantine locations for returning overseas Filipino workers and residents. These replaced the regular hotel clientele and brought steady revenue throughout the year, partly offsetting the lost regular customers from government restrictions. Anya Resorts Tagaytay reopened in September 2020 after six months of shutdown offering wellness and in-house food outlets to guests. With deferral and cancellation of real estate projects, realty sales for 2020 faced postponements and asset pricing pressures. Several planned raw land sales were eventually realized in the first quarter of 2021 (see Note 33). The RSAI coconut processing facility achieved high tonnage and recorded growth in new accounts, throughput, and served purchase orders. It accelerated production in the fourth quarter of 2020 to recover lost volumes in the previous months. Despite this, RSAI experienced decline in revenues, shift in sales mix, and high fixed cost in 2020 which resulted to unfavorable financial performance for the Group.

As part of the Group's plans to reduce overall debts and to support its working capital requirements, management has been implementing aggressive sales and marketing strategies to reinforce the global and local demand of its target market to fund its operating and financing requirements and to reduce debts of its coconut manufacturing business. The Group is continuously improving its hospitality business operations, to reinforce the demand of its target market and further improve liquidity and reduce debts. Also, the Group had closed negotiations with the creditor banks under the Bayanihan to Heal as One Act to reschedule the repayment of debts. In addition, the Group is focusing its efforts towards selling raw land properties that gives substantial income due to higher margins and generates cash to fund its operating and financing requirements.

Approval of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 have been approved and authorized for issue by the Board of Directors (BOD) on May 14, 2021.

2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land under property, plant and equipment and investment properties that are stated at fair value. The consolidated financial statements are presented in Philippine Peso (**₱**), which is the functional and presentation currency of the Group. All balances and transactions are rounded to the nearest thousands, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs), which include the availment of the reliefs granted by the Securities and Exchange Commission (SEC) under Memorandum Circulars (MC) Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry.

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
b. Treatment of land in the determination of the percentage-of-completion (POC);
c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
d. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)
The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another other (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in Note 3 to the consolidated financial statements.

The consolidated financial statements have been prepared under the going concern assumption. The Group believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

3. Summary of Changes in Accounting Policies and Disclosures

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial periods. The adoption of the following new and revised Philippine Financial Reporting Standards (PFRSs) did not have any material effect on the consolidated financial statements of the Group, unless otherwise indicated. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Effective beginning on or after January 1, 2020

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

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

  The amendments had no impact on the consolidated financial statements of the Group as it did not enter into any business combinations in 2020. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments had no impact on the consolidated financial statements of the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The revised Conceptual Framework had no impact on the consolidated financial statements of the Group.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of the COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The Group applied the practical expedient for the rent concessions received during the year. Income amounting to ₱23.6 million was recognized and the corresponding lease liability reduced.

- *Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2021. The Group has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group will adopt the following new or revised standards, amendments to standards and interpretations on the respective effective dates, as applicable:

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact to the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact to the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact to the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. 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 deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes 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.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*
  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
1. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
2. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
3. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
4. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

  The SEC Memorandum Circulars 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 on the financial statements had the concerned application guidelines in the PIC Q&A 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.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

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

a. The exclusion of land and uninstalled materials in the determination of POC would reduce the percentage of completion of real estate projects resulting in a decrease in retained earnings as at January 1, 2018 as well as a decrease in the revenue from real estate sales in 2020, 2019 and 2018. This would result to the land portion of sold inventories together with connection fees, to be treated as contract fulfillment asset.

b. 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 EIR method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2020, 2019 and 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

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 have increased retained earnings as at January 1, 2018 and gain from repossession in 2020, 2019 and 2018. Currently, the Group records the repossessed inventory at its original carrying amount and recognize any difference between the carrying amount of the derecognized receivable and the repossessed property in profit or loss.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*
  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year consolidated financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*
  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Group has opted to adopt fair value less cost to repossess approach in its accounting for sales cancellation effective January 1, 2019.

  As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

  a. The financial statements are not considered to be in accordance with PFRS and should specify in the "*Basis of Preparation of the Financial Statements*" section of the financial statements that the accounting framework is:
     PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:
     - Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
     - IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)

b. The Auditor's report will:
   i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

   Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

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4. **Summary of Significant Accounting and Financial Reporting Policies**

The significant accounting and financial reporting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current 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 12 months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 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 held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and retirement plan assets are classified as noncurrent assets while deferred income tax liabilities and accrued retirement benefits are classified as noncurrent liabilities.

Basis of Consolidation

The consolidated financial statements of the Group include the financial statements of the Parent Company and the following subsidiaries (all incorporated and domiciled in the Philippines) as of December 31, 2020 and 2019:

	Percentage of Ownership		Noncontrolling Interests		
	2020	2019	**2020**	2019	Description of Business
Roxaco Land Corporation (RLC)*	**100.00**	100.00	**–**	–	Real estate
Roxaco-Asia Hospitality Corporation (RAHC)**	**51.00**	51.00	**49.00**	49.00	Hotel and leisure
SAMG Memorial Management & Services Inc. (SMMSI)	**100.00**	100.00	**–**	–	Funeral and related services
Roxas Sigma Agriventures, Inc. (RSAI)***	**88.81**	88.81	**11.19**	11.19	Manufacturing
Roxas Green Energy Corporation (RGEC)	**100.00**	100.00	**–**	–	Generation and distribution of energy
United Ventures Corporation (UVC)****	**100.00**	100.00	**–**	–	Warehouse leasing

** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts Corporation (AHRC), with RLC as the surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
On July 23, 2018, the BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation.

*** On May 21, 2018, its BOD approved to change its corporate name from Roxaco-Vanguard Hotels Corporation (RVHC) to Roxaco-Asia Hospitality Corporation (RAHC) and amended the Articles of Incorporation. The Philippine SEC approved the amendment on October 19, 2018.*

**** On December 17, 2018, an additional subscription amounting to ₱200.0 million equivalent to 2.0 million shares, equivalent to 41% of the increase in capital stock, have been fully paid by the Parent Company through the conversion of a portion from its advances to RSAI.*

*****The application for dissolution is still pending with the SEC and BIR as at December 31, 2020.*

The Parent Company or its subsidiaries controls an investee if, and only if, the following criteria are met:

- 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
- The ability to use its power over the investee to affect its returns

When the Parent Company or its subsidiaries have less than a majority of the voting or similar rights of an investee, the Parent Company or its subsidiaries consider all relevant facts and circumstances in assessing whether they have power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company or its subsidiaries voting rights and potential voting rights

The Parent Company or its subsidiaries reassess whether or not they control 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 Parent Company or its subsidiaries obtain control over the subsidiary and ceases when it ceases to have control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date control is lost.

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, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses, resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

Non-controlling interest represents the interest in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separate from the equity attributable to the parent company.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are recognized as expense. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments,* is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measure at fair value at each reporting date with changes in fair value recognized in profit or loss.

Common Control Transactions

Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e. controlling shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts such business combinations under the purchase method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Comparative balances are restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest year presented and as if the entities have always been combined.

Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

The goodwill on investments in associates is included in the carrying amount of the related investments and is not tested for impairment separately.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVTOCI), and fair value through profit or loss (FVTPL).

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 FVTPL, 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.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The 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.

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group has no financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit and loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits.

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 trade 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 provision matrix for trade receivables and a vintage analysis for sales contract 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 other financial assets such 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 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 debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The key inputs in the model include the Group's definition of default and historical data of three year for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. 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.

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. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of December 31, 2020 and 2019, the Group's financial liabilities include trade and other payables and short-term and long-term borrowings.

Subsequent measurement - other financial liabilities
This category pertains to financial liabilities that are neither held for trading nor designated as at FVTPL upon the inception of the liability. After the initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized costs using the effective interest method, taking into account the impact of any issue costs and discount or premium. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the 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 consolidated statement of income.

Derecognition of financial assets and liabilities
Financial assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and benefits of the asset, or (b) has neither transferred nor retained substantially all the risks and benefits of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or entered into a pass through arrangement and has neither transferred nor retained substantially all the risks and benefits 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, if any, 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 pay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statements of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liabilities. 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.

Exchange or modification of financial liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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 set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an 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 by 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 of input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of 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 of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in the foregoing.

Information about the assumptions made in measuring fair value is included in the following notes to the consolidated financial statements:

- Significant Judgments, Accounting Estimates and Assumptions
- Fair Value Measurement

Real Estate Properties for Sale and Development

Real estate properties for sale and development consists of developed real estate properties for sale, raw land and land improvements. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation.

Developed real estate properties for sale, raw land and land improvements are carried at the lower of aggregate cost and net realizable value (NRV). Costs include costs incurred for development and improvement of the properties and qualifying borrowing costs. NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rate based on the relative size of the property sold.

Repossessed Inventories

Repossessed inventories represent the acquisition costs of real estate properties sold but subsequently reacquired by the Group due to buyer's default on payment of monthly amortization. These are measured at cost at the time of repossession.

Inventories

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a. Raw materials - Purchase cost and directly attributable costs determined using the moving average method.
b. Finished Goods and Work in Process - Cost includes raw materials, direct labor, other direct costs and related manufacturing overhead using the weighted average method.
c. Packaging Materials and Other Supplies - Purchase cost and directly attributable costs determined using the moving average method.

Net realizable value of finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of raw materials, packaging materials and other supplies is the current replacement cost.

Other Current Assets
This account consists of creditable withholding taxes (CWT), input value-added tax (VAT) and prepaid expenses. Other current assets are carried at face value.

CWT represents the total accumulated tax credits for current and prior year's excess credits that will be applied against any income tax due.

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expenses as these are consumed in operations or expire with the passage of time.

Prepaid expenses are classified as current asset when the cost of goods or services related to the prepaid expenses is expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Investments in Associates
Investments in associates are recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policy decisions of the investee. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associates. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates.

Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared for the same reporting year of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The Group determines, at the end of each reporting year, whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Joint Arrangements

Investment in a joint operation

RLC has investments in a joint operation, which pertains to agreements with joint venture partners, VJ Properties, Inc. (VJPI) and Marilo Realty Development Corporation and Landco Pacific Corporation (LPC), for the development of Anya Resorts and Residences in Tagaytay, Cavite (the "Project"). A joint operation is when a joint arrangement is not structured through a separate vehicle whereby parties have rights to the assets and obligations for the liabilities related to the joint arrangement. Assets, liabilities, revenues and expenses are recognized in relation to its interest in the joint operation.

Property, Plant and Equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value, except for land, which is stated at revalued amount less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, 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 to profit or loss in the year incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only from such time as the relevant assets are completed and put into intended operational use. Upon completion, these properties are reclassified to the appropriate property, plant and equipment account.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land" under "other equity reserves account" in the consolidated statement of financial position and consolidated statement of changes in equity. Increases in the carrying amount arising on revaluation of land are recognized in the consolidated statement of comprehensive income and credited to other equity reserves in the consolidated statement of changes in equity, net of related deferred tax effect. Any resulting decrease is directly charged against the related revaluation increment on land to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently to ensure that the fair value of land does not differ significantly from its carrying amount.

The portion of appraisal increase on land, net of related deferred tax effect, realized upon disposal of the property is transferred to unrestricted retained earnings.

Depreciation and amortization on depreciable property, plant and equipment are calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Category	Number of Years
Buildings*	40
Land improvements	10
Building improvements	5
Machinery and equipment	5 to 25
Transportation equipment	3 to 6
Office furniture, fixtures and equipment	3 to 10

**including the coconut processing plant*

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

Major renovations that qualified for capitalization are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Fully depreciated property, plant and equipment are retained in the books until these are no longer in use.

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its retirement or disposal, the cost and accumulated depreciation, amortization and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss in the year it was derecognized.

Investment Properties

Investment properties comprise land that are held either to earn rentals or for capital appreciation or both and that are not occupied by the entities in the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the period of derecognition.

Impairment of Nonfinancial Assets

The carrying amounts of investments in associates, property, plant and equipment carried at cost, right-of-use assets and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and value-in-use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. After such a reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount on a systematic basis over its remaining useful lives.

Equity

Capital stock

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

Additional paid-in capital

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

Treasury stock

Where any entity of the Group purchases the Parent Company's capital (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Parent Company's equity holders.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments. Appropriated or restricted retained earnings represent portion which is not available for any dividend declaration. Unappropriated or unrestricted retained earnings represent portion which can be declared as dividends to shareholders.

Dividend distribution

Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from equity in the period in which the dividends are approved by the Parent Company's BOD. Dividends that are approved after the reporting year are dealt with as event after the reporting year.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. These include revaluation increment on land and remeasurement loss on retirement liability, which are presented as part of "Other equity reserves" account in the consolidated statement of financial position.

Revenue and Cost Recognition
The Group primarily derives its real estate revenue from the sale of developed horizontal and vertical 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 services in its mall retail spaces and office leasing activities, wherein it is acting as agent.

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 input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer. The Group availed of the deferral of adoption of the specific provisions of PIC Q&As No. 2018-12 as the Group continues to include land and uninstalled materials in the determination of POC.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

In determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. The Group does not adjust the transaction price for the effects of the significant financing component as it availed the relief provided by the Philippine SEC.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost recognition on real estate contracts
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and 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.

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.

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, estimated probability, including those arising from contract penalty provisions, and final contract settlements, which may result in revisions to estimated costs and gross profit, are recognized in the year in which the changes are determined.

Hotel and resorts revenue
The Group recognizes revenue from hotel operations at a point in time (i.e., when the related service and goods are rendered or served). Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Sale of goods
Sale of goods is recognized at a point in time, i.e., when the control of the goods 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 and services.

Cost of goods sold
Cost from sale of goods is recognized when goods are delivered to and accepted by the customers.

Management fees
Revenue from management services is recognized over time because the customer simultaneously receives the benefits as the Group performs the services. The Group uses the input method to measure the progress, which is a time-based measure that results in a straight-line recognition of revenue. Payment is due within 30 days.

Contract balances
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.

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

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 or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Other performance obligations
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Costs to obtain contract
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 "Real estate costs and expenses" account in profit and loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost 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 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, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Rent income
Rent income from operating lease is recognized using the straight-line method over the term of the lease.

Interest income
Interest income is recognized on a time proportion basis using the EIR method.

Other income
Other income is recognized when earned.

Expense Recognition
Selling, general and administrative expenses
Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, professional fees and rental and utilities and general office expenses. These costs are expensed when incurred.

Employee Benefits
Short-term employee benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Short-term employee benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement benefits
The Parent Company and RLC have an individual and separate defined benefit retirement plans. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting period are discounted to present value.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Capitalization ceases when pre-selling of real estate inventories under construction commences. Other borrowing costs are recognized as expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

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 amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings.

The capitalization of borrowing 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.

Debt arrangement fees relating to the drawn loan amount are amortized using the effective interest method and are presented as reduction in the principal loan balance. Debt arrangement fees relating to the undrawn loans are recorded as deferred charges and are amortized using the straight-line method. Amortization of debt arrangement fees is recognized as interest expense and presented in profit or loss.

Leases

Accounting policies effective January 1, 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of noncurrent non-financial assets.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-Value Assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption, where applicable, to leased assets that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Accounting policies prior to January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement; or
b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; or
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstance gave rise to the reassessment for scenarios (a), (c) or (d) above, and the date of renewal or extension for scenario (b).

Operating leases
Leases where the lessor retains substantially all the risks and rewards related to the ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Foreign Currency-denominated Transactions
Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Income Taxes
Current Tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax
Deferred tax is provided on all temporary differences at the end of the reporting year 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, including asset revaluations. Deferred tax liability 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 or loss nor taxable profit or loss. However, deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

Deferred tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting year.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Discontinued Operations and Assets Held for Sale

The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Additional disclosures are provided in Note 25. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" account or "Trade and other payables" account, respectively, in the consolidated statement of financial position.

Earnings (Loss) per Share Attributable to the Equity Holders of the Parent Company

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the dilutive potential common shares into common shares.

The Parent Company has no dilutive potential common shares.

Share-based Payments

A certain employee and directors of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognized in employee benefits expense and director's remuneration fee, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

Segment Reporting
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment. Reportable operating segments primarily consist of the real estate business, hotel, manufacturing and other segments, which are not reported separately.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as these become reasonably determinable.

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

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Use of going concern assumption

The use of the going concern assumption involves management making significant judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management takes into account a whole range of factors which include, but are not limited to, the forecasted revenue and operating cost, profitability and cash flows, and the other potential sources of financing.

Management believes that with the implementation of strategies and action plans discussed in Note 1, the Group will be able to address the events or conditions identified that may cast significant doubt on its ability to continue as a going concern and achieve positive results on their financial performance, financial position and cash flows. Accordingly, the consolidated financial statements have been prepared based on the going concern basis of accounting.

Assessment of control or significant influence over the investee

The Group makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that 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. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee. As of December 31, 2020 and 2019, the Group still determined that it controls its subsidiaries and has significant influence over its associates (see Note 11).

Revenue recognition method and measure of progress for real estate sales

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 that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that input 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. The Group availed of the deferral of adoption of the specific provisions of PIC Q&A 2018-12 specifically on the exclusion of land and uninstalled materials in computing the percentage of completion.

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 receivable, 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.

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. 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 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. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

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.

Determination of operating segments
Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Group reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and

external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Determination of arrangements containing a lease - yield guarantee to real estate buyers
At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In 2014, the Group entered into a leaseback program agreement with various buyers of Anya Resort Suites. The said buyers will be entitled to a guaranteed yield along with the usage allowance for the first five years upon full opening of the resort, equivalent to 31% to 37% of the purchase price, inclusive of fixtures, furniture and equipment and VAT, or a variable yield which is computed based on the proportion of the Unit Owners' Group share of gross rental revenue that the size of the unit (in sq. m.) bears to the total size of the units. The hotel operator will be AHRC, a wholly owned subsidiary of RLC.

The guaranteed funds will be distributed each quarter and will start from the date of full opening and operations of the resort. These yield guarantees qualify as leases under PFRS 16, *Leases,* and are considered as leases of hotel suites (see Note 13). Variable yield guarantees are not considered in the recognition of right-of-use assets and lease liabilities for leases of hotel suites as these are treated as variable lease payments under PFRS 16. Variable yield guarantees are recognized as expense in the period these are incurred.

Determination of lease term of contracts with renewal and termination options - the Group as a lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period as part of the lease term for the lease of sales office and herb garden. The Group typically exercises its option to renew for this lease but upon mutual consent of both parties. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Classification of investment properties
Management determines the classification of a property depending on its eventual realization of the asset. The significant portion of the Group's parcels of land have been subjected to the revised Notice of Coverage (NOC) issued by Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Law (CARL). On October 25, 2017, Court of Appeals (CA) has partially granted the Group's Petition for Certiorari dated June 26, 2014, in which the NOC issued by DAR last October 22, 2014 were nullified and set aside. Subsequently, the Group filed a Motion for Reconsideration over the issuance of Certificate of Land Ownership Awards (CLOAs) by DAR in favor of the farmer-beneficiaries (see Note 28).

On August 13, 2018, the Parent Company received the Court of Appeals Resolution, which dismissed the Parent Company's and DAR's Motions for Partial Reconsideration. The Parent Company subsequently filed a Petition for Review on Certiorari under Rule 45 of the Rules of Court to assail the Court of Appeals' Decision and Resolution before the Supreme Court. In the meantime, DAR, through Office of the Solicitor General (OSG), filed its own Petition for Review on Certiorari.

On November 19, 2018, the Parent Company filed a Comment/Opposition *Ad Cautelam* to DAR's said petition. The petitions filed by the Parent Company and DAR were consolidated and are now pending before the Supreme Court (see Note 28).

The Group has determined that still has the legal title over the land properties under CARL. Since there is still no final decision by the courts, the land properties can still be classified under investment properties.

Determining the classification of assets held for sale and discontinued operations
On November 7, 2019, the Board of Directors announced its decision to discontinue the operations of Go Hotel Cubao. Operations of the said site are classified as assets held for sale. The Board considered the site to meet the criteria to be classified as held for sale at that date for the following reasons:

- it is available for immediate sale and can be sold to the buyer in its current condition;
- the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- a potential buyer has been identified and negotiations as at the reporting date are at an advance stage;
- the Board of Directors approved the plan to sell on January 6, 2020.

On November 10, 2020, the Board of Directors announced its decision to discontinue the operations of Go Hotel Timog. Operations of the said site are classified as assets held for sale. The Board considered the site to meet the criteria to be classified as held for sale at that date for the following reasons:

- it is available for immediate sale and can be sold to the buyer in its current condition;
- the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- a potential buyer has been identified and negotiations as at the reporting date are at an advance stage;
- the Board of Directors approved the plan to sell on November 10, 2020.

As at December 31, 2020 and 2019, assets held for sale amounted to ₱606.2 million and ₱373.7 million, respectively (see Note 25).

The planned sale of the Go Hotel Cubao and Go Hotel Timog assets represents a disposal of a separate major operating segment of the Group, hence, the disclosure of discontinued operations (see Note 25).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Revenue and cost recognition for real estate sales
The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost.

The Group's real estate sales is recognized over time and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total expected project development cost. Sales of real estate properties amounted to ₱33.8 million, ₱236.8 million and ₱106.8 million for the years ended December 31, 2020, 2019 and 2018, respectively. Cost of real estate sales amounted to ₱7.6 million, ₱54.7 million and ₱70.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

The Group's lease liabilities amounted to ₱86.5 million and ₱126.7 million as of December 31, 2020 and 2019, respectively (see Note 13).

Determination of fair value of the investment properties and land under property, plant and equipment
The Group accounts for its investment properties at fair value and its land properties under property, plant and equipment at revalued amount. The fair value of the investment properties and land under property, plant and equipment were determined by professional qualified independent appraisers. Investment properties are valued using generally acceptable valuation techniques and methods and estimates based on local market conditions. The land properties under property, plant and equipment are carried at revalued amount, which approximates its fair value at the date of the revaluation. The fair value was arrived at using the Sales Comparison Approach for land using gathered available market evidences. This considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape. Revaluations are made on a regular basis to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the reporting period.

Investment properties, including land properties that are subjected to the CARL with total land area of approximately 2,300.6 hectares and total cost of ₱4,316.3 million as at December 31, 2020 and 2019, are stated at fair value amounting to ₱6,413.0 million and ₱6,010.8 million as at December 31, 2020 and 2019, respectively (see Note 14). For the year ended December 31, 2020, determination of the fair value of the investment properties is based on the latest appraisal report made on December 10, 2020. Land carried at revalued amounts as at December 31, 2020 and 2019 amounted to ₱549.9 million and ₱816.4 million, respectively (see Note 12). The resulting increase in the valuation of these assets is presented under "Appraisal increase on land" in the consolidated statements of comprehensive income and recorded under "Other Equity Reserves" in the consolidated statements of changes in equity.

Estimation of useful lives of property, plant and equipment
The estimated useful life of each of the Group's items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience

with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded operating expense and noncurrent assets.

The carrying value of the depreciable property, plant and equipment as at December 31, 2020 and 2019 amounted to ₱2,142.7 million and ₱2,636.9 million, respectively (see Note 12).

Estimation of allowance for ECL
The Group uses a provision matrix 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 geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at December 31, 2020 and 2019, the carrying amount of the trade and other receivables (including noncurrent portion of installment contract receivables and contract assets) amounted to ₱344.1 million and ₱423.6 million (see Note 7), respectively. Allowance for ECL of receivables amounted to ₱24.5 million and ₱14.6 million as at December 31, 2020 and 2019, respectively (see Note 7).

Determination of NRV of real estate properties for sale and development
The NRV of real estate properties for sale and development are based on the most reliable evidence available at the time the estimates of the amount that the real estate properties for sale and development are expected to be realized and/or sold. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting year to the extent that such events confirm conditions at the end of the reporting year. A new assessment of NRV is made in each subsequent period. When the circumstances that previously caused real estate properties for sale and development to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying amount of real estate properties for sale and development amounted to ₱501.5 million and ₱503.9 million as at December 31, 2020 and 2019, respectively (see Note 8). No allowance for impairment losses on real estate properties for sale and development is necessary as of December 31, 2020 and 2019 (see Note 8).

Assessment of impairment of nonfinancial assets
The Group assesses at the end of each reporting period whether there is any indicator that the nonfinancial assets listed below may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes.

Nonfinancial assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenue or other external indicators) as of December 31 are as follows:

	2020	2019
Investments in associates (Note 11)	**₱1,149,329**	₱1,997,069
Property, plant and equipment, excluding land carried at revalued amount (Note 12)	**2,154,842**	2,647,707
Right-of-use assets (Note 13)	**71,318**	117,243

Investment in RHI's shares
The fair value of RHI's shares of stock listed in the PSE is lower than its carrying amount as of December 31, 2020 and 2019. In addition, RHI has been incurring net losses in the past three years. Management assessed that these are indicators that the investment may be impaired and evaluated its recoverable amount based on its value in use.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections from financial budgets covering as approved by management a five-year period of projection. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2020 and 2019 are as follows:

Discount rate (8.5% and 11.5% in 2020 and 2019, respectively) - The discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in

the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to RHI's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Sales growth (average of less than 10.0% year-on-year) - Management based the projected sales growth on the production capacity of its plant over the forecast period.

Terminal growth rate (1.0% and 2.0% in 2020 and 2019, respectively) - Cash flows beyond the five-year period are extrapolated using a growth rate of 1.0% which is within the long-term average growth rate for sugar industry.

Manufacturing costs ratio (averaging at 79.0% and 88.2% over the forecast period in 2020 and 2019, respectively) - Management based the ratio of production costs over gross income on its historical experience.

Operating expenses ratio (averaging at 12.0% and 6.1% over the forecast period in 2020 and 2019, respectively) - Management based the ratio of operating expenses over gross income on its historical experience.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the investment to exceed its recoverable amount.

Based on management's value-in-use calculation, no impairment loss needed to be recognized on the investment as the recoverable amount is higher than the carrying value as at December 31, 2020 and 2019.

Coconut processing plant

As at December 31, 2020 and 2019, the Group's coconut processing plant with carrying amount of ₱857.8 million and ₱891.2 million, respectively, remained underutilized. Management assessed this as an indicator of impairment and evaluated the recoverable amount of the property, plant and equipment based on its value-in-use.

In assessing whether there is any indication that an asset may be impaired, the Group considers external and internal sources of information. In 2020 and 2019, with the current sales level, there is downtime in production and the production plant is not fully utilized. Consequently, the Group estimated the recoverable amount of the cash-generating unit (CGU) relating to RSAI. The CGU is composed of working capital and property and equipment used in the operations of RSAI.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2020 and 2019 are as follows:

Discount rate (10.9% and 11.5% in 2020 and 2019, respectively) - The discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the

systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to the coconut processing plant's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Growth rate in sales (average of less than 1% year on year)- The growth rate applied is based on the impact of estimated future utilization rate. The annual projected growth rate is used in the computation of future earnings before interest and taxes (EBIT) over the forecast period.

Plant capacity utilization rate - The utilization rate applied is based on the assumption that the Group is operating in its target capacity.

Gross profit ratio (averaging at 18% and 40% over the forecast period in 2020 and 2019, respectively) - Management based the ratio of gross profit over revenue on its normal capacity.

Operating expenses ratio (averaging at 20% and 16% over the forecast period in 2020 and 2019, respectively) - Management based the ratio of operating expenses over revenue on its historical experience.

EBIT over the forecast period - EBIT forecast after 2023 until the CGU's end of useful life is highly dependent on the forecasted EBIT in 2023.

Management recognizes that future aggressive sales and marketing strategies of the major competitors can have a significant impact on growth rate assumptions.

Based on management's assessment, the recoverable amount of CGU is lower than the carrying value, thus an impairment loss amounting to ₱40.9 million was recognized in 2020 (nil in 2019) on the property, plant and equipment used in the coconut production business of the Group with carrying amount of ₱857.8 million and ₱891.2 million as of December 31, 2020 and 2019, respectively.

<u>Anya Resorts Tagaytay</u>
In 2020 and 2019, actual occupancy rate relating to the Group's operations in Anya Resorts Tagaytay (ART) were lower than budget and consequently, the Group estimated the recoverable amount of the CGU relating to ART. The CGU is composed of working capital and property and equipment used in the operations of ART.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2020 are as follows:

Discount rate (10.68% in 2020, 10.85% in 2019) - The discount rate applied to the cash flows is based on the risk free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is

the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to ART's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Growth rate (average of 7.5% and 6.7% year on year in 2020 and 2019, respectively) - The growth rate applied is based on the impact of estimated future occupancy rate of ART. The annual projected growth rate is used in the computation of future earnings before interest and taxes (EBIT).

Occupancy rate (averaging at 64.6% and 82.4% over the forecast period in 2020 and 2019, respectively) - The occupancy rate applied is based on the assumption that ART is operating in its target capacity.

Food and beverage revenue (averaging at 44.6% of total revenue over the forecast period in 2020 and 2019) - Food and beverage revenue are computed based on the assumption that ART's food and beverage outlets are operating in its target capacity.

Gross profit ratio (averaging at 66.5% over the forecast period in 2020 and 2019) – Management based the ratio of gross profit over revenue on its historical experience.

Operating expenses ratio (averaging at 24.3% over the forecast period in 2020 and 2019) – Management based the ratio of operating expenses over revenue on its historical experience.

Salvage value of CGU - The forced sales value of property and equipment in ART as of December 31, 2020 and 2019 amounting to ₱101.1 million and ₱101.9 million, respectively, is assumed to be the salvage values of the CGU.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

Based on management's assessment, the recoverable amount of the CGU is higher than the carrying value, thus no impairment loss was recognized on the property and equipment used in the operations of ART with carrying amount of ₱394.4 million and ₱413.7 million as of December 31, 2020 and 2019, respectively.

<u>Go Hotel</u>
In 2020 and 2019, actual occupancy rates relating to the operations of certain Go Hotel sites were lower than budget and consequently, the Group estimated the recoverable amount of the CGU relating to its operations. The CGU is composed of working capital and property and equipment used in RAHC's operations. Each hotel property is considered as a separate CGU in assessing recoverable amount.

The recoverable amount has been determined based on fair value less cost of disposal. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The fair value of the land was estimated by using the Market Approach. The Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach, the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may be also appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analyzed.

The fair value of the improvements was arrived at by using the Cost Approach. The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

The recoverable amount quoted above is considered to be a Level 3 valuation under the PFRS 13 hierarchy.

Based on management's assessment, the recoverable amount of the CGU is higher than the carrying value, thus no impairment loss was recognized on the property and equipment used in the GoHotel operations of the Group with total carrying amount of ₱1,869.9 million and ₱1,909.6 million as of December 31, 2020 and 2019, respectively.

RGEC's Land Improvements

The management assessed that impairment indicator exists on RGEC's land improvements in 2020 since the Group may no longer recover its cost through continued use. Management believes that the carrying value of RGEC's land improvements amounting to ₱54.4 million is no longer recoverable as there is no expected future cash flows. Accordingly, RGEC wrote off the cost of the land improvements amounting to ₱54.4 million in 2020.

The carrying value of land improvements amounted ₱54.4 million as of December 31, 2019 (nil as of December 31, 2020) (see Note 12).

Measurement of retirement liability

The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions determined by management and used by the actuary in calculating such amounts. Those assumptions are described in Note 18 and include, among others, discount rates and rates of future salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future years and therefore, generally affect the recognized expense and recorded obligation in such future years.

Retirement liability as at December 31, 2020 and 2019 amounted to ₱72.6 million and ₱60.5 million, respectively. Retirement benefits amounted to ₱15.0 million, ₱13.3 million and ₱23.8 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 18).

Assessment of realizability of deferred tax assets

The Group reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Total deferred tax assets amounted to ₱191.5 million and ₱150.2 million as of December 31, 2020 and 2019, respectively (see Note 26).

Gross deferred tax assets were not recognized on deductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT with income tax effect amounting to ₱212.5 million and ₱186.2 million as at December 31, 2020 and 2019, respectively (see Note 26). Management believes that it may not be probable that taxable profit will be sufficiently available in the future against which these deductible temporary difference and carryforward benefits may be utilized.

Determination of provisions and evaluation of contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable (see Note 28).

The Group is involved in various labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, the Group has recognized provision for probable losses amounting ₱3.6 million nil in 2020 (nil in 2019 and 2018) (see Notes 22 and 28).

6. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	**₱5,216**	₱2,316
Cash in banks	**25,820**	73,079
Cash equivalents	**33**	–
	₱31,069	₱75,395

Cash in banks earn an average interest of 0.13% to 2.25% for the years ended December 31, 2020, 2019 and 2018.

Cash equivalents are made at varying periods of up to 90 days, depending on the immediate cash requirements of the Group. Cash equivalents earn an average interest of 0.45% to 1.25% for the years ended December 31, 2020, 2019 and 2018, respectively.

Total interest income earned from cash in banks and cash equivalents amounted to ₱1.1 million, ₱1.6 million, and ₱2.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

7. Trade and Other Receivables

This account consists of:

	2020	2019
Trade	**₱125,205**	₱179,745
Due from:		
Related parties (Note 20)	**89,368**	89,129
Employees	**10,429**	7,403
Contractors and suppliers	**26,615**	12,595
Others	**18,336**	10,496
	269,953	299,368
Allowance for impairment losses	**(24,480)**	(14,610)
	₱245,473	₱284,758

Trade receivable represents the following:

a. Customers' accounts arising from the sale of real estate properties collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 14% to 18% depending on the terms of the sales contract amounting to ₱1.0 million and ₱35.1 million as of December 31, 2020 and 2019, respectively.

b. Outstanding individual, corporate and travel agency accounts earned from hotel operations amounting to ₱112.5 million and ₱138.0 million as of December 31, 2020 and 2019, respectively, generally have a 30-day term.

c. Sales arising from the premium coconut products amounting to ₱9.3 million and ₱4.2 million as of December 31, 2020 and December 31, 2019.

d. Fees earned from hotel management amounting to ₱2.4 million as of December 31, 2020 and 2019.

Total interest income on trade and other receivables amounted to ₱11.0 million, ₱13.4 million and ₱9.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Due from officers and employees pertains to noninterest-bearing salary and educational loans that are collected from the employees through salary deduction and advances for business purposes subject to liquidation.

Other receivables, which are normally settled within one year, pertains to nontrade receivables.

Movements of allowance for impairment losses of receivables follow:

	Trade	Due from Related Parties	Others	Total
Balance as at December 31, 2018	₱2,469	₱12,141	₱–	₱14,610
Reversals	–	–	–	–
Balance as at December 31, 2019	2,469	12,141	–	14,610
Provision	11,556	–	–	11,556
Write-off	(1,686)	–	–	(1,686)
Balance as at December 31, 2020	₱12,339	₱12,141	₱–	₱24,480

8. Real Estate Properties for Sale and Development

This account consists of:

	2020	2019
Real estate properties for sale	**₱311,299**	₱316,853
Raw land and land improvements for development	**190,189**	187,039
	₱501,488	₱503,892

The movements in real estate properties for sale follows:

	2020	2019
Balances at beginning of year	**₱316,853**	₱343,904
Disposals (cost of real estate sales)	**(6,884)**	(37,190)
Construction/development costs incurred	**1,245**	7,171
Borrowing costs capitalized (Note 16)	**85**	2,968
Balances at end of the year	**₱311,299**	₱316,853

In 2020 and 2019, the Group sold its raw land with a cost of ₱0.8 million and ₱17.5 million, respectively, to a third party. Total cost of real estate sales amounted to ₱7.6 million, ₱54.7 million and ₱70.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

No provision for impairment loss on real estate properties for sale and development was recognized for the years ended December 31, 2020, 2019 and 2018.

Borrowing costs incurred to finance the development of the Group's real estate projects amounting to ₱0.1 million , ₱3.0 million and ₱1.9 million for the years ended December 31, 2020, 2019 and 2018, respectively, were capitalized using the weighted average rates of 6.75%, 6.84% and 3.7% for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 16).

Certain real estate properties for sale and development owned by the Group amounting to ₱196.0 million as at both December 31, 2020 and 2019, were used as collateral for the loans availed by the Parent Company and RLC (see Note 16).

9. Inventories

Inventories account consists of:

	2020	2019
At cost:		
Finished goods	**₱64,335**	₱42,295
Packaging materials	**5,577**	7,519
Supplies	**1,668**	1,931
	71,580	51,745
At NRV - finished goods, net of provision for inventory write-down amounting to ₱56.4 million and ₱6.3 million as of December 31, 2020 and 2019	**–**	18,796
	₱71,580	₱70,541

Cost of inventories carried at NRV amounted to ₱56.4 million and ₱25.1 million as of December 31, 2020 and 2019, respectively.

Cost of inventories charged to cost of goods sold amounted to ₱81.0 million, ₱51.4 million and ₱34.5 million in 2020, 2019 and 2018, respectively (see Note 22). Cost of inventories directly written off amounted to ₱3.6 million, ₱24.0 million and nil in 2020, 2019 and 2018, respectively (see Note 22)

Rollforward of provision for inventory write-down as of December 31, 2020 and 2019 are as follows:

	2020	2019
Beginning balance	**₱6,265**	₱–
Additions (Note 22)	**50,132**	6,265
Ending balance	**₱56,397**	₱6,265

10. Other Current and Noncurrent Assets

Other current assets account consists of:

	2020	2019
Input VAT	**₱121,528**	₱95,663
Creditable withholding taxes	**111,181**	102,449
Prepaid expenses	**51,335**	29,990
Refundable deposits	**3,850**	3,926
Deferred input VAT - current portion	**201**	19,049
Others	**4,090**	8,141
	₱292,185	₱259,218

Current input VAT mainly arises from construction of real estate for sale, construction of the hotel and plant buildings and purchases of goods and services for operations.

Prepaid expenses pertain to prepaid rent, insurance and taxes.

Others consist of advance payments for outside services and other expenses which are normally utilized within one year.

Other noncurrent assets account consists of:

	2020	2019
Deferred input VAT - noncurrent portion	**₱107,771**	₱160,856
Franchise fee	**6,809**	7,713
Utility deposits	**3,116**	3,433
Advances to suppliers	**–**	11,357
	₱117,696	₱183,359

Deferred input VAT includes unamortized input VAT from purchases or importation of capital goods, which are depreciable assets for income tax purposes, whose aggregate acquisition in a calendar month exceeds ₱1.0 million and input VAT on unpaid purchase of services.

Franchise fee pertains to RAHC's franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of GoHotels. The agreement is for 10 years beginning the opening day of the hotels. Amortization expense amounted to ₱0.9 million, ₱1.1 million, and ₱1.2 million for the years ended December 31, 2020, 2019 and 2018, respectively.

11. **Interests in Other Entities**

a. Investments in Associates

The carrying amounts of investments in associates are as follow:

	2020	2019
Associates		
Material associate - RHI and subsidiaries	**₱1,021,563**	₱1,869,303
Individually immaterial associates	**127,766**	127,766
	₱1,149,329	₱1,997,069

Movements in investments in associates follow:

	2020	2019
Associates		
Acquisition cost:		
Balance at beginning and end of year	**₱2,167,054**	₱2,167,054
Accumulated equity in net earnings (losses):		
Balance at beginning of year	**(267,025)**	121,180
Equity in net losses	**(938,021)**	(388,205)
Balance at end of year	**(1,205,046)**	(267,025)
Unrealized loss on transfer of land -		
Balance at beginning and end of year	**(₱59,030)**	(₱59,030)
Other comprehensive income:		
Balance at beginning of year	**171,303**	101,468
Share in appraisal increase in land, net of tax	**110,912**	89,808
Share in remeasurement loss on retirement liability, net of tax	**(20,631)**	(19,973)
Balance at end of year	**261,584**	171,303
	1,164,562	2,012,302
Allowance for impairment loss	**(15,233)**	(15,233)
	₱1,149,329	₱1,997,069

The following Philippine-incorporated and domiciled companies are the associates of the Group:

	Percentage of Ownership		
	2020	2019	Description of Business
RHI and subsidiaries**	**23.05**	23.05	Production and selling of sugar and related products
Roxaco-ACM Development Corporation (RADC)*	**50.00**	50.00	Real estate
Fuego Land Corporation (FLC)*	**30.00**	30.00	Real estate
Fuego Development Corporation (FDC)*	**30.00**	30.00	Real estate
Club Punta Fuego, Inc. (CPFI)*	**25.00**	25.00	Social recreational and athletic activities

** Effective ownership through RLC.*
***Accounting period ends September 30 of every year due to seasonality of its business. For purposes of the Group's consolidation, RHI and subsidiaries report their financial statements from January 1 to December 31.*

Investments in CPFI, RADC and FLC were provided with allowance for impairment loss amounting to nil, ₱7.9 million and ₱3.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

RHI and subsidiaries

In November 2013, RCI sold 31% of its equity interest in RHI to First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company but still remained the single biggest shareholder with 36% equity interest in RHI until January 2015.

In February 2015, RCI's equity interest in RHI was diluted from 36% to 31 % as a result of the acquisition of RHI's 241.8 million treasury shares by First Agri Holdings Corporation, a subsidiary of First Pacific.

RCI's equity interest in RHI was further diluted from 31% to 23% as a result of its non-participation in the exercise of Stock Rights Option (SRO) in May 2016 and the conversion of RHI's debt securities into 125 million common shares in July 2017.

Shares of stock of RHI totaling 299.6 million are used as collateral for RCI's and RLC's outstanding term loan balance of ₱474.5 million and ₱227.7 million, respectively, as of December 31, 2020 (see Note 16).

Reconciliation of proportionate share in net assets of RHI and subsidiaries and investment carried at equity method:

	2020	2019
Proportionate share on the net assets of the associate	**₱1,293,180**	₱2,116,587
Fair value adjustments	**(271,617)**	(247,284)
Carrying value of investment at equity method	**₱1,021,563**	₱1,869,303

Summarized financial information of associates are as follows:

	Associates			
	RHI and Subsidiaries*		CPFI, FLC and FDC**	
	2020	2019	**2020**	2019
Current assets	**₱1,965,975**	₱10,782,239	**₱672,411**	₱457,764
Noncurrent assets	**11,183,758**	10,358,403	**506,770**	509,462
Current liabilities	**5,110,242**	8,822,023	**471,221**	177,100
Noncurrent liabilities	**2,429,167**	3,136,029	**10,394**	4,488
Net assets	**5,610,324**	9,182,590	**697,566**	785,638
Revenue	**8,348,833**	5,985,170	**120,546**	202,430
Net income (loss)	**(4,069,507)**	(1,687,849)	**(23,790)**	776
Other comprehensive income (loss)	**391,676**	302,971	**(3,215)**	–
Total comprehensive income (loss)	**(3,677,831)**	(1,384,878)	**(27,005)**	776

** Material associate*
*** Individually immaterial associates*

There are no significant restrictions on the ability of the associates to transfer funds to the Parent Company in the form of cash dividends and repayment of loans, among others.

b. Subsidiary with Material Non-controlling Interest

RAHC

On April 13, 2016 (date of acquisition), RLC made an additional investment of ₱61.0 million that increased the equity interest of the Group in RAHC from 50% to 51%. On the same date, certain provisions of the Shareholder's Agreements were amended, particularly increasing RLC's BOD representation in RAHC from two to three out of the five directors to obtain control over RAHC. Consequently, RAHC became a subsidiary from said date, resulting to a gain from step up acquisition amounting to ₱6.9 million. RAHC's principal place of business is located at 7F Cacho Gonzales Bldg., 101 Aguirre Street, Legazpi Village, Makati City.

The non-controlling interest in RAHC amounted to ₱270.9 million, which was measured based on proportionate fair value of net assets of RAHC as at the date of acquisition.

Subsequently, on May 25, 2016 and September 1, 2016, RLC made additional investments amounting to ₱51.0 million and ₱41.0 million, respectively, maintaining the same equity interest in RAHC.

On December 3, 2013, RLC entered into a Shareholders Agreement with VH Select Investments (Phil) Pte. Ltd (VH Select) to form a joint venture company, Roxaco-Vanguard Hotel Corporation (RVHC) primarily to build and manage a minimum of five budget hotels under the "Go Hotels" brand through a franchise agreement with Robinsons Land. In April 2016, RLC increased its equity interest in RVHC to 51% to obtain control over RVHC and become its subsidiary.

In October 2016, the first Go Hotel at the Manila Airport Road started commercial operations. Thereafter, North EDSA, Cubao, Ermita, and Timog sites opened for operations in February, April, June and October 2017, respectively.

In April 2018, VH Select Investments sold its shares in RVHC to Asia Hospitality Private Capital Ltd. Singapore to become RLC's new JV partner. Consequently, the corporate name was changed from RVHC to Roxaco-Asia Hospitality Corporation (RAHC) and was approved by the SEC in October 2018. In August 2018, RAHC appointed Anya Hospitality Group, the hotel management arm of RLC to manage the five Go Hotels.

Summarized balance sheets as of December 31 of RAHC are as follows:

	2020	2019
Total assets	**₱2,351,843**	₱2,621,944
Total liabilities	**1,723,832**	1,985,544
Equity	**628,011**	636,400
Attributable to non-controlling interests	**307,725**	311,836

Summarized statements of income for the years ended December 31 are as follows:

	2020	2019	2018
Revenue	**₱287,442**	₱298,729	₱222,852
Expenses	**371,459**	245,122	204,359
Income tax expense	**2,668**	2,658	26,617
Net loss from continuing operations	**(51,047)**	(62,093)	(87,306)
Net loss from discontinued operations	**(35,638)**	(39,139)	(39,164)
Net loss attributable to non-controlling interests	**(42,476)**	(49,604)	(61,970)

Summarized statements of comprehensive income are as follows:

	2020	2019	2018
Total comprehensive income (loss)	**₱28,130**	(₱8,939)	(₱107,554)
Attributable to non-controlling interests	**13,783**	(4,380)	(52,701)

In December 2019, RAHC entered into an Agreement to Sell its GoHotel Cubao site costing ₱374.0 million for ₱411.0 million to reduce debt and improve profitability. GoHotel Cubao was subsequently sold to a certain buyer in January 2020 (see Note 25).

In November 2020, RAHC entered into an Agreement to Sell its GoHotel Timog site costing ₱602.2 million to reduce debt and improve profitability (see Note 25).

12. Property, Plant and Equipment

Details and movements of the property, plant and equipment carried at cost follows:

	December 31, 2020						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱1,959,544	₱588,122	₱104,175	₱21,127	₱260,555	₱10,511	₱2,944,034
Additions	2,057	–	–	–	5,171	2,365	9,593
Reclassifications	–	682	–	–	5	(687)	–
Write-off	–	–	(54,351)	–	–	–	(54,351)
Assets held for sale (Note 25)	(313,942)	–	–	-	(35,660)	-	(349,602)
Disposals	–	–	–	(2,750)	–	–	(2,750)
Balance at end of year	1,647,659	588,804	49,824	18,377	230,071	12,189	2,546,924
Accumulated Depreciation and Amortization							
Balance at beginning of year	129,415	27,671	3,470	15,901	120,170	–	296,627
Depreciation and amortization	44,130	13,455	3,974	2,332	43,514	–	107,405
Assets held for sale (Note 25)	(28,044)	–	–	–	(22,093)	–	(50,137)
Disposals	–	–	–	(2,750)	–	–	(2,750)
Balance at end of year	145,501	41,126	7,444	15,483	141,591	–	351,145
Accumulated Impairment Loss							
Balance at beginning of year	–	–	–	–	–	–	–
Impairment loss (Note 5)	13,288	27,649	–	–	–	–	40,937
Balance at end of year	13,288	27,649	–	–	–	–	40,937
Net Book Value	₱1,488,870	₱520,029	₱42,380	₱2,894	₱88,480	₱12,189	₱2,154,842

	December 31, 2019						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱2,230,551	₱587,438	₱205	₱19,534	₱266,378	₱112,656	₱3,216,762
Additions	9,800	–	–	1,593	22,357	2,648	36,398
Reclassifications	–	684	103,970	–	139	(104,793)	–
Disposals	(6,209)	–	–	–	–	–	(6,209)
Assets held for sale (Note 25)	(274,598)	–	–	–	(28,319)	–	(302,917)
Balance at end of year	1,959,544	588,122	104,175	21,127	260,555	10,511	2,944,034
Accumulated Depreciation and Amortization							
Balance at beginning of year	104,859	14,207	205	13,415	82,513	–	215,199
Depreciation and amortization	44,388	13,464	3,265	2,486	52,560	–	116,163
Disposals	(6,209)	–	–	–	–	–	(6,209)
Assets held for sale (Note 25)	(13,623)	–	–	–	(14,903)	–	(28,526)
Balance at end of year	129,415	27,671	3,470	15,901	120,170	–	296,627
Net Book Value	₱1,830,129	₱560,451	₱100,705	₱5,226	₱140,385	₱10,511	₱2,647,407

In 2020, reclassifications in construction in progress pertain to RSAI's ongoing construction of the machinery and equipment in the processing plant and in Tupi, South Cotabato.

Fully depreciated property, plant and equipment with an aggregate cost of ₱26.9 million as at both December 31, 2020 and 2019 are still being used in the operations.

Land at appraised values and had it been carried at cost are as follows:

	2020	2019
At appraised values:		
Balance at beginning of year	**₱816,394**	₱773,495
Appraisal increase	**40,233**	142,187
Assets held for sale (Note 25)	**(306,705)**	(99,288)
Balance at end of year	**₱549,922**	₱816,394
At cost		
Balance at beginning of year	**₱450,143**	₱483,487
Assets held for sale (Note 25)	**(251,063)**	(33,344)
Balance at end of year	**₱199,080**	₱450,143

Certain assets were mortgaged and used as collateral to secure the loan obligations of the RSAI and RAHC with the local banks as at December 31, 2020 and 2019 (see Note 16).

Impairment
In 2020, impairment loss amounting to ₱40.9 million was recognized on the property and equipment used in the coconut production business of the Group with carrying amount of ₱857.8 million as of December 31, 2020 (see Notes 5 and 22).

Write-off
In 2020, RGEC wrote-off its land improvements amounting to ₱54.4 million relating to its registration fees, down payment to contractors, and surveys for the area, among others (see Notes 5 and 22).

13. **Right-of-Use Assets and Lease Liabilities**

The Group as a lessee
The Group has lease contracts for sales office, herb garden and hotel suites used in its operations. Leases of sales office generally have lease terms between 1 and 3 years, while herb garden and hotel suites generally have lease terms of 5 and 25 years, respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office space for hospitality group with lease terms of 12 months or less and leases of dishwashing machine and house for an expatriate with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this account follows:

	2020			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At December 31, 2019	₱161,455	₱337	₱384	₱162,176
At December 31, 2020	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2019	44,737	112	84	44,933
Depreciation and amortization (Note 22)	45,699	113	113	45,925
At December 31, 2020	90,436	225	197	90,858
Net Book Value	**₱71,018**	**₱112**	**₱188**	**₱71,318**

	2019			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At January 1	₱156,432	₱–	₱384	₱156,816
Additions	5,023	337	–	5,360
At December 31	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At January 1	–	–	–	–
Depreciation and amortization (Note 22)	(44,737)	(112)	(84)	44,933
At December 31	44,737	112	84	44,933
Net Book Value	**₱116,718**	**₱225**	**₱300**	**₱117,243**

The following are the amounts recognized in the consolidated statements of income:

	2020	2019
Depreciation expense of right-of-use assets (included in cost and expenses) (Note 22)	**₱45,925**	₱44,933
Interest expense on lease liabilities	**7,568**	9,727
Rent concession (Note 24)	**(23,569)**	–
Expenses relating to short-term leases (included in cost of goods sold) (Note 22)	**1,234**	1,025
Expenses relating to short-term leases (included in operating expenses) (Note 22)	**1,634**	3,734
Expenses relating to leases of low-value assets (included in operating expenses) (Note 22)	**316**	316
	₱33,108	₱59,735

The rollforward analysis of lease liabilities follows:

	2020	2019
At January 1	**₱126,718**	₱156,816
Additions	**–**	5,360
Interest expense	**7,568**	9,727
Rent concession (Note 24)	**(23,569)**	–
Payments	**(24,174)**	(45,185)
At December 31	**₱86,543**	₱126,718

The Group applied has applied the practical expedient to all the COVID-19 related rent concessions that met the conditions. In 2020, The Group's lease payments for six months during the temporary closure of Anya Resorts Tagaytay were waived. The Group assessed the waiver of lease payments as a direct consequence of the COVID 19 pandemic and consequently elected the waiver as not a lease modification from the lessor. The Group accounted for the waiver of lease payments as a negative variable lease and accordingly recorded ₱23.6 million as part of Other income (see Note 24).

The breakdown of lease liabilities as at December 31, 2020 follows:

	2020	2019
Lease liabilities	**₱86,543**	₱126,718
Less noncurrent portion of lease liabilities	**42,382**	86,582
Current portion of lease liabilities	**₱44,161**	₱40,136

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised. Payments of yield guarantees under the leaseback program agreement of the Group with various buyers of Anya Resort Suites qualify as leases under PFRS 16 and are considered as leases of hotel suites.

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
Within 1 year	**₱50,438**	₱47,743
More than 1 years to 2 years	**39,541**	50,438
More than 2 years to 3 years	**1,341**	39,541
More than 3 years to 4 years	**1,347**	1,341
More than 5 years	**315**	1,663

14. **Investment Properties**

This account consists of land properties of the Parent Company located in Nasugbu, Batangas, which are held either to earn rentals and/or for capital appreciation amounting to ₱6,413.0 million and ₱6,010.8 million as of December 31, 2020 and 2019, respectively. Unrealized fair value gain recognized on these investment properties amounted to ₱398.1 million and ₱763.4 million for the years ended December 31, 2020 and 2019, respectively.

The Parent Company's investment properties include land properties that are subjected to the CARL with total land area of 2,300.6 hectares (see Note 28). As of December 31, 2020, these parcels of land have a carrying value of ₱5,526.7 million, representing 86% of the total investment properties.

The Parent Company sold its investment properties costing ₱2.9 million for ₱28.0 million resulting to a gain of ₱25.1 million in 2020 and investment properties costing ₱32.6 million for ₱201.0 million resulting to a gain of ₱168.4 million in 2019 (see Note 24).

As at December 31, 2020 and 2019, the fair value of investment properties, including land properties subjected to the CARL, are based on the appraised values of the properties as at December 10, 2020 as determined by a professional qualified independent and SEC-accredited appraiser. The fair value measurement for investment properties has been categorized under Level 3, which was determined by using the Sales Comparison Approach that disregards all existing liens and encumbrances and appraises the properties as though free and with clean titles. Such approach is a comparative approach that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape (see Note 30).

The Philippine SEC, in its letter dated January 26, 2011 to the Parent Company, approved the change in the accounting measurement of investment properties of the Parent Company, including land properties subjected to the CARL, from cost to fair value method and the transfer of the debit balance in the "Other equity reserve" to deficit. The debit balance in the "Other equity reserve" amounting to ₱4.0 billion in 2009 resulted from the excess of the considerations received over the net assets acquired arising from the merger of CADPGC and Roxas & Company, Inc., the parent company of CADPGC, which was absorbed and liquidated (see Note 19). The Philippine SEC approved the foregoing accounting treatment on the basis of the facts and circumstances provided by the Parent Company.

Certain investment properties amounting to ₱7.5 million and ₱6.3 million as of December 31, 2020 and 2019, respectively, were mortgaged and used as collateral to secure the loan obligations of RCI and RLC with the local banks (see Note 16).

15. **Short-term Borrowings**

This account represents unsecured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱0.3 billion and ₱1.3 billion as of December 31, 2020 and 2019, respectively; payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the years ended December 31, 2020, 2019 and 2018.

The Group has availed of the following reliefs and renegotiated the terms of its existing loan agreements with its lenders as follows:

- In September 2020, the Group received the full support of its creditor banks which recently approved to grant up to three years additional grace period for the repayment of ₱2.6 billion of the Group's debts (see Note 16). Bank debts with recently approved repayment terms include BPI short-term borrowings amounting to ₱702.2 million and AUB short-term borrowings amounting to ₱188.5 million.
- In September 2020, RCI and RLC converted its short-term loan facility from BPI amounting to ₱474.5 million and ₱227.7 million, respectively, into a three-year medium term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company (see Note 16), and additional collateral as may be agreed upon.

- In September 2020, RLC converted its short-term loan facility with AUB amounting to ₱188.5 million into a medium-term loan which bears fixed interest rate of 6% per annum. Principal amounts are payable monthly which will start in December 2020 until its maturity date on July 30, 2023. This loan facility is partially secured by RCI 50 million treasury shares amounting to ₱60.0 million.

Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification loss recognized in the 2020 consolidated statement of income as a result of these modifications amounted to ₱16.0 million (see Notes 16 and 24).

Interest expense arising from short-term borrowings amounted to ₱54.6 million, ₱99.3 million and ₱61.1 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 16).

Capitalized borrowing cost from short-term borrowings amounted to ₱1.9 million for the year ended December 31, 2018 (nil in 2020 and 2019).

16. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	2020	2019
Bank of the Philippine Islands (BPI)	**₱1,288,883**	₱1,001,997
United Coconut Planters Bank (UCPB)	**473,236**	501,267
China Bank Corporation (China Bank)	**206,284**	200,000
Asia United Bank (AUB)	**178,883**	3,132
Robinsons Bank Corporation (RBC) - net of debt transaction costs amounting to ₱6.2 million and ₱7.2 million as of December 31, 2020 and 2019, respectively	**774,713**	762,448
	2,921,999	2,468,844
Current portion - net of debt transaction costs amounting to ₱1.1 million	**(205,857)**	(429,597)
Noncurrent portion	**₱2,716,142**	₱2,039,247

	2020	2019
RAHC	**₱1,008,396**	₱1,410,449
RLC	**950,352**	552,666
RCI	**489,695**	1,331
RSAI	**473,556**	504,398
	₱2,921,999	₱2,468,844

Movement in debt transaction costs follow:

	2020	2019
Balance at the beginning	**₱7,239**	₱–
Transaction costs recognized during the year	**–**	7,504
Less: amortization	**1,052**	265
Balance at the end	**₱6,187**	₱7,239

Loans of RAHC
The bank loans are classified as follows:

	2020	2019
Current portion	**₱19,573**	₱207,103
Noncurrent portion	**988,823**	1,203,346
	₱1,008,396	₱1,410,449

In September 2016, RAHC converted its short-term loan facility from BPI amounting to ₱628.0 million into term loan facility for GoHotel North EDSA and Cubao. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2023.

In February 2020, loan pertaining to GoHotel Cubao was fully paid.

In May 2017, RAHC converted another short-term loan facility from BPI amounting to ₱460.0 million into term loan facility for the development of GoHotel Timog. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2024.

In September 2017, RAHC entered into a ten-year term loan facility with Robinsons Bank Corporation amounting to ₱330.0 million to take out existing loan with BDO which funded the development of GoHotel Manila Airport Road and for general working capital purposes. The loan bears minimum interest rate of 3.75% for the first two years and indicative interest of 6% for the succeeding years until maturity. Principal amount is payable quarterly after the two-year grace period for eight years until 2027.

On September 25, 2019, the outstanding balance due to BDO was fully paid amounting to ₱385.0 million.

In September 2019, RAHC obtained a ten-year term loan from RBC amounting to ₱450.0 million to take out the BDO loan which funded the development of GoHotel Ermita and for general working capital purposes. Principal amount is payable quarterly after the two-year grace period for eight years until 2029.

As of December 31, 2020, ₱372.4 million outstanding loan of GoHotel Timog has been transferred to the net balance of the liabilities held for sale (see Note 25).

As of December 31, 2019, ₱200.0 million outstanding loan of GoHotel Cubao has been transferred to the net balance of the liabilities held for sale. The loan was paid in 2020 upon sale of Go Hotel Cubao (see Note 25).

The loan facilities are secured by RAHC's properties amounting to ₱2,012.6 million and ₱2,369.0 million as at December 31, 2020 and 2019, respectively.

Loan of RLC
The bank loan is classified as follows:

	2020	2019
Current portion	**₱102,142**	₱108,050
Noncurrent portion	**848,210**	444,616
	₱950,352	₱552,666

On September 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan.

As at December 31, 2020 and 2019, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱196.0 million (see Note 8) and certain properties of the Parent Company.

In September 2019, RLC converted its short-term loan facility with China Bank amounting to ₱200.0 million into a 5-year term loan including a 1-½ year grace period. The loan bears variable interest rate and repriced quarterly. Principal amount is payable quarterly until 2024.

As at December 31, 2020 and 2019, the RLC loan is secured by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company (amounts in thousands) as follows:

	2020	2019
Shares of stock of RHI (299.6 million as at 2020 and 99.6 million shares as at 2019)	**₱419,453**	₱322,265
Real estate properties for sale and development of RLC (Note 8)	**196,000**	196,000
RCI treasury shares (90.0 million as at 2020 and 40.0 million shares as at 2019)	**108,000**	80,000
Investment properties (Note 14)	**7,527**	6,339
Property, plant and equipment (Note 12)	**797**	797
	₱731,777	₱605,401

Loan of RCI
The bank loans are classified as follows:

	2020	2019
Current portion	**₱269**	₱268
Noncurrent portion	**489,426**	1,063
	₱489,695	₱1,331

In September 2020, the Parent Company converted its short-term loan facility from BPI amounting to ₱474.5 million into a three-year medium-term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company and additional collateral as may be agreed upon.

Loan of RSAI
The bank loans are classified as follows:

	2020	2019
Current portion	**₱83,873**	₱114,176
Noncurrent portion	**389,683**	390,222
	₱473,556	₱504,398

On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into a term loan. Principal amounts are payable quarterly after the two-year grace period for seven years until 2024.

The loan facility is secured by RSAI's coconut processing plant amounting to ₱898.8 million and ₱913.4 million as at December 31, 2020 and 2019, respectively (see Note 12).

Loan Restructuring
In September 2020, the Group received the full support of its creditor banks which recently approved to grant up to three years additional grace period for the repayment of ₱2.6 billion of the Group's debts (see Note 15).

Bank debts with recently approved repayment terms include BPI (₱1.6 billion), RBC (₱759.4 million), and AUB (₱188.5 million).

Based on the Group's assessment, these modifications in the contractual cash flows were not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification loss recognized in the 2020 consolidated statement of income as a result of these modifications amounted to ₱35.7 million (see Notes 15 and 24).

Interest Expense
Total interest expense incurred amounted to ₱248.4 million, ₱305.1 million and ₱237.9 million for the years ended December 31, 2020, 2019 and 2018, respectively. Details of interest expense, net of capitalized borrowing costs follow:

	2020	2019	2018
Long-term borrowings	**₱193,852**	₱206,089	₱176,783
Short-term borrowings (Note 15)	**54,575**	99,305	61,138
	₱248,427	₱305,124	₱237,921

Details of capitalized borrowing costs related to real estate projects of RLC and its subsidiaries are as follows:

	2020	2019	2018
Long-term borrowings	**₱85**	₱2,968	₱–
Short-term borrowings	**–**	–	1,925
	₱85	₱2,968	₱1,925

Borrowing costs incurred to finance the development of the Group's real estate projects amounting to ₱0.1 million, ₱3.0 million and ₱1.9 million for the years ended December 31, 2020, 2019 and 2018, respectively, were capitalized using a weighted average rate of 6.75%, 6.84% and 3.75% for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 8).

Loan Covenants

RLC

The long-term borrowings of the Parent Company and RLC are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0 and 1.10:1.0, respectively, and debt to equity (D/E) ratio of not more than 0.75:1.00;
- prohibition on sale, lease, transfer, or otherwise disposal of any of its properties and assets, or its existing investments therein;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top-level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders.

As of December 31, 2019, RLC has not met the DSCR ratio requirement. On December 12, 2019, RLC obtained a letter from BPI approving the suspension of the ratio requirements effective from January 1, 2019 until December 31, 2019.

As of December 31, 2020, RLC has not met the D/E ratio requirement. On December 12, 2020, RLC obtained a letter from BPI approving the suspension of the ratio requirements effective from January 1, 2019 until December 31, 2020 Accordingly, the term loan due 12 months from December 31, 2020 and 2019 were classified to noncurrent liability.

RAHC

The significant covenants attached to the borrowings of RAHC include the following restrictions:

BPI

- maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0, and debt to equity (D/E) ratio of not more than 3.00:1.00;
- Materially change the character of its business from that being carried on at a date of agreement;
- Materially change ownership or control of its business or its capital stock or its composition of top-level management;
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable;
- Declare or pay dividends to its stockholders or partners upon the occurrence of an event of default;
- Sell, lease, transfer, or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons;
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business;
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans;
- Incur any long-term loan or increase its borrowings or re-avail of existing facilities with other bank or financial institutions, except for working capital requirement;
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business; and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

As of December 31, 2018, RAHC has not met the DSCR requirement on its term loan and accordingly, reclassified ₱598.1 million loan from BPI as a current liability as of that date. On January 21, 2019, RAHC obtained from BPI approving the suspension of the DSCR and D/E ratio requirements effective from January 1, 2019 until December 31, 2019. Accordingly, the term loan due 12 months from December 31, 2019 were classified as a noncurrent liability.

In September 2020, BPI and RAHC signed an amendment in terms and condition to the loan agreement. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. The interest payment was likewise amended from quarterly to semi-annually. The bank also approved the elimination of the DSCR requirement but maintained the maximum D/E ratio of 3.0. As of December 31, 2020, RAHC has met the D/E ratio requirement on its term loan.

RBC

- Comply with the following financial ratios from drawdown date:

Year	D/E Ratio	Year	D/E Ratio
2019	3.5x	2024	2.0x
2020	3.0x	2025	1.75x
2021	2.5x	2026	1.75x
2022	2.5x	2027	1.50x
2023	2.5x	2028	1.50x

- Materially change the character of its business from that being carried on at the date of the loan agreement;
- Materially change ownership or control of its business or its capital stock or in the composition of its top-level management;
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable;
- Sell, lease, transfer, or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons;
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business;
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans;
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business;
- Invest in bonds and similar securities in any company or enterprise; and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

a) Term Loan 1 amounting to ₱450.0 million
In June 2020, the bank granted additional grace period for loan payment amortization, to begin on March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to semi-annual repricing. The interest will be payable semi- annually.

b) Term Loan 2 amounting to ₱420.0 million
This is to bridge finance loan the term loan 1. Interest rate is based on the prevailing mandated lending rate which is payable quarterly in arrears subject to quarterly re-pricing. Upon maturity, this is to be paid by the approved term loan 1.

In June 2020, the bank granted additional grace period from date of last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to semi-annual repricing. The interest will be payable semi- annually.

As of December 31, 2020 and 2019, RAHC has met the D/E ratio requirement on its term loan.

Maturities
The maturities of the long-term borrowings are as follows:

	2020	2019
Less than one year	**₱205,858**	₱430,649
Between one and two years	**435,552**	756,149
Between two and five years	**1,858,238**	1,006,160
Over five years	**422,351**	275,886
	₱2,921,999	₱2,468,844

Change in Liabilities Arising from Financing Activities

	Lease liabilities (Note 13)		Short-term borrowings (Note 15)		Long-term borrowings	
	2020	2019	**2020**	2019	**2020**	2019
Balance at beginning of year	**₱126,718**	₱156,816	**₱1,265,634**	₱1,311,000	**₱2,468,844**	₱2,726,901
Availments	**–**	5,360	**50,318**	229,634	**–**	388,691
Interest expense on accretion of lease liability	**7,568**	9,727	**–**	–	**–**	–
Payment of interest on lease liability	**(7,568)**	(9,727)	**–**	–	**–**	–
Principal payments	**(16,606)**	(35,458)	**(6,000)**	(10,669)	**(424,570)**	(711,080)
Rent concession	**(23,569)**	–	**–**	–	**–**	–
Reclassification from short-term to long-term	**–**	–	**(996,311)**	(264,331)	**1,256,293**	271,571
Debt transaction costs	**–**	–	**–**	–	**(6,187)**	(7,239)
Transferred to assets held for sale	**–**	–	**–**	–	**(372,381)**	(200,000)
Balance at the end of the year	**₱86,543**	₱126,718	**₱313,641**	₱1,265,634	**₱2,921,999**	₱2,468,844

17. Trade and Other Payables

This account consists of:

	2020	2019
Trade	**₱243,843**	₱197,241
Accrued expenses	**126,633**	81,810
Due to related parties (Note 20)	**123,989**	95,255
Retention payable	**91,000**	94,242
Interest	**51,283**	6,389
Payroll and other employee benefits	**39,216**	13,781
Statutory payables	**19,422**	6,740
Outside services	**18,953**	14,714
Dividends (Note 19)	**4,247**	1,202
Payables to contractors	**1,202**	51,741
Others	**11,343**	42,717
	₱731,131	₱605,832

Trade payables are noninterest-bearing and are generally settled within 30 days.

Accrued expenses consist principally of accruals for purchase of goods and services such as utilities, freight and handling and repairs and maintenance.

Retention payable pertains to amounts withheld on payments made to contractors equivalent to 10% of the amount billed. The amounts withheld will be remitted to the contractors upon successful completion of the related projects and acceptance by the Group.

Payables to contractors pertain to liabilities for the services rendered for the construction of the coconut plant facility.

Statutory payables and other payables are noninterest-bearing and are normally settled throughout the year.

Others pertain to titling payable, rental of office, utilities, sales commission payable which are noninterest-bearing and are normally settled within one year.

18. **Retirement Benefits**

The Group has an unfunded, noncontributory defined benefit retirement plan based on the minimum amount required by law, covering its permanent employees. Retirement benefits costs and contributions are determined in accordance with an actuarial study and are based on years of service and the employee's final covered compensation.

Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Retirement Benefits

The amounts recognized as retirement benefits in the consolidated statements of income are as follows:

	2020	2019	2018
Current service cost	**₱12,080**	₱9,777	₱21,868
Net interest cost	**3,315**	3,531	1,896
Settlement gain	**(429)**	–	–
	₱14,966	₱13,308	₱23,764

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱2.31 million and ₱16.27 million, net of tax, as of December 31, 2020 and 2019, respectively.

Retirement Liability

Retirement liability recognized in the consolidated statements of financial position follows:

	2020	2019
Present value of obligation	**₱79,698**	₱67,148
Fair value of plan assets	**(7,107)**	(6,609)
	₱72,591	₱60,539

Movements in the defined benefit obligation for the years ended December 31, 2020 and 2019 follow:

	2020	2019
Balance at beginning of year	**₱67,148**	₱56,535
Current service cost	**12,080**	9,777
Interest cost	**3,665**	4,217
Benefits paid	**(5,228)**	(1,810)
Settlement gain	**(429)**	–
Benefits from plan assets	**–**	(5,023)
Actuarial loss (gain) on DBO due to:		
Experience adjustments	**(8,328)**	(5,351)
Changes in financial assumptions	**10,790**	8,803
Balance at end of year	**₱79,698**	₱67,148

Movements in the fair value of plan assets for the years ended December 31, 2020 and 2019 follow:

	2020	2019
Balance at beginning of the year	**₱6,609**	₱10,278
Interest income	**350**	686
Benefits from plan assets	**–**	(5,023)
Return on plan assets, excluding amounts included in interest income	**148**	668
Balance at end of the year	**₱7,107**	₱6,609

Plan assets of the Group as at December 31, 2020 and 2019 consist of:

	2020	2019
Cash in banks and cash equivalents	**18%**	20%
Government securities and other assets	**82%**	80%
	100%	100%

The Group is expected to contribute a total of ₱4.1 million to the respective plans in 2021.

The latest available actuarial valuation of the plan for the Group is as of January 26, 2021; which was used for the estimation of the retirement benefits of the respective companies as at December 31, 2020 and 2019.

The principal actuarial assumptions used in determining retirement benefits and gratuities cost as at beginning of each period follows:

	2020	2019	2018
Discount rate	**3.60% to 4.10%**	4.90% to 7.80%	7.40% to 7.50%
Future salary increases	**7.00%**	7.00%	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at December 31, 2020 and 2019 are as follows:

		2020	2019
Discount Rate	+100 bps	**(₱7,204)**	(₱4,701)
	-100 bps	**8,778**	5,551
Salary Rate	+100 bps	**8,396**	5,404
	-100 bps	**(7,058)**	(4,674)
Turnover Rate	0%	**25,612**	12,643
	125%	**(3,772)**	(2,019)
	75%	**4,512**	2,392

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The Group does not currently employ any asset-liability matching.

The maturity analysis of the undiscounted payments as of December 31, 2020 and 2019 are as follows:

	2020	2019
One year and less	**₱14,821**	₱5,298
More than one year to five years	**46,939**	63,707
More than five years to 10 years	**22,004**	14,782
More than 10 years to 15 years	**42,443**	38,583
More than 15 years to 20 years	**92,743**	105,503
More than 20 years	**402,987**	452,514

Weighted average duration of the defined benefit liability is 19.7 years and 15.5 years as of December 31, 2020 and 2019, respectively.

19. **Equity**

a. Capital Stock

	December 31, 2020		December 31, 2019	
	Number of Shares	**Amount**	Number of Shares	Amount
"Class A" common stock - ₱1 par value				
Authorized	**3,375,000,000**	**₱3,375,000**	3,375,000,000	₱3,375,000
Balance at beginning and end of year	**2,911,885,870**	**₱2,911,886**	2,911,885,870	₱2,911,886
Treasury stock:				
Balance at beginning of the year	**(861,073,555)**	**(1,463,825)**	(907,798,463)	(1,543,257)
Issuances	**145,201,026**	**246,842**	46,724,908	79,432
Balance at end of the year	**715,872,529**	**(1,216,983)**	861,073,555	(1,463,825)
Issued and outstanding	**2,196,013,341**	**₱1,694,903**	2,050,812,315	₱1,448,061
Preferred stock - ₱1 par value				
Authorized, 1,000,000,000				
Issued and outstanding	**500,000,000**	**₱500,000**	500,000,000	₱500,000

In 2018, the Parent Company issued 25,905,051 treasury shares based on the average market rate of ₱2.67 per share aggregating ₱74.6 million, resulting to an increase in additional paid-in capital amounting to ₱30.6 million, net of transaction costs of ₱0.97 million.

In 2019, the Parent Company issued 46,724,908 treasury shares based on the average market rate of ₱2.01 per share aggregating ₱92.5 million, resulting to an increase in additional paid-in capital amounting to ₱13.0 million, net of transaction costs of ₱3.8 million.

In 2020, the Parent Company issued 145,201,026 treasury shares based on the average market rate of ₱1.42 per share aggregating ₱204.9 million, resulting to an increase in additional paid-in capital amounting to ₱42.0 million, net of transaction costs of ₱1.60 million.

On November 13, 2018, the Parent Company issued 500.0 million preferred shares (500,000,000 preferred shares offered at par value of ₱1 per share) with a fixed dividend rate of 8.5%, with a corresponding reduction to additional paid-in capital stock pertaining to transaction costs of ₱5.0 million. The preferred shares are cumulative, non-participating, non-voting, and redeemable at the option of the Parent Company, as determined by the BOD. Dividend in arrears on preferred shares amounted to ₱1.2 million as at both December 31, 2020 and 2019.

The BOD, in its Special Meeting held on March 12, 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of ₱1.00 per share. The Articles of Incorporation of the Parent Company provides that the preferred shares are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The BOD has yet to determine the terms of re-issuance of the said preferred shares.

b. Track Record of Registration

Date	Number of Shares Licensed	Issue/Offer Price
October 7, 1918	15,000	₱100.00
February 15, 1963	2,500,000	10.00
September 30, 1969	3,000,000	10.00
January 13, 1977	5,000,000	10.00
May 21, 1990	12,500,000	10.00*
December 3, 1996	200,000,000	1.00
October 26, 1999	400,000,000	1.00
April 2, 2002	2,000,000,000	1.00
February 7, 2005	1,962,500,000	1.00
June 23, 2009	3,375,000,000	1.00

** Par value was subsequently reduced to ₱1.00*

c. Other equity reserves

Details of other equity reserves follow:

	2020	2019	2018
Revaluation Increment on Land			
Balance at beginning and end of year	**₱280,091**	₱280,091	₱280,091
Share in Revaluation Increment on Land of an Associate			
Balance at beginning of year	**177,749**	87,941	72,360
Share in revaluation increment on land, net of tax	**110,912**	89,808	15,581
Balance at end of year	**288,661**	177,749	87,941
Cumulative Share in Fair Value Reserve of an Associate			
Balance at beginning and end of year	**5,129**	5,129	5,129
Revaluation Increment on Land of a Subsidiary			
Balance at beginning of year	**138,297**	86,550	70,439
Share in appraisal increase, net of tax	**14,363**	51,747	16,111
Transfers of appraisal increase in land to retained earnings	**(23,542)**	–	–
Balance at end of year	**129,118**	138,297	86,550

	2020	2019	2018
Cumulative Remeasurement Gain (Loss) on Retirement Liability			
Balance at beginning of year	**₱7,859**	₱9,795	₱3,281
Remeasurement gain, net of tax	**(1,583)**	(1,936)	6,514
Balance at end of year	**6,276**	7,859	9,795
Cumulative Share in Remeasurement Gain (Loss) on Retirement Liability of Associates			
Balance at beginning of year	**(11,575)**	8,398	(10,445)
Share in remeasurement loss, net of tax	**(20,631)**	(19,973)	18,843
Balance at end of year	**(32,206)**	(11,575)	8,398
	₱677,069	₱597,550	₱477,904

d. Retained Earnings

Details of retained earnings follow:

	2020	2019	2018
Appropriated/Restricted			
Balance at beginning of year	**₱1,950,445**	₱2,029,877	₱2,073,916
Reversal for treasury stock and others	**(246,842)**	(79,432)	(44,039)
Balance at end of year	**1,703,603**	1,950,445	2,029,877
Unappropriated			
Balance at beginning of year	**2,066,681**	1,785,887	1,504,195
Effect of adoption of new accounting standards	**–**	–	(3,040)
Balance at beginning of year	**2,066,681**	1,785,887	1,501,155
Net income (loss) attributable to the Parent Company	**(1,080,298)**	243,413	240,693
Cash dividends	**(41,302)**	(42,051)	–
Transfers of appraisal increase in land to retained earnings	**33,549**	–	–
Reversal of restriction for treasury stock	**246,842**	79,432	44,039
Balance at end of period	**1,225,472**	2,066,681	1,785,887
	₱2,929,075	₱4,017,126	₱3,815,764

Retained earnings that are not available for dividend declaration are as follows:

	2020	2019	2018
Restricted for treasury stock	**₱1,216,983**	₱1,463,825	₱1,543,257
Gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	**296,967**	296,967	296,967
Fair value gains on investment properties included in the retained earnings	**2,154,210**	1,756,154	992,744
Undistributed earnings of subsidiaries and equity in net earnings of the associates	–	330,914	330,914
Deferred income tax assets	**191,461**	150,222	86,593
	₱3,859,621	₱3,998,082	₱3,250,475

For purposes of dividend declaration, the retained earnings of the Parent Company is restricted to the extent of the deficit wiped out by the gain on changes in fair value on investment properties that was closed to retained earnings, net of the debit balance of "Other equity reserves" account (see Note 14).

Dividend Declaration
Cash dividends declared by the Parent Company against the unappropriated retained earnings are as follows:

	Dividend		Stockholders of	
Date Approved	Per Share	Total Amount	Record Date	Payment Date
December 18, 2015	₱0.01	₱19,734	January 15, 2016	February 5, 2016
December 12, 2014	0.02	38,430	January 15, 2015	January 30, 2015
December 13, 2013	0.02	38,430	January 6, 2014	January 30, 2014

Dividends payable amounted to ₱1.2 million as at both December 31, 2020 and 2019.

On November 13, 2019, the BOD likewise approved and authorized the declaration of dividends to the preferred shareholders for the year 2020 as follows:

Description	1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
Record date	February 6, 2020	May 7, 2020	August 6, 2020	November 6, 2020
Payment date	February 13, 2020	May 13, 2020	August 13, 2020	November 13, 2020
Dividend rate	₱0.02 per share	₱0.02 per share	₱0.02 per share	₱0.02 per share

The Company has paid cash dividends on preferred shares amounting to ₱41.3 million representing dividends for the year ended December 31, 2020.

e. Share Prices

The principal market for the Parent Company's share of stock is the PSE. The high and low trading prices of the Parent Company's share for each quarter within the last three periods are as follows:

Quarter	High	Low
January through December 2020		
First	₱2.29	₱1.21
Second	1.92	1.32
Third	1.58	1.10
Fourth	1.49	1.16
January through December 2019		
First	2.21	1.70
Second	1.78	1.36
Third	1.97	1.30
Fourth	2.22	1.74
January through December 2018		
First	4.95	2.01
Second	2.85	1.82
Third	2.95	2.02
Fourth	2.65	1.76

20. **Related Party Transactions and Balances**

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

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

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

The transactions and related balances of the Group with other related parties are as follows:

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 7)	Amount Due to Related Parties (see Note 17)
Associates					
FDC	Interest-bearing advances	**December 31, 2020**	**₱–**	**₱40,287**	**₱13,211**
		December 31, 2019	(₱76)	₱40,287	₱13,211
FLC	Dividends receivable	**December 31, 2020**	**–**	**3,852**	**–**
		December 31, 2019	–	3,852	–
RADC	Noninterest-bearing advances	**December 31, 2020**	**–**	**–**	**10,966**
		December 31, 2019	–	–	10,966
Joint Ventures					
VJPI	Noninterest-bearing advances	**December 31, 2020**	**–**	**93**	**218**
		December 31, 2019	(1,027)	93	218

(Forward)

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 7)	Amount Due to Related Parties (see Note 17)
Marilo Realty Development Corporation	Noninterest-bearing advances	**December 31, 2020**	**₱–**	**₱949**	**₱892**
		December 31, 2019	57	949	892
LPC	Defrayment of cost and expenses for restructuring	**December 31, 2020**	**–**	**3,306**	**26,362**
		December 31, 2019	(12,820)	3,306	23,427
Entities under common control	Interest-bearing advances	**December 31, 2020**	**6,173**	**40,880**	**72,340**
		December 31, 2019	80,838	40,642	46,541
		December 31, 2020		**₱89,368**	**₱123,989**
		December 31, 2019		₱89,129	₱95,255

**Amounts represent transactions for the years ended December 31, 2020 and 2019.*

a. In the normal course of business, the Parent Company extends/avails of advances to/from its related parties under common control, with definite repayment terms. The advances to and from related parties are interest-bearing.

b. In 2004, RLC and LPC by way of a Deed of Assignment of Rights, assigned to Punta Fuego Holdings Corporation (PFHC) the rights and privileges to their 105 and 245 club shares in CPFI, respectively. In consideration of the assignment of rights and privileges, PFHC pays RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC were computed in proportion to the number of club shares they have each assigned. In 2005, PFHC and FDC merged with FDC, as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC.

Outstanding balances at year end are unsecured and settlement normally occurs in cash, unless otherwise indicated above. No guarantees have been provided or received for these balances. Advances to and from related parties are noninterest-bearing and have no fixed repayment terms unless otherwise indicated above. Impairment review is undertaken each reporting date. As at December 31, 2020 and 2019, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

Revenue and income by	Expense by	Nature	**December 31, 2020**	December 31, 2019	December 31, 2018
RCI	RLC	Management fee	**₱18,322**	₱20,410	₱18,000
RCI	RSAI	Management fee	**6,000**	6,000	6,000

c. Compensation of key management personnel is as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Salaries and short-term benefits	**₱45,892**	₱39,044	₱42,828
Retirement benefits	**11,528**	10,637	17,614
	₱57,420	₱49,681	₱60,442

Directors' Remuneration
The Parent Company settled director's remuneration through issuance of treasury shares for the regular board meetings held as follows:

Date of Meeting	No. of shares	Market Value per Share	Share-Based	Cash Compensation	Total Compensation
April 6, 2018	68,496	2.19	₱150,006	₱150,000	₱300,006
May 11, 2018	73,170	2.05	149,999	150,000	299,999
August 10, 2018	66,794	2.62	175,000	175,000	350,000
December 10, 2018	93,583	1.87	175,000	175,000	350,000
April 5, 2019	102,941	1.70	175,000	175,000	350,000
May 10, 2019	88,757	1.69	149,999	150,000	299,999
August 5, 2019	95,544	1.57	150,004	150,000	300,004
November 12, 2019	73,347	2.04	149,628	150,000	299,628
June 26, 2020	120,968	1.24	150,000	150,000	300,000
August 7, 2020	120,968	1.24	150,000	150,000	300,000
November 10, 2020	140,000	1.25	175,000	175,000	350,000

The expense recognized on the foregoing amounted to ₱1.0 million, ₱1.2 million and ₱1.3 million for the years ended December 31, 2020, 2019 and 2018, respectively, and presented as part of "Salaries and employee benefits" account in the consolidated statements of comprehensive income.

21. Revenue from Contracts with Customers

a. Disaggregated revenue information

The Group presented below the disaggregation of revenue from contracts with customers which are based on type of contracts and timing of revenue recognition. This presentation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	2020	2019	2018
Hotel sales and services	**₱273,015**	₱408,271	₱322,944
Sale of goods	**193,331**	136,885	54,882
Real estate	**33,807**	236,816	106,787
	₱500,153	₱781,972	₱484,613

Except for the revenues earned for the sale of real estate, all revenues were earned at a point in time.

i. Hotel sales and services

	2020	2019	2018
Room revenue	**₱238,948**	₱321,695	₱239,820
Management fee	**17,770**	25,394	24,045
Food and beverage	**14,783**	55,713	50,979
Spa	**151**	1,081	1,283
Others	**1,363**	4,388	6,817
	₱273,015	₱408,271	₱322,944

Management fee are services rendered by Parent Company and RLC for administration and property management of entities other than its subsidiaries for the years ended December 31, 2020 and 2019.

ii. Real Estate

	December 31, 2020						
Business Segments	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Raw Land	Total
Sale of real estate	**₱6,199**	**₱360**	**₱36**	**₱2,431**	**₱2,996**	**₱21,785**	**₱33,807**
Geographical markets							
Nasugbu, Batangas	**6,199**	**360**	**36**	**2,431**	**2,996**	**21,785**	**33,807**
	₱6,199	**₱360**	**₱36**	**₱2,431**	**₱2,996**	**₱21,785**	**₱33,807**
Timing of revenue recognition							
Goods transferred over time	**₱6,199**	**₱360**	**₱36**	**₱2,431**	**₱2,996**	**₱–**	**₱12,022**
Goods transferred at a point in time	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱21,785**	**₱21,785**

	December 31, 2019							
Business Segments	Anya	Palico Montana	Landing Townhome	Landing Shophouse	Orchards	SAMG	Raw Land	Total
Sale of real estate	₱15,290	₱26,234	₱7,503	₱218	₱3,266	₱5,144	₱179,162	₱236,816
Geographical markets								
Tagaytay, Cavite	15,290	–	–	–	–	–	–	15,290
Nasugbu, Batangas	–	26,234	7,503	218	3,266	5,144	179,162	221,526
	₱15,290	₱26,234	₱7,503	₱218	₱3,266	₱5,144	₱179,162	₱236,816
Timing of revenue recognition								
Goods transferred over time	₱15,290	₱26,234	₱7,503	₱218	₱3,266	₱5,144	₱–	₱57,654
Goods transferred at a point in time	₱–	₱–	₱–	₱–	₱–	₱–	₱179,162	₱179,162

	December 31, 2018						
Business Segments	Anya	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	₱14,511	₱72,617	₱12,744	₱3,099	₱–	₱3,816	₱106,787
Geographical markets							
Tagaytay, Cavite	14,511	–	–	–	–	–	14,511
Nasugbu, Batangas	–	72,617	12,744	3,099	–	3,816	92,276
	₱14,511	₱72,617	₱12,744	₱3,099	₱–	₱3,816	₱106,787
Timing of revenue recognition							
Goods transferred over time	₱14,511	₱72,617	₱12,744	₱3,099	₱–	₱3,816	₱106,787

iii. Sale of goods

Sale of goods by product type

	2020	2019	2018
Coco milk/cream	**₱165,193**	₱98,161	₱23,741
Coco water concentrate	**22,036**	38,488	14,318
Virgin coconut oil	**6,102**	236	16,823
	₱193,331	₱136,885	₱54,882

Sale of goods by sales type

	2020	2019	2018
Domestic	**₱3,513**	₱819	₱7,680
Export	**189,818**	136,066	47,202
	₱193,331	₱136,885	₱54,882

b. Contract balances

The Group's contract balances as at December 31, 2020 and 2019 are as follows:

	2020	2019
Contract asset	**₱116,712**	₱138,879
Contract liabilities	**154,096**	167,972

Receivables
A receivable represents 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
Cash received from the sale of real estate properties that does not meet the revenue recognition criteria set out in Note 4 are recognized in "Customers' deposits" account which is presented as part of "Contract liabilities and customer's deposits" account in the consolidated statements of financial position.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account follows:

	2020	2019
Contract assets - current	**₱26,680**	₱47,025
Contract assets - noncurrent	**90,032**	91,854
	₱116,712	₱138,879

Contract liabilities

a. Deferred income amounting to ₱19.1 million and ₱46.8 million in 2020 and 2019, respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers' deposits amounting to ₱111.9 million and ₱98.3 million in 2020 and 2019, respectively, represent noninterest-bearing cash received from the sale of real estate properties, which did not meet the revenue recognition criteria as set out in Note 4. Deposits from sale of real estate properties will be applied against the receivable from the customers upon recognition of revenue

c. Guests' deposits pertain to the advance payments of guests for room reservations in the hotels amounting to ₱23.1 million and ₱22.9 million for the years ended December 31, 2020 and 2019, respectively.

Contract liabilities amounting to ₱22.9 million as at December 31, 2019 were recognized as revenue in 2020.

c. Performance obligations (PO)

The following are the PO of the Group:

Real Estate Sales

(a) House and lot

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which 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.

(b) Residential land

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

The developer integrates the saleable lots with the land development to be able to transfer the "residential lot" promised in the CTS.

(c) Memorial lot

The Group performs significant activities of land development in accordance with the approved memorial garden plan. This includes grading and landscaping, construction of pathways and interment amenities, and installation of water source. These development activities however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the memorial lot.

Buyer can elect the payment means either as spot cash or in installment for a period ranging from one year to eight years. The Group determines that the payment of the consideration will not coincide with the percentage of completion of the real estate project and concluded that there is a significant financing component for these contracts.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in relation to real estate sales amounted to ₱125.7 million and ₱142.2 million as at December 31, 2020 and 2019, respectively.

Hotel Revenues

(a) Hotel rooms

The Group also offers hotel room accommodations to customers through the five GoHotels of Roxaco Asia Hospitality Corporation and the resort of ANYA Hotels and Resorts Corporation.

(b) Food and beverage

For the sale of food and beverages, the performance obligation is satisfied when the goods are sold. Payment is generally due within 30 days as the customer receives the goods and services except for some customers with specific credit terms. The Group applies the practical expedient and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in relation to Hotel revenues amounted to ₱24.0 million and ₱22.9 million as at December 31, 2020 and 2019, respectively.

Manufacturing

(a) Sale of coconut products

The Group is involved in manufacturing of some coconut products that are being sold either domestic or by export.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in relation to manufacturing revenues is ₱9.5 million and nil as at December 31, 2020 and 2019, respectively.

22. **Cost and Expenses**

Costs of hotel sales and services consist of:

	2020	2019	2018
Depreciation and amortization (Notes 12 and 13)	**₱50,276**	₱54,397	₱79,502
Salaries, wages and other employee benefits (Note 23)	**32,605**	51,070	32,731
Communication, light and water	**18,202**	37,416	25,189
Outside services	**18,518**	38,204	19,734
Supplies	**8,724**	12,886	1,962
Food and beverage cost	**4,394**	17,266	11,316
Repairs and maintenance	**2,098**	7,105	2,904
Travel and transportation	**154**	2,959	5,450
Others	**5,565**	2,249	2,609
	₱140,536	₱223,552	₱181,397

Other cost of hotel sales and services are expensed as incurred which are incurred for the generation of revenue from ancillary services like laundry.

Cost of goods sold consist of:

	2020	2019	2018
Materials used and changes in inventory	**₱80,999**	₱51,441	₱34,534
Provision for inventory write-down (Note 9)	**50,132**	6,265	–
Indirect labor (Note 23)	**35,193**	15,882	519
Packaging materials	**29,396**	10,731	2,580
Direct labor (Note 23)	**19,138**	31,666	4,988
Depreciation (Notes 12 and 13)	**17,030**	22,235	388
Communication, light and water	**16,784**	10,272	3,094
Factory supplies	**14,033**	7,516	235
Taxes and licenses	**10,582**	7,436	168
Repairs and maintenance	**5,671**	2,850	76
Loss on inventory write-off	**3,591**	2,381	–
Short-term lease	**1,234**	1,025	83
Others	**11,064**	5,871	180
	₱294,847	₱175,571	₱46,845

Operating expenses consist of:

	2020	2019	2018
General and administrative	**₱457,351**	₱350,746	₱461,107
Selling	**31,221**	52,917	46,200
	₱488,572	₱403,663	₱507,307

General and administrative expenses consist of:

	2020	2019	2018
Salaries, wages and other employee benefits (Note 23)	**₱134,842**	₱132,460	₱182,540
Impairment loss on and write-off of property, plant and equipment (Note 12)	**95,288**	–	–
Depreciation and amortization (Notes 12 and 13)	**61,455**	61,075	44,501
Taxes and licenses	**45,007**	49,168	55,156
Outside services	**36,277**	44,546	65,362
Communication, light and water	**11,997**	17,020	18,758
Provision for impairment of receivables (Note 7)	**11,556**	–	–
Entertainment, amusement and recreation	**8,308**	8,416	10,088
Travel and transportation	**4,257**	8,413	10,698
Provision for probable losses	**3,600**	–	–
Materials and consumables	**3,275**	4,881	18,685
Repairs and maintenance	**3,222**	5,168	4,245
Insurance	**2,063**	2,543	3,700
Short-term and low-value asset lease	**1,950**	4,050	–
Yield guarantee to real estate buyers (Note 28)	**–**	–	24,946
Others	**34,254**	13,006	22,428
	₱457,351	₱350,746	₱461,107

Others include professional fees, training and development and other miscellaneous charges that are individually immaterial in amounts.

Selling Expenses

This account mainly pertains to marketing, commission on real estate sales and advertising and promotion expenses.

23. **Personnel Costs**

The components of employee benefits from continuing operations presented under "Cost of sales and services and general and administrative expenses" account in the consolidated statements of income are as follows.

	2020	2019	2018
Salaries and wages	**₱185,996**	₱193,188	₱173,623
Allowances and other employee benefits	**20,037**	23,896	22,935
Retirement benefits (Note 18)	**15,745**	13,994	24,220
	₱221,778	₱231,078	₱220,778

24. **Other Income (Charges)**

Other income (charges) consists of:

	2020	2019	2018
Gain on sale of investment properties (Note 14)	**₱25,079**	₱168,406	₱–
Rent concession (Note 13)	**23,569**	–	–
Sale of scrap	**11,167**	3,555	146
Redemption of preferred shares	**9,900**	–	–
Dividend income	**3,080**	–	–
Income from hotel banquets	**1,685**	3,016	–
Rent income (Note 14)	**766**	577	566
Property management services	**947**	2,672	4,092
Penalty from late payment	**421**	615	779
Forfeited sale	**316**	2,011	993
Interment income	**13**	9	613
Loss on loan modification (Notes 15 and 16)	**(51,660)**	–	–
Undistributed service charge	**–**	4,113	–
Sale of furniture and fixtures	**–**	627	3,160
Gain on collections of loans receivable	**–**	–	28,897
Titling and administration fees	**–**	–	3,046
Others	**470**	2,026	3,907
	₱25,753	₱187,627	₱46,199

Income from redemption of preferred shares pertain to proceeds from sale of investment in preferred shares of Brightnote Assets Corporation, which was previously impaired and written off by the Group.

Others include other hotel charges such shuttle services, laundry services, among others.

25. Discontinued Operations and Assets Held for Sale

GoHotel Cubao

On November 7, 2019, the Board of Directors of RAHC approved the plan to sell the GoHotel Cubao property. Sale was completed in February 2020. As at December 31, 2019, GoHotel Cubao was classified as a disposal group held for sale and as a discontinued operation. The results of GoHotel Cubao are presented below:

	2019	2018
Revenue from contracts with customers	₱28,902	₱25,824
Cost of services	(31,943)	(30,829)
Gross loss	(3,041)	(5,005)
Operating expenses	(13,011)	(13,475)
Finance costs	(23,386)	(16,152)
Other income	270	561
Loss before tax from a discontinued operation	(39,168)	(34,071)
Tax benefit (expense)	29	(5,093)
Loss from discontinued operations	(₱39,139)	(₱39,164)

The major classes of assets and liabilities of GoHotel Cubao as held for sale as at December 31, 2019 are as follows:

Assets	
Plant and equipment (Note 12)	₱373,679
Liabilities	
Trade and other payables	6,719
Contract liability	5,000
Deferred tax liability	19,783
Borrowings (Note 15)	200,000
Liabilities directly associated with assets held for sale	231,502
Net assets directly associated with disposal group	₱142,177

The net cash flows of GoHotel Cubao are as follows:

	2019	2018
Operating	**₱1,923**	(₱2,262)
Financing	**(19,998)**	(13,077)
Net cash outflow	**(₱18,075)**	(₱15,339)

In January 2020, RAHC sold GoHotel Cubao properties to a certain buyer and collected the payment in February 2020.

GoHotel Timog

On November 10, 2020, the Board of Directors of RAHC approved the plan to sell the GoHotel Timog property. As at December 31, 2020, GoHotel Timog was classified as a disposal group held for sale and as a discontinued operation.

The results of GoHotel Timog for the years ended are presented below:

	2020	2019	2018
Revenue from contracts with customers	₱39,247	₱51,832	₱39,702
Cost of services	(28,697)	(39,676)	(33,222)
Gross operating profit	10,549	12,156	6,480
Operating expenses	(20,187)	(17,803)	(13,997)
Finance costs	(26,050)	(32,653)	(24,793)
Other income	296	661	1,052
Loss before tax from a discontinued operation	(35,392)	(37,639)	(31,258)
Tax expense	246	212	7,020
Loss from discontinued operations	(₱35,638)	(₱37,851)	(₱38,278)

The restatement of the 2019 and 2018 consolidated statements of income as a result of the discontinued operations are presented below:

	2019 Balances as Previously Reported	**Balances Attributable to Discontinued Operations**	**2019 Balances after Restatement**
Revenue from			
Hotel revenues	₱460,103	₱51,832	₱408,271
Real estate sales	136,885	–	136,885
Sale of goods	236,816	–	236,816
	833,804	51,832	781,972
Cost of sales and services			
Cost of goods sold	(175,571)	–	(175,571)
Cost of hotel sales and services	(263,228)	(39,676)	(223,552)
Cost of real estate sales	(54,659)	–	(54,659)
	(493,458)	(39,676)	(453,782)
Gross income	340,346	12,156	328,190
Operating expenses	(421,466)	(17,803)	(403,663)
Other income (charges)			
Changes in fair value of investment properties	763,410	–	763,410
Interest expense	(291,735)	(32,653)	(259,082)
Interest income	15,279	318	14,961
Equity in net earnings (loss) of associates	(388,205)	–	(388,205)
Others - net	187,970	343	187,627
	286,719	(31,992)	318,711
Income before income tax	205,599	(37,639)	243,238
Income tax benefit (expense):	9,316	(212)	9,528
Net income (loss) from continuing operations	214,915	(37,851)	252,776
Net loss from discontinued operations	(39,139)	(37,851)	(76,990)
Net income	₱175,776	₱–	₱175,776

	2018 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2018 Balances after Restatement
Revenue from			
Hotel revenues	₱362,646	₱39,702	₱322,944
Real estate sales	54,882	–	54,882
Sale of goods	106,787	–	106,787
	524,315	39,702	484,613
Cost of sales and services			
Cost of goods sold	(46,845)	–	(46,845)
Cost of hotel sales and services	(214,619)	(33,222)	(181,397)
Cost of real estate sales	(70,671)	–	(70,671)
	(332,135)	(33,222)	(298,913)
Gross income	192,180	6,480	185,700
Operating expenses	(521,304)	(13,997)	(507,307)
Other income (charges)			
Unrealized fair value gain on investment properties	709,199	–	709,199
Interest expense	(221,769)	(24,793)	(196,976)
Interest income	12,086	1,052	11,034
Equity in net earnings (loss) of associates	(7,508)	–	(7,508)
Others - net	46,199	–	46,199
	538,207	(23,741)	561,948
Income before income tax	209,083	(31,258)	240,341
Income tax benefit (expense)	(11,550)	(7,020)	(4,530)
Net income (loss) from continuing operations	197,533	(38,278)	235,811
Net loss from discontinued operations	(39,164)	38,278	(77,442)
Net income	₱158,369	₱–	₱158,369

The major classes of assets and liabilities of GoHotel Timog as held for sale as at December 31, 2020 are as follows:

Assets	
Plant and equipment (Note 12)	₱606,170
Liabilities	
Trade and other payables	7,911
Deferred tax liability	16,692
Borrowings (Note 15)	372,381
Liabilities directly associated with assets held for sale	396,984
Net assets directly associated with disposal group	₱209,186

The net cash flows of GoHotel Timog are as follows:

	2020	2019
Operating	**₱10,745**	(₱1,923)
Financing	**(25,509)**	(19,998)
Net cash outflow	**(₱14,764)**	(₱21,921)

26. **Income Taxes**

a. Provision for (benefit from) income taxes comprise the following:

	2020	2019	2018
Current	**₱3,648**	₱7,026	₱10,407
Deferred	**(52,164)**	(16,371)	6,236
	(₱48,516)	(₱9,345)	₱16,643

	2020	2019	2018
Provision for (benefit from) income tax attributable to:			
Continuing operations	**(₱48,762)**	(₱9,528)	₱4,530
Discontinued operations (Note 25)	**246**	183	12,113
	(₱48,516)	(₱9,345)	₱16,643

b. The components of the recognized deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	December 31, 2020		December 31, 2019	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred tax assets on:				
NOLCO	**₱76,776**	**₱–**	₱28,615	₱–
Customers' deposit	**26,225**	**–**	22,687	–
Allowance for:				
Impairment losses on receivables	**8,418**	**–**	8,418	–
Impairment losses on investments in associates	**4,544**	**–**	4,544	–
Retirement liability	**21,127**	**–**	18,451	–
Lease liabilities	**41,147**	**–**	46,022	–
Unrealized foreign exchange loss	**30**	**–**	38	–
Deferred income	**678**	**–**	11,420	–
Net discount on loans payable	**3,360**	**–**	–	–
Excess MCIT over RCIT	**8,522**	**–**	9,393	–
Various accruals	**634**	**–**	634	–
	191,461	**–**	150,222	–
Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(23,600)**	**–**	(20,420)	–
Revaluation increment on land	**(3,059)**	**(89,391)**	(3,059)	(94,053)
Prepaid commissions	**(1,911)**	**–**	(2,213)	–
Right-of-use assets	**(21,396)**	**–**	(35,173)	–
Actuarial gain	**(1,072)**	**–**	(1,807)	–
Rent receivable	**(2,254)**	**–**	(2,254)	–
	(53,292)	**(89,391)**	(64,926)	(94,053)
Net deferred tax assets (liabilities)	**₱138,169**	**(₱89,391)**	₱85,296	(₱94,053)

	2020	2019	2018
Through profit or loss	**(₱52,164)**	(₱16,371)	(₱486)
Through other comprehensive income	**(5,371)**	14,068	(14,762)
	(₱57,535)	(₱2,303)	(₱15,248)

Deductible temporary differences, carryforward benefits of NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized:

	2020	2019
NOLCO	**₱678,379**	₱572,832
Allowance for impairment losses on:		
Investments in associates	**1,384**	1,384
Financial assets at FVTOCI	**688**	688
Excess MCIT over RCIT	**6,137**	11,446
Accrued rent	**7,514**	7,514

Management believes that it may not be probable that taxable profit will be sufficiently available in the future against which the deferred tax assets may be utilized.

c. On September 11, 2020, the President signs into law the "Bayanihan to Recover as One Act" or "Bayanihan 2", an Act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

As at December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2019	2022	₱375,403	₱112,621
2018	2021	210,564	63,169
		₱585,967	₱175,790

NOLCO incurred in 2017 amounting to ₱82.2 million expired in 2020.

As at December 31, 2020 the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2020	2025	₱348,332	₱104,500

d. Details of excess of MCIT over RCIT as of December 31, 2020 are as follows:

Period Incurred	Balance at December 31, 2019	Additional	Expired	Balance at December 31, 2020	Tax Effect	Available Until
December 31, 2017	₱9,344	₱–	₱9,344	₱–	₱–	31-Dec-20
December 31, 2018	5,093	–	–	5,093	5,093	31-Dec-21
December 31, 2019	6,402	–	–	6,402	6,402	31-Dec-22
December 31, 2020	–	3,164	–	3,164	3,164	31-Dec-23
	₱20,839	₱3,164	₱9,344	₱14,659	₱14,659	

e. The reconciliation between the income tax benefit computed at the applicable statutory tax rate and income tax benefit presented in the consolidated statements of income follows:

	2020	2019	2018
Income tax expense (benefit) at statutory rate	**(₱359,673)**	₱61,680	₱52,503
Adjustments resulting from:			
Changes in unrecognized deferred tax assets	**106,260**	98,018	105,857
Tax effects of:			
Equity in net losses of associates	**281,406**	116,462	2,252
Loss covered by ITH	–	–	36,356
Reversal of temporary differences	**1,558**	1,308	30,115
Nondeductible interest expense	**7**	7	203
Interest income already subjected to final tax and dividend income exempt from tax	**(1,188)**	(3,630)	690
Nontaxable gain on sale of investment properties	**(7,524)**	(60,048)	–
Nontaxable gain on change in fair value of investment properties	**(119,417)**	(229,023)	(212,760)
Others	**50,055**	5,881	1,427
Provision for (benefit from) income tax	**(₱48,516)**	(₱9,345)	₱16,643

27. **Earnings (Loss) Per Share**

Basic/diluted earnings (loss) per share are computed as follows:

	2020	2019	2018
Net income (loss) attributable to the equity holders of the Parent Company	**(₱1,080,298)**	₱243,413	₱240,693
Less dividends on preferred shares	**41,302**	42,051	–
	(1,121,600)	201,362	240,693
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,049,187,999**	2,002,463,091	1,976,558,040
Effect of issuance of treasury shares	**145,201,026**	46,724,908	25,905,051
	2,194,389,025	2,049,187,999	2,002,463,091
Basic/diluted earnings (loss) per share	**(₱0.51)**	₱0.10	₱0.12

Earnings per share for discontinued operations is computed as follows:

	2020	2019	2018
Net loss attributable to the equity holders of the Parent Company	**(₱18,175)**	(₱19,961)	(₱19,974)
Less dividend on preferred shares	**41,302**	42,051	–
	(59,477)	(62,012)	(19,974)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,049,187,999**	2,002,463,091	1,976,558,040
Effect of issuance of treasury shares	**145,201,026**	46,724,908	25,905,051
	2,194,389,025	2,049,187,999	2,002,463,091
Basic/diluted loss per share	**(₱0.03)**	(₱0.03)	(₱0.01)

There are no potential dilutive common shares as at December 31, 2020 and 2019.

28. **Contingencies and Commitments**

Contingencies

Land Properties Subjected to the CARL

The CARL provides, among others, the redistribution of all private and agricultural lands regardless of tenurial arrangements and commodity produced, subject to certain terms and conditions.

Prior to the effectivity of the CARL, the Parent Company was the registered owner of around 2,900 hectares of land located in Nasugbu, Batangas. In 1993, the DAR issued Notices of Coverage, and subsequently, CLOA covering 2,676 hectares of the Parent Company's three *haciendas*, namely: Palico, Banilad and Carmen/Caylaway.

Sometime in 1993, the Parent Company filed a case questioning the DAR's acquisition proceedings and asking for the cancellation of the CLOA. On December 17, 1999, the Supreme Court promulgated its decision in GR No. 127876 nullifying the DAR acquisition proceedings over the three haciendas. The High Tribunal ruled that the Parent Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOA that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Parent Company filed with the DAR an application for the exemption with the CARL of its three haciendas in Nasugbu, Batangas. The application for exemption was based on Presidential Proclamation (PP) No. 1520, which declared the entire municipality of Nasugbu, Batangas as a Tourist Zone. The Parent Company likewise filed applications for exemption for certain smaller land areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that the PP No. 1520 did not automatically reclassify the agricultural land in Nasugbu, Batangas to non-agricultural land. However, the Supreme Court noted that the Parent Company "can only look to the provisions of the Tourism Act and not to the PP No. 1520, for possible exemption."

On February 8, 2011, the Supreme Court denied the Parent Company's Second Motion for Reconsideration (MR) and affirmed with finality its December 2009 decision.

Consequently, in April 2010, the Parent Company filed with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) an application to declare 14 specific geographical areas within the landholdings of the Parent Company as tourism zones. To date, this application has remained unacted upon by the TIEZA.

In September 2011, the Supreme Court affirmed the exemption of the 21.1236-hectare property from the coverage of the Comprehensive Agrarian Reform Program (CARP).

In October 2012, the Parent Company disclosed that the DAR published the NOC on several RCI properties aggregating 2,514.76 hectares. The Parent Company filed a protest in the office of the DAR against the wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage and the applicable law (Republic Act - RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Parent Company filed a MR with the DAR. On April 15, 2014, the DAR denied the MR of the Parent Company. On June 27, 2014, the Parent Company filed a Petition for Certiorari to the CA. On May 7, 2016, the DAR denied the application for exemption filed by the Parent Company for the 285.9 hectares of land located in Nasugbu, Batangas. On June 27, 2016, the Parent Company filed an MR for the 285.9 hectares application, which the DAR denied. The Parent Company then filed an appeal with the Office of the President.

The Parent Company shall account for any legal and financial liabilities arising from the land properties subject to the CARL upon the resolution of ownership by the Court. In total, there are about 222 hectares of land that were declared by the courts or the DAR as exempt from the coverage of the CARL, including the 21-hectare property declared exempt by the Supreme Court in its Decision dated September 5, 2011 in GR No. 169331.

On May 14, 2013, the BOD approved to authorize management to begin negotiations with the DAR for possible voluntary offer to sell (VOS) of 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway. However, the said negotiations have not yet commenced as the possible VOS is merely an option that the Parent Company will consider after exhausting all means possible. The intention by management of whether to push through with the VOS is dependent on the outcome of the applications for exemption, exclusion or conversion of land covered by the CARP/CARL.

On December 13, 2013, the BOD of the Parent Company approved management's request for reconfirmation of management's plan to explore the government's VOS program using 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway under certain conditions. This supersedes all previous proposals relating to the government's VOS program. As at the date of the report, there is no agreement yet with the DAR on the properties approved for possible VOS.

On October 26, 2017, CA has partially granted the Group's Petition for Certiorari pertaining to the NoC. Subsequently, the Group filed a MR over the issuance of CLOAs by DAR in favor of the farmer-beneficiaries.

On August 13, 2018, the Parent Company received the Court of Appeals Resolution, which dismissed the Parent Company and DAR's Motions for Partial Reconsideration. The Parent Company subsequently filed a Petition for Review on Certiorari under Rule 45 of the Rules of Court to assail the Court of Appeals' Decision and Resolution before the Supreme Court. In the meantime, DAR, through Office of the Solicitor General (OSG), filed its own Petition for Review on Certiorari.

On November 19, 2018, the Parent Company filed a Comment/Opposition *Ad Cautelam* to DAR's said petition. The petitions filed by the undersigned and DAR were consolidated and are now pending before the Supreme Court.

On November 19, 2018, the Parent Company filed a Comment/Opposition *Ad Cautelam* to DAR's said petition. The petitions filed by the Parent Company and DAR were consolidated and are now pending before the Supreme Court.

The DAR approved the conversion application filed by the Parent Company and RLC over sixteen (16) parcels of land located in Barangay Banilad, Nasugbu, Batangas totaling approximately 52 hectares on July 2020. A Motion for Reconsideration was filed by the oppositors but the MR was denied and the order of conversion was affirmed by the DAR in November 2020. An appeal was filed by the oppositors with the Office of the President, where the case is now pending.

In the opinion of management and legal counsel, there are no other pending labor or other legal cases and claims in the ordinary course of business that will have a material effect on the financial position and performance of the Parent Company.

Other Contingencies
The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Provision for probable losses amounted to ₱3.6 million in 2020 (nil in 2019 and 2018) (see Note 22).

Joint Operations
On December 2, 2009, RLC entered into a joint arrangement with VJPI for the development of Anya Resorts and Residences in Tagaytay, Cavite (the "Project"). RLC agreed to contribute the business and conceptual development plan, land development costs and management expertise and manpower for the full and effective implementation of the development plan. In addition, RLC also advanced ₱10.0 million to VJPI as an indication of its commitment to the project. In return for their respective contributions, the parties agreed to distribute and allocate between them the developed saleable lots and villas.

As at December 31, 2020 and 2019, the Project is fully sold. Outstanding balance due from VJPI amounted to ₱0.1 million as at December 31, 2020 and 2019 is included as part of due from related parties and presented in the consolidated statements of financial position.

Unused Credit Lines
As at December 31, 2020 and 2019, the Group has unused lines of credit with local banks amounting to nil and ₱90.0 million, respectively (see Notes 15 and 16).

29. **Financial Instruments**

Risk Management, Objectives and Polices
The principal financial instruments comprise of cash in banks and cash equivalents, receivables and payables, which arise directly from its operations, and short and long-term borrowings.

The main risks arising from the financial instruments are liquidity risk, interest rate risk and credit risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available. In addition, the Group, renegotiates the terms of its existing loan agreements with bank creditors and lenders as the need arises (see Notes 15 and 16).

The tables below summarize the maturity profile of the financial liabilities based on contractual undiscounted payments and the related financial assets and contract assets used for liquidity management as at December 31, 2020 and 2019:

	December 31, 2020					
	On Demand	**Less than One Year**	**One to Two Years**	**More than Two Years to Five Years**	**More than Five Years**	**Total**
Short-term borrowings	**₱–**	**₱313,641**	**₱–**	**₱–**	**₱–**	**₱313,641**
Trade and other payables*	**–**	**588,190**	**–**	**–**	**–**	**588,190**
Due to related parties	**123,989**	**–**	**–**	**–**	**–**	**123,989**
Long-term borrowings	**–**	**205,858**	**435,552**	**1,858,238**	**422,351**	**2,921,999**
	₱123,989	**₱1,107,689**	**₱435,552**	**₱1,858,238**	**₱422,351**	**₱3,947,819**
Cash and cash equivalents	**₱31,069**	**₱–**	**₱–**	**₱–**	**₱–**	**₱31,069**
Trade and other receivables – third parties	**–**	**156,105**	**–**	**–**	**–**	**156,105**
Contract assets	**–**	**26,680**	**–**	**–**	**–**	**26,680**
Due from related parties	**89,368**	**–**	**–**	**–**	**–**	**89,368**
	₱120,437	**₱182,785**	**₱–**	**₱–**	**₱–**	**₱303,222**

**Excludes payable to government agencies amounting to ₱19.0 million.*

	December 31, 2019					
	On Demand	Less than One Year	One to Two Years	More than Two Years to Five Years	More than Five Years	Total
Short-term borrowings	₱–	₱1,265,634	₱–	₱–	₱–	₱1,265,634
Trade and other payables*	–	550,906	–	–	–	550,906
Due to related parties	95,255	–	–	–	–	95,255
Long-term borrowings	–	430,649	756,149	1,006,160	275,886	2,468,844
	₱95,255	₱2,247,189	₱756,149	₱1,006,160	₱275,886	₱4,380,639
Cash and cash equivalents	₱75,395	₱–	₱–	₱–	₱–	₱75,395
Trade and other receivables – third parties	–	195,629	–	–	–	195,629
Contract assets	–	47,025	–	–	–	47,025
Due from related parties	89,129	–	–	–	–	89,129
	₱164,524	₱242,654	₱–	₱–	₱–	₱407,178

**Excludes payable to government agencies amounting to ₱6.7 million.*

Credit risk

Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different geographic areas. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. There is no concentration of credit risk with respect to receivables relating to real estate sales.

Credit risks for contract receivables is mitigated because the corresponding title to the party sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
The following table shows the maximum exposure to credit risk of the Group shown at gross before the effect of mitigation through collateral agreements.

	December 31, 2020	December 31, 2019
Cash in banks and cash equivalents	**₱31,069**	₱75,395
Trade and other receivables*	**156,105**	284,758
	₱187,174	₱360,153

** Net of allowance for impairment losses totaling ₱24.5 million and ₱14.6 million as of December 31, 2020 and 2019, respectively,*

Collaterals and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Credit quality per class of financial assets
The credit quality of receivables is managed by the Group through its Marketing Department.

High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

The following tables below show the credit quality of "neither past due nor impaired" financial instruments as well as the amounts of "past due but not impaired" and "impaired" financial instruments:

December 31, 2020:

	Neither past due nor impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**ECL**	**Total**
Financial assets at amortized cost:						
Cash in bank	**₱25,853**	**₱–**	**₱–**	**₱–**	**₱–**	**₱21,074**
Receivables:						
Trade	–	**100,527**	–	–	**12,339**	**112,866**
Others	–	**55,380**	–	–	–	**55,380**
Due from related parties	–	**65,086**	–	–	**12,141**	**77,227**
Refundable deposits	–	**3,850**	–	–	–	**3,850**
	₱25,853	**₱224,843**	**₱–**	**₱–**	**₱24,480**	**₱275,176**

December 31, 2019:

	Neither past due nor impaired					
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	ECL	Total
Financial assets at amortized cost:						
Cash in bank	₱73,079	₱–	₱–	₱–	₱–	₱73,079
Receivables:						
Trade	–	177,276	–	–	2,469	179,745
Others	–	30,494	–	–	–	30,494
Due from related parties	–	76,988	–	–	12,141	89,129
Refundable deposits	–	3,926	–	–	–	3,926
	₱73,079	₱288,684	₱–	₱–	₱14,610	₱376,373

Impairment assessment
The main consideration for impairment assessment includes whether there are known difficulties in the cash flow of the counterparties. The Group assesses impairment in two ways: individually and collectively.

The Group used the following staging parameter for financial instruments as shown below.

Stage	Description
1	12-month ECL
2	Lifetime ECL not credit-impaired
3	Lifetime ECL credit-impaired

The table below shows the credit quality per class of financial instrument (gross of allowance for credit losses) as of December 31, 2020 and 2019:

December 31, 2020:

	Financial Assets			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Amortized Cost				
Cash in banks and cash equivalents	**₱25,853**	**₱–**	**₱–**	**₱25,853**
Receivables:				
Trade	**–**	**100,527**	**12,339**	**112,866**
Others	**55,380**	**–**	**–**	**55,380**
Due from related parties	**65,086**	**–**	**12,141**	**77,227**
Refundable deposit	**3,850**	**–**	**–**	**3,850**
	₱150,169	**₱100,527**	**₱24,480**	**₱275,176**

December 31, 2019:

	Financial Assets			
	Stage 1	Stage 2	Stage 3	Total
Amortized Cost				
Cash in banks and cash equivalents	₱73,079	₱–	₱–	₱73,079
Receivables:				
Trade	–	177,276	2,469	179,745
Others	30,494	–	–	30,494
Due from related parties	76,988	–	12,141	89,129
Refundable deposit	3,926	–	–	3,926
	₱184,487	₱177,276	₱14,610	₱376,373

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of December 31, 2020 and 2019:

December 31, 2020:

		Trade receivables						
		Days past due						
	Contract Asset	Current	<30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Totals
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**₱116,712**	**₱28,447**	**₱9,832**	**₱25,028**	**₱17,860**	**₱19,360**	**₱12,339**	**₱112,866**
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱12,339**	**₱12,339**

December 31, 2019:

		Trade receivables						
		Days past due						
	Contract Asset	Current	<30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Totals
Expected credit loss rate	0%	0%	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱ 138,879	₱154,124	₱3,462	₱3,186	₱4,008	₱10,027	₱2,469	₱179,745
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–	₱2,469	₱2,469

For cash in banks and cash equivalents, other receivables, due from related parties and refundable deposits, 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 external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest-bearing loans which bear floating interest rate and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity for the years ended December 31, 2020 and 2019. The estimates are based on the outstanding interest-bearing liabilities of the Group with floating interest rate as at December 31, 2020 and 2019.

	Change in Basis Points (bps)	**Effect on Income before Income Tax**
December 31, 2020	**+/-50 bps**	**+/-₱18,040**
December 31, 2019	+/-50 bps	+/-₱12,829

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 15 and 16).

The other financial instruments of the Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management
The primary objective of the capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The dividend declaration is dependent on availability of retained earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2020, 2019 and 2018.

Management considers the total consolidated equity reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio.

The Group is required to maintain a maximum debt-to-equity ratio of 3:1. The Group has the following debt-to-equity ratio:

	December 31, 2020	December 31, 2019
Total liabilities	**₱4,766,376**	₱5,021,095
Total equity	**7,692,568**	8,542,871
Total liabilities and equity	**₱12,458,944**	₱13,563,966
Debt-to-equity ratio	**0.62:1.0**	0.59:1.0

30. **Fair Values**

The Group has assets that are measured at fair value on a no-recurring basis in the consolidated statements of financial position after initial recognition. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position in particular circumstances. These include investment properties stated at fair value and land under property, plant and equipment at revalued amount.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets which are investment properties and land under property, plant and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash in banks, trade and other receivables, short-term borrowings, trades and other payables and dividends payable
The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

Long-term borrowings
The carrying value of long-term borrowings as at December 31, 2020 and 2019 approximates its fair value as they carry interest rates of comparable instruments in the market.

The Group has no financial instruments carried at fair value in the consolidated financial statements as at December 31, 2020 and 2019.

Investment properties and land under property, plant and equipment
The valuation technique used for the investment properties and land under property, plant and equipment is Sales Comparison Approach which is a process to value based on sales of similar or substitute properties and related market data and establishes a value estimated by processes involving comparison.

The table below summarizes the significant unobservable input valuation for investment properties and land under property, plant and equipment held by the Group.

Asset measured at fair value (Level 3)	**Significant unobservable inputs**	**Interrelationship between key unobservable input and fair value measurement**
Investment properties		
December 31, 2020	Price per square meter; Estimates range from is about ₱130 per sqm to ₱1,650 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
December 31, 2019	Price per square meter; Estimates range from is about ₱128 per sqm to ₱1,600 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
Land under property, plant and equipment		
December 31, 2020	Price per square meter. Estimates range from is about ₱120,000 per sqm to ₱220,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
December 31, 2019	Price per square meter. Estimates range from is about ₱120,000 per sqm to ₱220,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

Certain investment properties amounting to ₱7.5 million and ₱6.3 million as of December 31, 2020 and 2019, respectively, were mortgaged and used as collateral to secure the loan obligations of RCI and RLC with the local banks (see Note 16).

There are no transfers to Level 1 and Level 2 fair value measurement.

31. **Segment Reporting**

The Group's identified operating segments, which are consistent with the segments reported to the BOD, are as follows:

a. Real Estate
RLC is the real estate arm of the Group. RLC acquires, develops, improves, subdivides, leases and sells agricultural, industrial, commercial, residential and other real properties. The Group, through RLC, has subsidiaries namely SMMSI and RAHC.

b. Hotel
- RAHC, a subsidiary of RLC, owns and operates four GoHotels in Metro Manila.
- Anya Resort Tagaytay, a business segment of RLC, operates the Anya Hotel and Resort in Tagaytay City.
- Anya Hospitality Group, a business segment of RLC, provides hotel management services to RAHC 4 GoHotels, Anya Resort Tagaytay, and other hotel properties in Batangas.

c. Manufacturing
RSAI is a subsidiary of the Parent Company and manufacturing arm of the Group. RSAI is incorporated primarily to manufacture coconut products for export.

d. Others
Other segments of the Group include the Parent Company, which owns various tracts of lands in Nasugbu, Batangas and RGEC, an entity established primarily for renewable energy.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRSs. The presentation and classification of segment revenues and segment expenses are consistent with the consolidated statements of income.

Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments. Further, the measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies.

a. Segment revenue and expenses

The Group's main revenue stream comes from the real estate, hotel operations and export of coconut-based products. The real estate and hotel operations segment's customers are mainly direct.

b. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale and development, inventories, prepaid expenses and property, plant and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals, customers' deposits, and bank loans. Segments assets and liabilities do not include deferred income taxes.

c. Inter-segment transfers

Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unrelated customers or by suppliers for similar goods or services.

The following tables present information about the Group's operating segments:

	December 31, 2020					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations/ Adjustments**	**Consolidated Balances**
Sales	**₱33,807**	**₱297,015**	**₱193,331**	**₱–**	**(₱24,000)**	**₱500,153**
Cost of Sales and Services	**(7,648)**	**(140,536)**	**(294,847)**	**–**	**–**	**(443,031)**
Gross Profit (Loss)	**26,159**	**156,479**	**(101,516)**	**–**	**(24,000)**	**57,122**
Interest income	**11,304**	**748**	**13**	**23,456**	**(23,434)**	**12,087**
Interest expense	**(79,774)**	**(75,973)**	**(57,821)**	**(39,811)**	**23,434**	**(229,945)**
Others	**(108,637)**	**(168,537)**	**(87,522)**	**275,933**	**24,000**	**(64,763)**
Income (loss) before income tax	**(150,948)**	**(87,283)**	**(246,846)**	**259,578**	**–**	**(225,499)**
Income tax benefit (expense)	**51,452**	**(2,481)**	**–**	**(269)**	**–**	**48,762**
Segment Income (Loss)	**(99,496)**	**(89,704)**	**(246,846)**	**259,309**	**–**	**(176,737)**
Loss from Discontinued Operations	**–**	**(35,638)**	**–**	**–**	**–**	**(35,638)**
	(99,496)	**(125,342)**	**(246,846)**	**259,309**	**–**	**(212,375)**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**(938,021)**	**–**	**(938,021)**
Consolidated Net Income (Loss)	**(₱99,496)**	**(₱125,342)**	**(₱246,846)**	**(₱678,712)**	**₱–**	**(₱1,150,396)**
Assets and Liabilities						
Current assets	**₱1,242,522**	**₱287,877**	**₱181,931**	**₱565,665**	**(₱507,286)**	**₱1,770,709**
Noncurrent assets	**798,114**	**2,503,579**	**867,925**	**9,186,646**	**(2,668,029)**	**10,688,235**
Total Assets	**₱2,040,636**	**₱2,792,456**	**₱1,049,856**	**₱9,752,311**	**(₱3,176,315)**	**₱12,458,944**
Current liabilities	**₱609,074**	**₱875,164**	**₱776,567**	**₱272,578**	**(₱687,513)**	**₱1,845,870**
Noncurrent liabilities	**947,549**	**1,475,063**	**401,440**	**919,569**	**(823,115)**	**2,920,506**
Total Liabilities	**₱1,556,623**	**₱2,350,227**	**₱1,178,007**	**₱1,192,147**	**(₱1,510,628)**	**₱4,766,376**

	December 31, 2019					
	Real Estate	Hotel	Manufacturing	Others	Eliminations/ Adjustments	Consolidated Balances
Sales	₱236,816	₱382,161	₱136,885	₱56,931	(₱31,001)	₱781,792
Cost of Sales and Services	(86,412)	(210,749)	(175,571)	(12,803)	31,753	(453,782)
Gross Profit (Loss)	150,404	171,592	(38,686)	44,128	752	328,190
Interest income	14,089	840	7	11,429	(11,404)	14,961
Interest expense	(84,539)	(82,393)	(57,435)	(46,119)	11,404	(259,082)
Others	(148,909)	(108,228)	(65,037)	870,300	(752)	547,374
Income (loss) before income tax	(68,955)	(18,189)	(161,151)	879,738	–	631,443
Income tax benefit (expense)	12,041	(2,445)	–	(68)	–	9,528
Segment Income (Loss)	(56,914)	(20,634)	(161,151)	879,670	–	640,971
Loss from Discontinued Operations	–	(76,990)	–	–	–	(76,990)
	(56,914)	(97,624)	(161,151)	879,670	–	563,981
Equity in net earnings of associates and a joint venture	–	–	–	(388,205)	–	(388,205)
Consolidated Net Income (Loss)	(₱56,914)	(₱97,624)	(₱161,151)	₱491,465	₱–	₱175,776
Assets and Liabilities						
Current assets	₱1,258,347	₱545,732	₱168,608	₱392,262	(₱750,441)	₱1,614,508
Noncurrent assets	871,415	2,614,168	932,816	8,840,691	(1,309,632)	11,949,458
Total Assets	₱2,129,762	₱3,159,900	₱1,101,424	₱9,232,953	(₱2,060,073)	₱13,563,966
Current liabilities	₱922,634	₱1,324,793	₱582,514	₱671,558	(₱760,826)	₱2,740,673
Noncurrent liabilities	551,898	1,306,933	400,541	431,031	(409,982)	2,280,421
Total Liabilities	₱1,474,532	₱2,631,726	₱983,055	₱1,102,589	(₱1,170,808)	₱5,021,094

32. **Impact of the Coronavirus Outbreak and Enhanced Community Quarantine**

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR and certain provinces until the first of the third quarter. Subsequently, MECQ was once again imposed on select areas including Metro Manila and a few other

provinces in the National Capital Region from August 4 to 18, 2020 then back again to GCQ until December 31, 2020.

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods.

RAHC's Go Hotels are less affected by the current crisis. The initial impact of the closure of the Go Hotels during the ECQ was mitigated by its reopening in the middle of April to cater to returning Overseas Filipino Workers (OFWs) required to undergo the mandatory 14-day quarantine stay before being released. The GoHotels during this period have been enjoying occupancy and room rates that are within or better than pre-COVID 19 levels. It continues to operate the hotel sites as quarantine facilities in coordination with numerous international placement agencies and the government. For 2021 and periods thereafter, with the government's direction to support domestic travel and tourism for economic recovery, RAHC foresees its target markets to recover given its large domestic customer base and aggressive sales and marketing strategies.

RLC's business was significantly impacted by the COVID-19 pandemic due to international and domestic travel restrictions which resulted in forced cancellations of hotels bookings and postponement of events driving down hospitality, travel and tourism for business and pleasure and, temporary employment adjustments such as flexible work arrangements. RLC's ART was temporarily closed immediately after the imposition of ECQ and resumed its operations on September 9, 2020. The development of the realty projects was also suspended as well as the collection of payments have been delayed, free of penalty charges, in support of government directives.

The RSAI's plant operation at Tupi, South Cotabato was temporarily closed immediately after the imposition of ECQ and resumed its operations upon implementation of modified GCQ.

33. **Events After the Reporting Period**

Sale of raw land
In February 2021, the Group sold its raw land with a carrying amount of ₱102.0 million to a third party for ₱392.8 million resulting to a gain of ₱290.8 million.

Impact of CREATE Law
The President of the Philippines signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Law introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) **or** enhanced deductions (ED).

- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.

- For investments prior to effectivity of CREATE:

    - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
    - RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the pro-rated CIT and MCIT rate of the Group for CY2020 is 27.5% and 1.5%, respectively. This will result in lower provision for current income tax for the year ended December 31, 2020 amounting to ₱2.5 million or a reduction of ₱0.9 million. The reduced amounts will be reflected in the Parent Company and subsidiaries' 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 consolidated financial statements.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱8.1 million and ₱9.6 million, respectively. These reductions will be recognized in the 2021 consolidated financial statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements
As at and For the Year Ended December 31, 2020

SCHEDULE B

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM DIRECTORS, RELATED PARTIES, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2020

AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/ advances)	₱7,261	₱3,168	₱–	₱–	₱10,429	₱–	₱10,429

SCHEDULE E

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CAPITAL STOCK

DECEMBER 31, 2020

AMOUNTS IN THOUSANDS

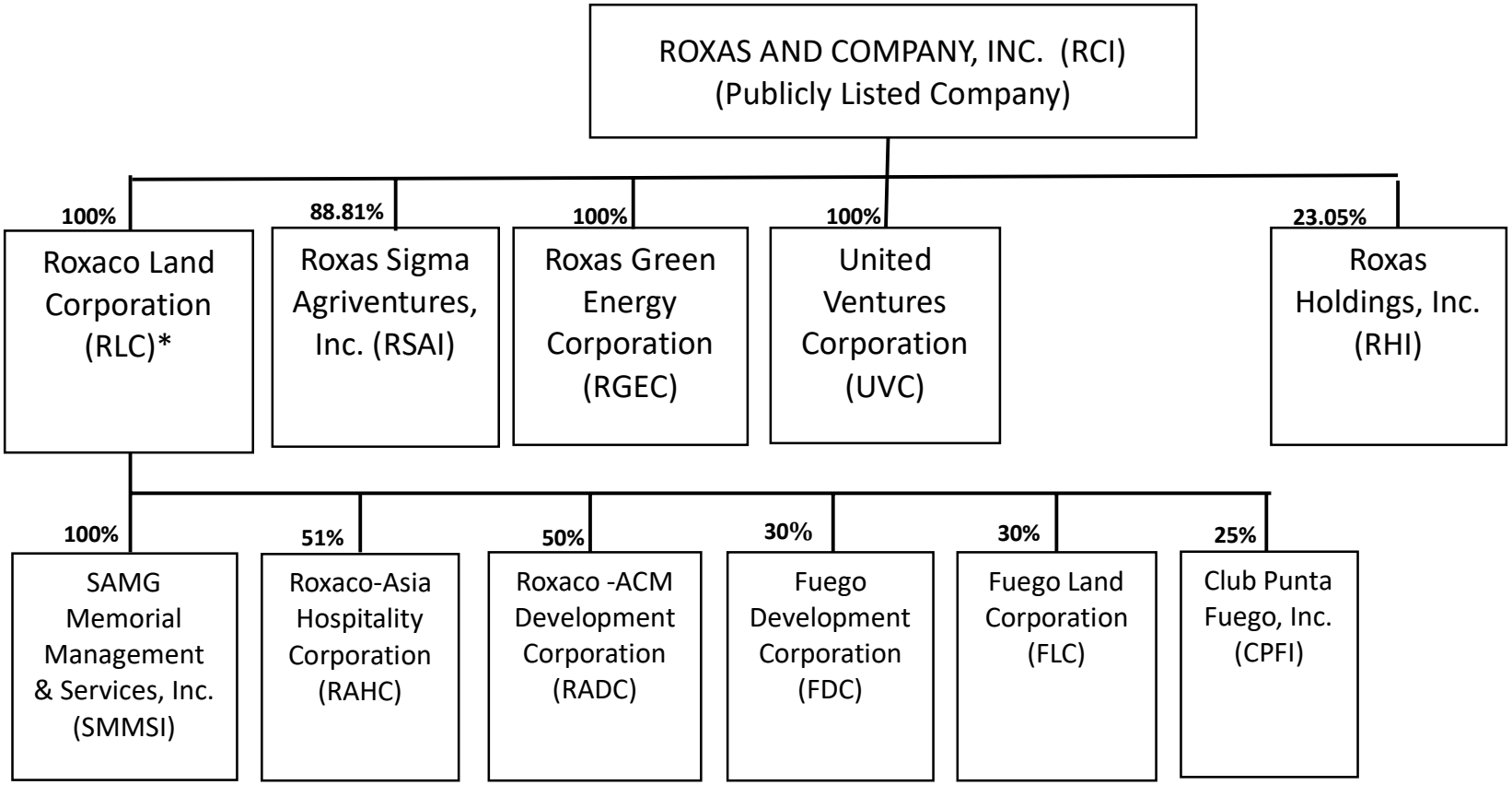
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - "Class A" at ₱1 par value	3,375,000	2,196,013	–	–	9,980	2,186,033
Preferred stock at ₱1 par value	1,000,000	500,000	–	–	–	500,000

SCHEDULE II
ROXAS AND COMPANY, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020

Ratio	Formula	**December 31, 2020**	December 31,2019
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.96:1**	0.63:1
Solvency ratio			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.62:1**	0.59:1
Asset to Equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.62:1**	1.59:1
Interest Rate Coverage ratio	$\frac{\text{Net income (loss)} + \text{depreciation expense} + \text{Interest expense}}{\text{Interest expense}}$	**(3.34):1**	0.08:1
Profitability ratios			
Return on Assets	$\frac{\text{Net income (loss)}}{\text{Total assets}}$	**(9.23%)**	1.30%
Return on Equity	$\frac{\text{Net income (loss)}}{\text{Total equity}}$	**(14.95%)**	2.08%

SCHEDULE III
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CORPORATE STRUCTURE
DECEMBER 31, 2020



** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts and Corporation (AHRC), with RLC as surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
***On July 23, 2018, RLC's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation*

SCHEDULE IV
ROXAS AND COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2020
IN THOUSANDS

Unappropriated retained earnings at beginning of year	₱2,066,681
Net loss during the year closed to retained earnings	(1,080,298)
Add (deduct) unrealized income (charges):	
Unrealized fair value gain on investment properties	(398,056)
Reversal of appropriation for the period	246,842
Transfers of appraisal increase in land	33,549
Preferred dividends payment	(41,302)
	(1,239,265)
Unappropriated retained earnings available for dividend declaration at end of year	₱827,416

Roxas & Company, Inc.

ANNEX "C"

SUSTAINABILITY REPORT

Roxas and Company, Inc.

Company Details	
Name of Organization	Roxas and Company, Inc. (RCI)
Location of Headquarters	7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City
Location of Operations	Makati City; Nasugbu, Batangas; Tagaytay; and Tupi, Cotabato
Report Boundary: Legal entities (e.g. subsidiaries, affiliates, associates) included in this report*	Covered in this sustainability report is Roxas and Company, Inc. (RCI, hereinafter referred to as the "Group") and its subsidiaries and affiliates: Roxaco Land Corporation (RLC) Roxaco-Asia Hospitality Corporation (RAHC) Roxas Sigma Agriventures, Inc. (RSAI) Roxas Green Energy Corporation (RGEC)
Business Model, including Primary Activities, Brands, Products, and Services	RLC is the property development arm of RCI which acquires real estate for investment, development, and/or sale. The Corporation is the registered owner of hectares of land in Nasugbu, Batangas. Subsumed in the Real Estate Corporation are Anya Hospitality Group (Hospitality Solutions), Anya Resort Tagaytay (Leisure & Lodging), and Roxaco-Asia Hospitality Corporation (Hotel & Development Management). RSAI is a wholesale producer of high-quality coconut-based products. Their coconut product portfolio is 100% organic, comprised of Aseptic Coconut Cream and Milk, Extracted Virgin Coconut Oil, and Frozen Coconut Water RGEC is the energy arm of the Corporation in Nasugbu, Batangas. Disclosures under the Environmental and Social sections are not inclusive of RGEC data as the firm has not begun commercial operations.
Reporting Period	January 1 to December 31, 2020
Highest Ranking Person responsible for this report	Atty. Monica Isabelle I. Villanueva

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The material topics were identified through a review of the sustainability-related topics recommended by SEC and determined which of those are deemed relevant by the Group's stakeholders and those which the Group has impact to. These were done through consultations with the Group's business units and its concerned departments.

NOTE: The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. This allows the Group to disclose more streamlined and focused narratives on each material topic, which would also apply to the metrics that correspond under the stated material topic.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	531.45	PhP Million
Direct economic value distributed:		
a. Operating costs (payments to suppliers)	390.59	PhP Million
b. Employee wages and benefits	233.34	PhP Million
c. Dividends given to stockholders and interest payments to loan providers	275.42	PhP Million
d. Taxes given to government	105.10	PhP Million
e. Investments to community (e.g. donations, CSR)	0.15	PhP Million

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Amount	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

Impacts & Risk; Stakeholders Affected

The economic value generated by RCI flows towards its stakeholders—employees, suppliers and service providers, shareholders, government, and host communities—who drive the success of the Corporation. Through this, the Group enables its stakeholders to facilitate respective contributions to the local economy.

The main risks arising from the financial instruments are liquidity risk, interest rate risk, and credit risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations. Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations. Lastly, interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

Incidences of corruption pose risks that could affect the flow of capital within the Group, depriving the rightful stakeholders. Additionally, while RCI invests in the preparedness for health-related and natural calamities, damages that may exceed the coverage of insurance or investment allocations may materially affect the financial health and operational condition. For example, the Group sustained

losses from the COVID-19 pandemic and the effects of the Taal eruption, which forced Anya Resort Tagaytay to close down at the beginning of the calenday year 2020.

Management Approach to Identified Impacts and Risks

RCI is able to generate economic value through its subsidiaries' capability to attract and retain locators and tenants in its properties (RLC) as well as customers for its hotel and resorts operations (RAHC, AHG, & ART). Additionally, sales of its finished goods (RSAI) also generate revenue in the form of coconut-based products. These revenue streams are boosted by maintaining amiable business relationships within the stakeholder ecosystem, namely product distributors, suppliers, and service providers. In addition, RCI commits to fulfilling vendor accreditation criteria and ensuring on-time release of payment tranches.

The Group benchmarks itself against best practices of similar industries—ensuring that its customers receive the best value for their money. Meanwhile, the compensation packages of RCI employees are benchmarked against industry and national standards to ensure that the workforce are provided with livable wages. For suppliers and service providers, the Corporation ensures that service agreements are diligently followed by all involved parties.

Risk management is carried out by senior management under the guidance and direction of the Board of Directors of the Parent Corporation. RCI ascertains that the Board and employees are made aware of and are compliant with all related national regulations and stipulations stated in the Group's Corporate Governance Manual and Code of Business Conduct and Ethics.

Opportunities and Management Approach

RCI seeks to continuously innovate its products and services to further establish its brand in the market. The Group intends to explore new investment and growth opportunities as well as identify potential strategic joint venture partners to secure financing strategies for future projects. Moreover, the Group also aims to enhance overall operational efficiency by improving synergies across RCI's subsidiaries.

With the new effects and risks brought by the COVID-19, this is an opportunity for RCI to review its risk management for infectious diseases. Reallocation of budget to prepare for this risk will be reassessed in anticipation for its adverse impacts to the business.

Climate-related risks and opportunities

RCI is in the process of understanding, identifying, and evaluating the climate-related risks and opportunities intrinsic to its businesses. RCI aims to determine how to effectively measure climate change's impact to its operations and core services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Impacts & Risk; Stakeholders Affected

Any form of corruption significantly affects RCI's means to equitably deliver economic value to all its stakeholders. Corruption incidents would have an adverse impact to the Group's brand equity, its relationship with customers, and Corporation culture.

Management Approach to Identified Impacts and Risks

All newly-hired employees of RCI are presented with a Corporation Policy and Procedure pertaining to Employee Conduct & Work Expectations - Conflict of Interest Policy, which states that "The appearance of impropriety must also be avoided. Employees should not appear to be unduly influenced or corrupted by personal favors from a customer or supplier." This policy is then acknowledged, and signed by every employee during the onboarding process.

Opportunities and Management Approach

RCI shall take measures to effectively evaluate its anti-corruption policies as well as benchmark and adopt local and international best practices on anti-corruption to strengthen our existing processes in preventing such occurrences.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (biomass)	184,208.57	MT
Energy consumption (gasoline)	153.1	GJ
Energy consumption (LPG)	1513.83	GJ
Energy consumption (diesel)	18,575.38	GJ
Energy consumption (electricity)	5,116,151.33	kWh

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's main source of energy comes from electricity consumption, mainly through a local electricity provider. The firm relies on gasoline for the vehicles used in official business and diesel for its generator sets, aimed to offset power interruptions that affect the operations of commercial establishments. However, the Corporation consumes minimal amounts of LPG for several of its kitchen, laundry, and water feature operations.

The Company's overall impact on energy consumption largely depends on the degree of energy consumption of guests, tenants, customers, and employees within its operational establishments.

RSAI

The Firm consumes energy primarily for the sustenance of its operations and facilities. Its main source of energy is electricity, followed by diesel fuel and biomass energy respectively. Energy is integral to ensuring the Company's production year-round.

RAHC

Electricity comprises the majority of the Company's energy consumption. This is sourced mainly through a local electricity provider. Additionally, the Company consumes a minimal amount of diesel for its usage of generator sets during cases of power outages.

Management Approach to Identified Impacts and Risks

RLC

RLC has various energy efficiency practices across its business units, namely: RLC Realty, ART, RAHC, and AHG.

RLC Realty ensures that the use of the vehicles for official business is efficient. It invests in energy efficient equipment to decrease electric consumption for its facilities.

ART is able to effectively monitor the performance and efficiency of its facilities through its maintenance department. The Company has an existing policy to eliminate unnecessary usage of energy by strictly mandating that lights and equipment be turned off when not in use. ART also

reduces its energy consumption through the replacement of old light bulbs with more energy efficient LED lights.

AHG practices proper turning off of facilities and equipment when not in use.

RSAI
As an alternative to fuel, the Company utilizes biomass to fuel the operations of its boiler units. Its biomass power is derived from the coconut shells generated through its operations. In 2020, the firm was able to generate biomass energy from 184, 209 metric tons of coconut shells.

RAHC
RAHC has designated its engineering officers to implement Enercon Programs to optimize electricity usage across its different properties. These programs aim to streamline responsible usage of energy consuming appliances and facilities.

Water consumption within the organization

Disclosure	Quantity	Units
Water consumption	87,886.81	Cubic meters
Water recycled and reused	5,000	Cubic meters

Impacts & Risks; Stakeholders Affected

RLC
Water is consumed for commercial use across the Corporation's properties, offices, and facilities. Its tenants and employees regularly consume water for domestic activities and facility maintenance. Its water supply predominantly comes from water district utilities. The Company also sources minimal amounts of water from a deep-well for its resort operations in Tagaytay. As such, water shortages from these sources may pose substantial risks to the Company, because such disruptions could potentially impede ongoing operations.

RSAI
The Company considers water as a vital resource as it is used for the processing plant's steam generation and maintenance activities. Ensuring a stable water supply is crucial in maintaining the firm's plant operations.

RAHC
Water is consumed by its tenants, guests, and employees.

Management Approach to Identified Impacts and Risks

RCI has been regularly monitoring its water impacts (consumption and discharges) while ensuring that water use is maximized across its owned establishments and commercial properties.

Opportunities

RSAI

The Corporation has identified water efficiency opportunities to be implemented in the near future. These opportunities consist of processes such as recycling coconut water condensate and reusing water for comfort room use and sanitary activities. It is preparing a robust water recycling program to streamline its identified opportunities to implement water efficiency initiatives.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	-	
● renewable	-	kg/liters
● non-renewable	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services.	-	%

***NOTE**: Unable to acquire quantitative data as procurement of construction materials is outsourced through a third party*

Impacts & Risks; Stakeholders Affected

RLC

Being the property development arm of Roxas and Company, it is responsible for managing real estate development projects across the Philippines. In 2020, RLC managed construction projects (Orchards, Landing Townhomes and Montana) wherein the contractors used materials, which primarily are steel and cement. However, materials consumed by RLC for its own operations are mainly composed of office and kitchen supplies.

RSAI

As a coconut processing company, RSAI regularly sources agricultural items for its daily production needs. Aside from its raw materials, the Corporation's top procured items are principally paper-based and polyethylene-based, used for packaging purposes.

RAHC

As an operator of hotels, RAHC does not have materials intensive processes in its operations. Its materials procurement is mainly composed of domestic and office items used for its daily hotel operations.

Ecosystems and Biodiversity

***NOTE**: Due to the nature of RCI's operations, this topic is not considered as material for the Group as it currently does not operate within the vicinity of locations with substantial biological diversity.*

Environmental Impact Management

GHG emissions

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	1,259.66	Tonnes CO2e

Energy indirect (Scope 2) GHG Emissions	3,862.96	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not Applicable	Tonnes

Air pollutants

Disclosure	Quantity	Units
NOx	Not Applicable	kg
SOx	Not Applicable	kg
Persistent organic pollutants (POPs)	Not Applicable	kg
Volatile organic compounds (VOCs)	Not Applicable	kg
Hazardous air pollutants (HAPs)	Not Applicable	kg
Particulate matter (PM)	Not Applicable	kg

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's primary sources of Scope 1 emissions come from its use of LPG, diesel, and gasoline fuel. It also consumes electricity across its different properties and facilities which contribute to Scope 2 emissions. The extent of RLC's air emissions is directly correlated to the scale of its energy consumption, predominantly from electricity generation and fuel consumption.

RSAI

The Company's primary sources of Scope 1 emissions are from its 18 TPH Biomass (Coconut shell fired) Boiler and its 1.5MVA diesel power generator. For its Scope 2 emissions, it generally consumes electricity to power its facilities.

RAHC

Scope 2 emissions comprise the vast majority of RAHC's GHG emissions as its daily operations rely heavily on electricity. Its scope 1 emissions are very minimal since the Corporation's fuel use is limited to its generator sets for emergency situations.

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	12,438.58	kg
Reusable	677	kg
Recyclable	429,870	kg
Composted	0	kg
Incinerated	39,310	kg
Residuals/Landfilled	14,094	kg

Hazardous waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	102,462	kg
Total weight of hazardous waste transported	0	kg

Effluents

Disclosure	Quantity	Units
Average water discharge rate (RSAI)	212.44*	Cubic meters/day
Total volume water discharge	6,373.07	cubic meters
Percent of wastewater recycled	9.47	%

**Scope is limited to RSAI's operations*

Impacts & Risks; Stakeholders Affected

RLC

Solid waste production occurs as a byproduct of the operations of the RLC's various establishments. Generated waste within the Company's scope mainly consists of domestic waste from the guest houses, canteens, and office spaces.

RSAI

In 2020, RSAI generated a monthly average of 18.75 cubic meters of solid waste resulting from its manufacturing activities.

RAHC

The Company's generated waste is primarily domestic waste from tenants, guests, and employees' activities across its different properties.

Management Approach to Identified Impacts and Risks

ART

The Company operates a Materials Recovery Facility to responsibly store its solid waste before handing them over to certified waste disposal haulers for proper segregation. Furthermore, ART manages a Hazardous Waste Storage Facility where all hazardous wastes are properly labeled and temporarily stored. The resort has a schedule for proper disposal of hazardous waste, which is conducted by a DENR Certified Transporter and Treater.

To ensure that the Company's activities on handling, storing, and disposing of waste is documented and compliant with pertinent laws, the Pollution Control Officer prepares quarterly Self Monitoring Reports (SMR) and semi-annual Compliance Monitoring Reports (CMR) which are submitted to the Department of Environment and Natural Resources (DENR).

RAHC

Proper segregation is aligned with city ordinances on waste collection. Hazardous waste is also properly stored before being turned over to certified waste disposal haulers.

AHG
Proper segregation is aligned with city ordinances on waste collection.

Environmental compliance

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	10,000	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	1	#

Impacts & Risks; Stakeholders Affected

The Group's business units are subject to local and national regulations and policies pertaining to environmental protection. It recognizes the compliance requirements which LGUs and DENR-EMB have on the respective parts of its business. The Group also acknowledges the risks that non-compliance of regulations pose to the continuity of its operations.

RSAI

DENR issued RSAI an environmental non-compliance case in August 2020 relative to its Wastewater Treatment Plant (WWTP) operation. Correction of deficiencies were completed and the DENR allowed RSAI to resume operation in October 2020.

Management Approach to Identified Impacts and Risks

The Group has set in place governance measures and working teams who are responsible for ensuring that each of its operating assets are in full compliance with all relevant local and national environmental regulations.

RSAI

Management has engaged a third party provider, duly accredited by the DENR, to ensure continuous compliance with the requirements of the DENR for its WWTP.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	360	#
a. Number of female employees	147	#

b. Number of male employees	213	#
Attrition rate	25%	rate
Ratio of lowest paid employee against minimum wage	1.16	ratio

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	41%	%
% of male workers in the workforce	59%	%
Number of employees from indigenous communities and/or vulnerable sector*	7	#

** Inclusive of PWDs, people of retirement age, and solo parents.*

Impacts & Risk; Stakeholders Affected

RCI provides market competitive compensation and benefits to its employees. The firm attracts both fresh and tenured talents of various industries to join its talent pool made evident by a benchmark entry-level basic pay that is 16% greater than the regional minimum wage.

Its operations primarily impact local constituencies by producing opportunities to the communities around RCI's commercial properties. Despite the downturn in business due to the pandemic, a total of 68 new jobs were generated from its core businesses.

The Company also has a healthy male-to-female social portfolio at 59% and 41% respectively. RCI does not discriminate in terms of age, gender or physical disabilities in hiring.

Management Approach to Identified Impacts and Risks

To remain competitive, the Group dedicates itself to improving business performance through provisions to assist employee needs. This is conducted through various assistance programs such as a streamlined Financial Assistance Plan, a performance recognition and rewards system, and early retirement benefits.

Scenario adjustments have also been made, in order to accommodate the impact of Covid-19 in daily operations. Some regulations implemented to ensure business continuity are shortened office hours and remote work set-up. As feasible, properties are opened and strictly managed within the bounds of public government guidelines.

Opportunities and Management Approach

With the unparalleled economic downturn brought about by the Covid-19 pandemic, the Group is continuously improving their business continuity plan incrementally as more national guidelines are progressively cascaded. From an employee management standpoint, it is clear that management has to adapt an agile approach to craft a strategy that would protect their employees and business operations from further negative economic and social impact. It is ideal for the strategic planning

team to have short-, mid-, and long-term plans as the industry slowly recovers from the economic downturn that the pandemic has caused.

Employee training and development

Disclosure	Quantity	Units
Total training hours provided to employees	3,386	hours
a. Female employees	1,435	hours
b. Male employees	1,951	hours
Average training hours provided to employees	9	
a. Female employees	10	hours/employee
b. Male employees	9	hours/employee

Impacts & Risk; Stakeholders Affected

Capability building is recognized to be a key driver both to individual and organizational success. RCI recognizes its responsibility to empower its employees, so that they are able to deliver world-class services to their customers. Due to the pandemic, there were lesser hours devoted to training compared to the previous year due to social-distancing constraints. Nonetheless, alternative training methods like online learning were explored and availed. For the last fiscal year, an average of 9 working hours per capita has been allocated specifically for training and development with a focus on improving customer service and experience.

Spearheaded by the Human Resources department, a total of 3,386 hours have been devoted for the upskilling of the group's human capital. Consequently, a reduction of formation programs risks poor quality of the talent pool, decline in customer satisfaction, and, ultimately, impediment from economic growth across the subsidiaries.

Management Approach to Identified Impacts and Risks

Given the speed with which things are changing, combined with the limitations brought about by the pandemic, the workforce needs specialized training to apply new knowledge and best practices. Aside from providing in-house training to empower its employees, RCI has been in constant coordination with different government offices and entities like the Department of Tourism, Bureau of Quarantine and TESDA to avail of relevant trainings for its employees. Noteworthy learning sessions attended and held last 2020 were Customer Service Training, Housekeeping Refresher Courses, New Normal Protocols, Training for Front Office Services and Workplace Communication, Fire Safety Seminars, Good Manufacturing Practices (GMP) Awareness Training, Hazard Analysis Critical Point Awareness (HACCP) Training and Internal Audit Training.

Furthermore, RCI proactively conducts regular alignment on training needs to assess current skills inventory and identify existing skills gaps. These are then mapped against functional requirements and customer demands. Thereafter, programs are formed and executed either solely by an internal team or in partnership with external experts who specialize in those pre-determined competencies.

These avenues allow for growth both professionally and personally as employees to contribute more substantially to the company's business objectives while giving each a degree of personal satisfaction.

Opportunities and Management Approach

In lieu of the new emerging environment shaped by the global pandemic, RCI is presented with an opportunity to re-invest resources in training and development to future proof its social capital in preparation for the new ways of working that the post-covid scenario will bring to the tourism, agriculture, and energy industries.

It is significant to understand the shifts and changes that will occur in the value chains of the said industries. Ventures into agriculture may not retain conventional value chains post-COVID as there is a rising demand in the market for farm-to-table models. Energy is also at the forefront of change, even prior to the quarantines, as prices in renewable energy (mainly solar) have plunged significantly cheaper than traditional coal-generated electricity. Lastly, social distancing and the potential spread of a highly contagious disease has brought about innovations in lifestyle, the tourism industry moreso. With the countless facets that are affected, a review and evaluation of strategy and forecasts is highly recommended, as the Group is well-positioned to integrate training and performance at the core of the changing environment. However, the implementation team must take extra caution in defining appropriate performance indicators in order to achieve the aspired behavior of learned skills application.

Labor-management relations

***NOTE**: This topic is not considered as material for the Group as it currently does not have labor unions across its subsidiaries.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	745,728	Man-hours
No. of work-related injuries	86	#
No. of work-related fatalities	0	#
No. of work-related ill-health	1	#
No. of safety drills	3	#

**Note: The No. of work-related injuries are minor injuries that does not cause lost manhours.*

Impacts & Risk; Stakeholders Affected

The employees of RCI's business units are exposed to various health and safety risks due to the nature of their operations. For RAHC, RSAI, and RLC, the majority of the headcount comes from the local labor force, which poses an evident risk in the form of a large dependency on the general health and wellness of the areas in which these employees occupy. This was proven true by the recent COVID-19 pandemic, which caused the cessation of tourism and hospitality-related operations due to the threat of the virus to public health. Over 50 percent of RCI's workforce were directly affected.

Management Approach to Identified Impacts and Risks

RCI's team of professionals is committed to ensuring that hazards and risks are recognized and identified in order to guide and direct employees to work safely, thereby preventing injuries and other issues in the workplace. This is conducted by ensuring that Occupational Safety and Health (OSH) standards are observed and government requirements concerning health and safety are consistently met. As an example, RSAI, AHG, and ART mandate their employees to undergo an 8-hour OSH training during onboarding, which is conducted by an in-house Safety and Security Manager.

In the event of work-related accidents, the RCI ensures that all identified safety hazards are reported to the management.

The Group is also active in participating with the local government initiatives on health and safety, such as joining community-initiated fire and earthquake drills.

Opportunities and Management Approach

A more frequent periodic assessment of the Group's readiness in terms of compliance with OSH standards can be pursued. With the COVID-19 pandemic, regulators, employees, and customers will place a premium on the health and safety of RCI's premises. As such, the RCI will be reassessing its current OHS systems in order to fulfill its promise to its stakeholders of their excellent product and service delivery.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	From RCI's COBE: Section on Harassment and Bullying under Rules and Regulations of Code of Conduct

Impacts & Risk; Stakeholders Affected

Incidences of forced labor and child labor and violations of human rights violates labor-related laws and policies provided by the government. Allegations of abuse of human rights can escalate and develop into negative public perception, which impacts brand equity and customer loyalty. This is

applicable across all RCI subsidiaries and, if present, must therefore be handled diligently.

Management Approach to Identified Impacts and Risks

RCI ensures that its businesses are compliant to and operate only within the boundaries and standards as stipulated in regulations provided by both the national and local governments. RCI has a Code of Business Ethics which is communicated to employees during onboarding to make them aware of their rights as an employee. This process aims to prevent RCI's operations from incidences of labor laws violations and abuse of human rights.

Opportunities and Management Approach

The Group will be benchmarking best business practices in disallowing forced labor, child labor, and protecting human rights to further strengthen RCI's labor-related policies. RCI will review its operations and assess where these violations are prone to happen, and identify how to mitigate occurrences of the same.

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Forced labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Child labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Human rights	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Bribery and corruption	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form

Impacts & Risk; Stakeholders Affected

The Group ensures that they will not be involved or exposed to various human rights risks and environmental risks within its supply chain giving importance on the sustainability topics when accreditating and screening suppliers and by documenting these criteria in the Purchasing Policy and Guidelines to ensure consistent implementation.

Management Approach to Identified Impacts and Risks

RCI conducts regular assessments of suppliers' performance—ensuring their compliance with all labor-related laws and regulations. Suppliers are flagged should any notable actions be discovered during the review.

Opportunities and Management Approach

RCI is considering these ESG criteria (e.g. suppliers' social and governance performance) in its supplier accreditation process. A revision of the existing Purchasing Policy will be done, if needed to document any change or inclusion for consistent implementation.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community
RLC - Residential/housing projects 1. Landing Townhomes and Shophouses 2. Montana @ Hacienda Palico 3. Orchards @ Balayan	Nasugbu and Balayan, Batangas	Not Applicable	N	Right to Housing; Local employment
RLC - Memorial Project (San Antonio Memorial Gardens)	Nasugbu, Batangas	Not Applicable	N	Right to Burial
RSAI - Coconut harvesting and Processing plant operations	Tupi, Cotabato	Not Applicable	N	Pleasant smell and minimal noise within plant proximity; Local employment

Impacts & Risk; Stakeholders Affected

Through RLC's housing projects, the developer is able to provide a nurturing community to families that could help elevate their lifestyles and boost the local economy. Furthermore, they are able to provide decent jobs for the local community through construction and maintenance of these projects.

For its memorial park, it gives families a serene space where loved ones are always remembered in an atmosphere of togetherness.

Meanwhile, RSAI's business operations that are tied with the communities are coconut harvesting and its processing plant. The business relies heavily on the produce of local farms for the procurement of its raw materials. As such, they are strategically placed within the vicinity of numerous coconut farms, which it can potentially partner with. Additionally, the Company's operations are mostly carried out by local workers, enabling them to provide livelihood opportunities for its provincial location as well.

Furthermore, the processing plant's processes may generate loud noise and pungent smells in the surrounding areas, resulting in disruption of BAUs of other adjacent establishments.

Management Approach to Identified Impacts and Risks

The business operations of RCI's subsidiaries are placed across Batangas and Cotabato. The Group ensures that it employs people from the host community to provide decent work and improve the local economy.

To prevent adverse social and environmental impacts to the host communities, the Group ensures that periodic consultations are done with the concerned LGUs and civil society organizations before and during project operations. This helps in identifying the pain points as well as finding ways on how to address them. Through this, the Group aims to establish good relationships at all times with the local community.

For RCI's construction projects, the pool of partners consists of a select set of contractors who are proven reliable to complete projects' within the expected period of time.

Meanwhile RSAI, through its Trade Fair arrangements with its partner farmers, ensures equitable and transparent business partnerships with them. RSAI assists those farmers to increase coconut yield and improve their land fertility through employing new technologies and conducting training programs. In addition, the Company also partners with nearby schools for its immersion and OJT programs, which provides students with insights on the work opportunities in the food sector.

Opportunities and Management Approach

RCI is continually exploring opportunities in partnering with the local organizations and private companies which would help in community capacity building and improving social welfare of the host

communities. As an example, RLC is exploring joint venture projects with other developers and/or contractors. Through this, more housing units will be made available in the locality. RAHC and RSAI will be working closely with the LGUs in identifying key opportunity areas where these business units may contribute the most.

Customer Management

Customer Satisfaction

Disclosure	Company	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	RAHC ***	**(Overall)**	**N/A**
		(GO Hotel North Edsa)	N/A
		(GO Hotel Timog)	N/A
		(GO Hotel Ermita)	N/A
		(GO Hotel Manila Airport Rd.)	N/A
	ART	80.60%	N/A
	AHG *	Not Applicable	N/A
	RLC **	Not Applicable	N/A
	RSAI	Not Applicable	N/A

NOTES:

** Currently, there is no feedback system yet for AHG. As a hospitality consultancy and management group, AHG rarely receives feedback in writings or score ratings. AHG performance is currently based on the profitability and efficiency of managed properties. Concerns / comments are raised verbally. In the event that hotel owners are not satisfied with AHG's service, management contracts may not be renewed.*

*** The need for a third party to conduct customer satisfaction in the realty business is not yet being considered. Internally, customer satisfaction is gauged primarily through feedback, sales performance, and reorders.*

**** Due to the pandemic, Go Hotels have operated mainly as quarantine facilities. Because of this, there has been no online reviews for the majority of the year except for a handful that were posted prior to the declaration of ECQ. These handful reviews do not reflect the overall operations as it is just a small percentage of the total number of guests accommodated in 2020.*

Guest surveys were also not collected directly from the guests to comply with the IATF ruling of minimal contact. These would also not be able to reflect the service of the hotels as the guests would have minimal to zero contact with the staff during their quarantine.

Impacts & Risk; Stakeholders Affected

Customer feedback serves as the gauge by which RCI determines how effective the group's products and services are in terms of delivering a premier customer experience (CX). Scores can be viewed as a representation of customer sentiment and leveraged on as a key channel to draw out insights from. Utilized well, the scores safeguards the company from failure to engage with its customers effectively.

At present, two hospitality developments (RAHC and ART) have existing mechanisms to measure CX, the former subscribing to a net promoter score (0-10) system and the latter ascribing to a the more conventional Customer Satisfaction Score (0-100%). In addition, other engagement channels like

emails, phone numbers (mobile or landline), social media, sms, were communicated to the customers should they have any concerns

Both scores are essential to monitor as negligence risks loss of customer trust and bad public reviews, which negatively impacts brand equity.

Management Approach to Identified Impacts and Risks

The Customer Care Department, guided by its policy on Handling Customer Feedbacks, endeavors to ensure that all feedbacks are addressed properly in consultation with the management. The aggregated feedback is then integrated into training and employee development plans. Guest experiences, in the form of reviews, are used as references in workshops to address and improve experience.

Also, regular reviews of policies and procedures are conducted periodically and these are amended as necessary.

Opportunities and Management Approach

Opportunities present themselves in two fronts. The first is in furthering customer personalization. The prominent consumer behavior of the rising generation is authenticity. This entails that it would be essential for both RAHC and ART to craft their brands and customer journeys towards a highly personal experience. Secondly, reinforcing the first, the opportunity to digitize will drive growth and improvement in marketing and core services with the implementation of digital solutions to strengthen RCI's position. Such programs could range from developing an omni-channel approach to adapting a cloud-based Customer Relationship Management platform

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

As a business who provides tangible assets as a form of product and service delivery, RCI aims for its customers to have an enjoyable experience when availing its products and services.

When receiving customer complaints regarding health and safety, it is essential that these are handled properly due to the large impact on customer loyalty. Mishandling of complaints also pose reputational risk—dissatisfied customers may share their unfortunate experience with their networks, resulting in less patrons and repeat customers.

Management Approach to Identified Impacts and Risks

RCI upholds its products and services' safety of use in the highest regard. The Group established proper quality assurance protocols which seek to communicate its standards on health and safety from inbound logistics to product and service delivery. Furthermore, RCI ensures that its communication channels are open for complaints on products or services' health and safety. All filed complaints are coursed through the proper channel and delegated to their concerned departments.

Opportunities and Management Approach

Due to the COVID-19 pandemic, RCI anticipates that customers will now place an even higher regard for the cleanliness and safety of products and services. With this, the Company is exploring how to re-skill its employees in order to keep up with the higher standards brought by the pandemic. Moving forward, This also provides RCI an opportunity to update its health and safety management systems through third-party audits and certifications.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

The Group exposes itself to brand and reputational risk should there be proven misrepresentation on RCI's products and services. Mislabeled communication materials to RCI's customers may result in their disappointment when expectations on the brand are not met. Given the current digital age, there is ease also in spreading misinformation to people's networks. Hence, RCI shall be wary of all the advertisements and promotional materials that are being communicated to its customers.

Management Approach to Identified Impacts and Risks

It is RCI's due diligence to provide true and accurate information at all times. To support this, there are dedicated Marketing units who have been tasked to ensure that only correct marketing media will be used for the promotion of the projects only through authentic RCI channels. This is done through regular conducting of reviews on RCI's product and service portfolio.

Furthermore, relationship managers are tasked to be transparent to potential clients on the Group's products and services to avoid setting unsuitable expectations from them.

Opportunities and Management Approach

The Group considers all feedback as an opportunity for improvement. Should the need arise, the Group shall engage the services of marketing and product design consultants to boost its marketing and advertising strategies.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Impacts & Risk; Stakeholders Affected

As part of ensuring operational excellence to deliver customer delight, collection of Personal Identity Information (PII) is fundamental. RCI primarily collects PII values such as names, dates of birth, addresses, ID information, contact numbers, credit card numbers, corporate Tax Identification Number (TIN), personal food preferences for Food & Beverage (F&B) services, and other health-related information among others. The PII information allows the operations team to consider and assess customer needs and preferences to give a top-of-class experience and provide relevant services and products.

Management Approach to Identified Impacts and Risks

In consideration of the synergy between customer PII data and organizational proprietary data, the Corporation decided to protect privacy by storing data in a password encrypted property management system. The system is sourced from an external provider, where RCI has entered into a user data agreement with affiliates such as Review Pro, SABA, Global Payments, INFOR, and Rate Gain to build layers of protection.

Furthermore, RCI complies with the Data Privacy Act of 2012 by gathering the consent of customers at the point of data collection and augments their protection by having a social media and data handling agreement signed by employees which clearly stipulates the scope of what they can and cannot do with data that customers and guests entrusted RCI with. Moreover, cybersecurity measures comprising equipment and processes have been set in place to tighten security, some of which are dual firewalls for work tools and routers; network isolation for guests and employees; and cctv and

telephone lines using VLAN. The company strictly implements policy on internet usage and other applications, to reduce risks and prevent breaches while providing the appropriate training of responsible usage.

Other noteworthy actions are as follows: (1) for credit card information handling, only the last 4 digits are kept visible in the system and the rest are masked to secure the data. (2) for proprietary information handling, most USB ports have been disengaged - especially at the Front Desk so as to keep any virus from being transferred and to protect the unauthorized sharing of confidential information, (3) Firewall licenses are being monitored regularly, (4) CCTV cameras are installed, and (5) internet access restrictions are found on most of the working tools of RCI employees.

Opportunities and Management Approach

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
All Subsidiaries - Human capital plays an integral role in delivering the RCI's key products and services. Thus, acquiring and retaining its talent pool goes hand in hand with the Group's ability to sustain and grow its businesses.	**SDG Contribution:** <u>Goal 5 - Gender Equality</u> The Group currently employs almost 50-50 male to female ratio for its workforce. RCI does not show discrimination against women and vulnerable groups in its hiring process as well as in the workplace. <u>Goal 8 - Decent Work and Economic Growth</u> The Group's ability to provide employment opportunities through its different business units contributes to local economic development. The Group currently employs 381 workers across its subsidiaries, providing decent work in the local regions where it operates.	Unequal pay and poor labor conditions; unheard employee grievances	Complaints are managed by the manager-in-charge and then to the HR. The HR Team then delegates the complaint to the right department to address the issue.
RSAI - Coconut-based products	**SDG Contribution:** <u>Goal 2- Zero Hunger.</u> Leveraging on its modern coconut processing technologies and the region's abundant supply of coconuts, RSAI was able to produce 775.22 tons of coconut-based products in 2019. These products provide nutritious, high-quality food options to the market.		

	Furthermore, RSAI's business is involved in fair-trade agreements with local farmers, augmenting livelihoods in the process. Through these fair-trade agreements, local farmers are also provided access to training and technologies to help boost their productivity. <u>Relevant SDG 2 Targets:</u> *SDG 2.1* - By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. *SDG 2.3* - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.		

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) **S.S**

TREASURER'S CERTIFICATION

I, **EDGAR P. ARCOS**, of legal age, Filipino and with office address at 7th Floor Cacho-Gonzales Building, 101 Aguirre St. Legaspi Village, Makati City, after being sworn in accordance with law, hereby certify that:

1. I am the OIC-General Manager and Chief Finance Officer of **Roxas and Company, Inc. and Subsidiaries**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Registration No. PW00000834, with principal office address at 7th Floor Cacho-Gonzales Building, 101 Aguirre St. Legaspi Village, Makati City.
2. The consolidated audited financial statements in general form financial statements of the Group ("GFFS") soft copy submitted contains the exact data stated in the hard copies of the consolidated audited financial statements of the Group.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

WITNESS MY HAND on this _____ day of MAY 17 2021 2021 at Makati City.

EDGAR P. ARCOS
AFFIANT

SUBSCRIBED AND SWORN before me on this MAY 17 2021 day of _____ 2021 by affiant who exhibited to me his Valid Philippine Passport No. P7030824A.

Doc. No. 256
Page No. 53
Book No. 1
Series of 2021

ATTY. CLARENCE GABRIEL D. REVADILLO
Notary Public for Makati City
Appointment No. M-99
Until December 31, 2022
Roll of Attorney's No. 74289
IBP OR No. 150810/ 01-13-2021
PTR No. 8535451/Makati City/01-06-2021
MCLE Exempted – Admitted to the bar in 2020

SEC Registration Number

PW-000008 34

Company Name

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town) Province)

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
GFFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.roxascompany.com.ph	(02) 8810-8901	-

No. of Stockholders	Annual Meeting Month/Day	Calendar Year Month/Day
3,301	Last Wednesday of May	December 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
Atty. Monica Isabelle I. Villanueva	miv@roxascompany.com.ph	(632) 8751-9537	-

Contact Person's Address

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

Note: 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.

Control No.:
Form Type: *GFFS (rev 2006)*

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-8901 **FAX NO.:** 8750-2169
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**12,458,944.00**	**13,563,966.00**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	1,168,475.00	1,240,829.00
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	31,069.00	75,395.00
A.1.1.1 On hand	5,216.00	2,316.00
A.1.1.2 In domestic banks/entities	25,853.00	73,079.00
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	245,473.00	284,758.00
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	245,473.00	284,758.00
A.1.2.1.1 Due from customers (trade)	125,205.00	179,745.00
A.1.2.1.2 Due from related parties	89,368.00	89,129.00
A.1.2.1.3 Others, specify (A.1.2.1.3.1+A.1.2.1.3.2)	55,380.00	30,494.00
A.1.2.1.3.1 Due to unaffiliated companies		
A.1.2.1.3.2 Advances to contractors, suppl & empl and Others	55,380.00	30,494.00
A.1.2.1.4 Allowance for doubtful accounts (**negative entry**)	(24,480.00)	(14,610.00)
A.1.2.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (**negative entry**)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	573,068.00	574,433.00
A.1.3.1 Raw materials and supplies	7,245.00	9,450.00
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	0.00	0.00
A.1.3.3 Finished goods	64,335.00	61,091.00
A.1.3.4 Merchandise/Goods in transit	0.00	0.00
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1+A.1.3.6.2)	501,488.00	503,892.00
A.1.3.6.1 Raw land and land improvements	190,189.00	187,039.00
A.1.3.6.2 Real estate properties for sale	311,299.00	316,853.00
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Real Estate, Community, Social and Personal Services, other forms of production, and general business operations. This form is also applicable to other companies that do not have industry-specific Special Forms. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation activities, credit granting, and activities auxiliary to financial intermediation, which require secondary license from SEC.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-8901 **FAX NO.:** 8750-2169
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	26,680.00	47,025.00
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions	26,680.00	47,025.00
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	292,185.00	259,218.00
A.1.5.1 Input VAT and deferred input VAT - current portion	121,729.00	114,712.00
A.1.5.2 Creditable withholding taxes	111,181.00	102,449.00
A.1.5.3 Prepaid expenses and others	59,275.00	42,057.00
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+A.2.8)	2,704,764.00	3,463,801.00
A.2.1 Land	816,394.00	773,495.00
A.2.2 Building and improvements including leasehold improvement	1,647,659.00	1,959,544.00
A.2.3 Machinery and equipment (on hand and in transit)	588,804.00	588,122.00
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	18,377.00	21,127.00
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	-14,621.00	275,953.00
A.2.5.1 Property, or equipment used for education purposes		
A.2.5.2 Construction in progress	12,189.00	10,511.00
A.2.5.3 Office furniture, fixtures and equipment	230,071.00	260,555.00
A.2.5.4 Land improvement	49,824.00	104,175.00
A.2.5.5 Assets held for sale	-306,705.00	-99,288.00
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)	40,233.00	142,187.00
A.2.6.1 Appraisal increase on land	40,233.00	142,187.00
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.7 Accumulated Depreciation (**negative entry**)	-351,145.00	-296,627.00
A.2.8 Impairment Loss or Reversal (if loss, negative entry)	-40,937.00	0.00
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	1,149,329.00	1,997,069.00
A.3.1 Equity in domestic subsidiaries/affiliates	1,149,329.00	1,997,069.00
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.1.1 + A.3.2.1 + A.3.3.1 + A.3.3.4)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.4 Investment Property	6,412,991.00	6,010,836.00
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)	71,318.00	117,243.00
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)		
A.6.1.1		
A.6.1.2		
A.6.1.3		
A.6.1.4		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2 + A.6.2.3 + A.6.2.4)		
A.6.2.1 Right-of-use assets	71,318.00	117,243.00
A.6.2.2		
A.6.2.3		
A.6.2.4		
A.7 Assets Classified as Held for Sale	606,170.00	373,679.00
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

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CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-8901 **FAX NO.:** 8750-2169
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	90,032.00	91,854.00
A.9.1. From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)	90,032.00	91,854.00
A.9.1.1 National Government		
A.9.1.2 Public Financial Institutions		
A.9.1.3 Private Non-Financial Institutions	90,032.00	91,854.00
A.9.1.4 Private Financial Institutions		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3 + A.9.2.4)	0.00	0.00
A.9.2.1 National Government		
A.9.2.2 Public Financial Institutions		
A.9.2.3 Public Non-Financial Institutions		
A.9.2.4 Private Non-Financial Institutions	0.00	0.00
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	255,865.00	268,655.00
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	138,169.00	85,296.00
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4)	117,696.00	183,359.00
A.10.4.1 Deferred Input VAT	107,771.00	160,856.00
A.10.4.2 Franchise fee	6,809.00	7,713.00
A.10.4.3 Utility deposits	3,116.00	3,433.00
A.10.4.4 Others (Advances to Contractors and Suppliers)	0.00	11,357.00
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**4,766,376.00**	**5,021,094.00**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	1,448,886.00	2,509,171.00
B.1.1 Trade and Other Payables to Domestic Entities	726,884.00	604,630.00
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables	243,843.00	197,241.00
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	123,989.00	95,255.00
B.1.1.3.1 Roxas Holding Inc. and its affiliates	0.00	0.00
B.1.1.3.2 Roxaco Land Corporation and its affiliates	51,649.00	48,714.00
B.1.1.3.3 Others	72,340.00	46,541.00
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3)	359,052.00	312,134.00
B.1.1.4.1 Statutory payables	19,422.00	6,740.00
B.1.1.4.2 Accrued Expenses	126,633.00	81,810.00
B.1.1.4.3 Retention payable, outside services, interest, payables to contractors, a	212,997.00	223,584.00
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1+B.1.2.2+B.1.2.3+B.1.2.4)	0.00	0.00
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.2.4		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3)	313,641.00	1,265,634.00
B.1.4.1 Short-term borrowings	313,641.00	1,265,634.00
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	408,361.00	638,907.00
B.1.7.1 Dividends declared and not paid at balance sheet date	4,247.00	1,202.00
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year	205,857.00	429,597.00
B.1.7.5 Deferred Income	0.00	0.00
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)	198,257.00	208,108.00
B.1.7.6.1 Contract liabilities	154,096.00	167,972.00
B.1.7.6.2 Current portion of lease liabilities	44,161.00	40,136.00
B.1.7.6.3		
B.1.7.6.4		

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-8901 **FAX NO.:** 8750-2169
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	2,716,142.00	2,039,247.00
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions	2,716,142.00	2,039,247.00
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale	396,984.00	231,502.00
B.5 Other Liabilities (B.5.1 + B.5.2)	204,364.00	241,174.00
B.5.1 Deferred Income Tax	89,391.00	94,053.00
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)	114,973.00	147,121.00
B.5.2.1 Retirement Liability	72,591.00	60,539.00
B.5.2.2 Lease liabilities - net of current portion	42,382.00	86,582.00
B.5.2.3		
B.5.2.4		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	**7,692,568.00**	**8,542,872.00**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	4,375,000,000.00	4,375,000,000.00
C.1.1 Common shares **3,375,000,000 shares @ P 1 par value**	3,375,000,000.00	3,375,000,000.00
C.1.2 Preferred Shares	1,000,000,000.00	1,000,000,000.00
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	0.00	0.00
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	3,411,886.00	3,411,886.00
C.3.1 Common shares	2,911,886.00	2,911,886.00
C.3.2 Preferred Shares	500,000.00	500,000.00
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	1,627,069.00	1,669,061.00
C.5 Minority Interest	264,452.00	311,074.00
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)	(20,801.00)	1,413.00
C.6.1 Cumulative Share in Fair Value Reserve of an Associate	5,129.00	5,129.00
C.6.2 Cumulative Remeasurement Gain (Loss) on Retirement Liability	(25,930.00)	(3,716.00)
C.6.3		
C.6.4		
C.6.5		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	697,870.00	596,137.00
C.8 Retained Earnings (C.8.1 + C.8.2)	2,929,075.00	4,017,126.00
C.8.1 Appropriated	1,703,603.00	1,950,445.00
C.8.2 Unappropriated	1,225,472.00	2,066,681.00
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (**negative entry**)	(1,216,983.00)	(1,463,825.00)
D. TOTAL LIABILITIES AND EQUITY (B + C)	**12,458,944.00**	**13,563,966.00**

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-8901 FAX NO.: 8750-2169
COMPANY TYPE : HOLDING COMPANY PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	**(1,972.00)**	**1,359,765.00**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	500,153.00	781,972.00
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity	(938,021.00)	(388,205.00)
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	423,809.00	951,037.00
A.3.1 Rental Income from Land and Buildings		
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)	423,809.00	951,037.00
A.3.5.1 Rental Income, Equipment		
A.3.5.2 Unrealized fair value on investment properties	398,056.00	763,410.00
A.3.5.3 Others	25,753.00	187,627.00
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	12,087.00	14,961.00
A.4.1 Interest Income	12,087.00	14,961.00
A.4.2 Dividend Income	0.00	0.00
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)	0.00	0.00
A.4.3.1 Gain on disposal of Investment in subsidiary	0.00	0.00
A.4.3.2 Gain (loss) on deemed disposal of an associate		
A.4.3.3 Gain from step up acquisition of a subsidiary	0.00	
A.4.3.4		
A.4.4 Gain / (Loss) on Foreign Exchange (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	0.00	0.00
A.4.4.1	0.00	0.00
A.4.4.2		
A.4.4.3		
A.4.4.4		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	**294,847.00**	**175,571.00**
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	294,847.00	175,571.00
B.1.1 Direct Material Used	80,999.00	51,441.00
B.1.2 Direct Labor	19,138.00	31,666.00
B.1.3 Other Manufacturing Cost / Overhead	194,710.00	92,464.00
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (negative entry)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (negative entry)		
C. COST OF SALES (C.1 + C.2 + C.3)	**0.00**	**0.00**
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (negative entry)		
D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)	**148,184.00**	**278,211.00**
D.1 Cost of real estate sales	7,648.00	54,659.00
D.2 Cost of hotel sales and services	140,536.00	223,552.00
D.3		
D.4		
D.5		
D.6		

Control No.:
Form Type: *GFFS (rev 2006)*

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)

CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229

TEL. NO.: 8810-8901 **FAX NO.:** 8750-2169

COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)	**0.00**	**0.00**
E.1		
E.2		
E.3		
E.4		
E.5		
E.6		
F. GROSS PROFIT (A - B - C - D - E)	**-445,003.00**	**905,983.00**
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)	**488,572.00**	**403,663.00**
G.1 Selling or Marketing Expenses	31,221.00	52,917.00
G.2 Administrative Expenses	457,351.00	350,746.00
G.3 General Expenses		
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)	0.00	0.00
G.4.1 Education-related expenditures		
G.4.2 Loss on expropriatin of investment property		
G.4.3		
G.4.4		
G.4.5		
G.4.6		
H. FINANCE COSTS	229,945.00	259,082.00
I. NET INCOME (LOSS) BEFORE TAX (F - G - H)	(1,163,520.00)	243,238.00
J. INCOME TAX EXPENSE (negative entry)	**48,762.00**	**9,528.00**
K. INCOME AFTER TAX	**-1,114,758.00**	**252,766.00**
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)		
L.1 **Net income (loss) from discontinued operations**	-35,638.00	-76,990.00
L.2		
M. Profit or Loss Attributable to Minority Interest	**-70,098.00**	**-67,637.00**
N. Profit or Loss Attributable to Equity Holders of the Parent	**-1,080,298.00**	**243,413.00**

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-8901 **FAX NO.:** 8750-2169
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	(1,198,912.00)	166,431.00
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	153,330.00	161,096.00
Amortization, specify: Equity in net loss (earnings) of associates	938,021.00	388,205.00
Retirement benefits	9,189.00	11,495.00
Others, specify: Unrealized fair value gain on investment properties	(398,056.00)	(763,410.00)
Gain on sale of investment properties	(25,079.00)	(168,408.00)
Interest income	(12,358.00)	(15,279.00)
Interest expense	255,995.00	315,121.00
Provisions, loss and gains	139,700.00	0.00
Write-down of Property, Plant, and Equipment	54,351.00	0.00
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables	21,945.00	(244,680.00)
Inventories	(55,860.00)	439.00
Other Current Assets	(21,993.00)	21,310.00
Others, specify: Real estate for sale and development	2,404.00	32,217.00
Contract assets	22,167.00	7,583.00
Other non current assets	64,280.00	44,895.00
Increase (Decrease) in:		
Trade and Other Payables	64,609.00	118,363.00
Income and Other Taxes Payable	(11,642.00)	(7,422.00)
Others, specify: Contribution to retirement plan		
Interest received	12,358.00	15,278.00
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	14,449.00	83,234.00
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Long-Term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment	(9,593.00)	(36,398.00)
Others, specify: Proceeds from sale of investment properties	28,039.00	201,015.00
Proceeds from sale of property and equipment	367,190.00	0.00
(Increase) Decrease in other noncurrent assets		
Acquisition of subsidiaries, net of cash acquired	0.00	0.00
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	385,636.00	164,617.00
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Loans	50,318.00	229,634.00
Long-term Debt	0.00	388,691.00
Issuance of Securities		
Others, specify: Issuance of preferred shares, net of transaction cost	0.00	0.00
Payments of:		
(Loans)	(6,000.00)	(10,669.00)
(Long-term Debt)	(424,570.00)	(711,080.00)
(Stock Subscriptions)		
Others, specify (negative entry):		
Dividends paid	(41,302.00)	(42,051.00)
Interest paid	(211,101.00)	(299,930.00)
Principal portion of lease liabilities	(16,606.00)	(35,458.00)
Proceeds from issuances of treasury shares	204,850.00	92,519.00
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(444,411.00)	(388,344.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(44,326.00)	(140,493.00)
Cash and Cash Equivalents		
Beginning of year	75,395.00	215,888.00
End of year	31,069.00	75,395.00

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-89-01 8750-2169
COMPANY TYPE : HOLDING COMPANY PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Stock	Other Equity Reserves	Retained Earnings	Non-Controlling Interest	TOTAL
A. Balance, *December 31, 2017*	**2,911,886.00**	**1,630,408.00**	**-1,587,296.00**	**420,855.00**	**3,578,111.00**	**401,417.00**	**7,355,381.00**
Effect of adoption of new accounting standards					-3,040.00		-3,040.00
B. Restated Balance							
C. Surplus							
C.1 Surplus (Deficit) on Revaluation of Properties				16,111.00		11,821.00	27,932.00
C.2 Other Surplus (specify)							
C.2.1 Share in remeasurement gain on retirement liability of an associate, net of tax				18,843.00			18,843.00
C.2.2 Remeasurement gain on retirement liability, net of tax				6,514.00			6,514.00
C.2.3 Share in appraisal increase on land of an associate, net of tax				15,581.00			15,581.00
D. Net Income (Loss) for the Period					240,693.00	-82,324.00	158,369.00
E. Dividends (negative entry)							
F. Appropriation for (specify)							
G. Issuance of Capital Stock							
G.1 Common Stock							
G.2 Preferred Stock	500,000.00	-5,000.00					495,000.00
G.3 Treasury Stock		30,566.00	44,039.00				74,605.00
H. Balance, *December 31, 2018*	**3,411,886.00**	**1,655,974.00**	**-1,543,257.00**	**477,904.00**	**3,815,764.00**	**330,914.00**	**8,149,185.00**
J. Surplus							
J.1 Surplus (Deficit) on Revaluation of Properties				51,747.00		47,797.00	99,544.00
J.2 Other Surplus (specify)							
J.2.1 Share in remeasurement gain on retirement liability of an				-19,973.00			-19,973.00
J.2.2 Remeasurement gain on retirement liability, net of tax				-1,936.00			-1,936.00
J.2.3 Share in appraisal increase on land of an associate, net of tax				89,808.00			89,808.00
K. Net Income (Loss) for the Period					243,413.00	-67,637.00	175,776.00
L. Dividends (negative entry)					-42,051.00		-42,051.00
M. Appropriation for (specify)							
N. Issuance of Capital Stock							
N.1 Common Stock							
N.2 Preferred Stock							0.00
N.3 Treasury Stock		13,087.00	79,432.00				92,519.00
O. Balance, as at December 31, 2019	**3,411,886.00**	**1,669,061.00**	**-1,463,825.00**	**597,550.00**	**4,017,126.00**	**311,074.00**	**8,542,872.00**

Control No.:
Form Type: GFFS (rev. 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ROXAS AND COMPANY, INC. AND SUBSIDIARIES (CONSOLIDATED)
CURRENT ADDRESS: 7TH FLR., CG BLDG., 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229
TEL. NO.: 8810-89-01 FAX NO.: 8750-2169
COMPANY TYPE : HOLDING COMPANY PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 5. Details of Income and Expenses, by source

(applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	Dec. 31, 2020 (in P'000)	Dec. 31, 2019 (in P'000)
A. REVENUE / INCOME (A.1 + A.2)	**0.00**	**0.00**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	0.00	0.00
A.1.1 Domestic		
A.1.2 Foreign		
A.2 Other Revenue (A.2.1 +A.2.2)	0.00	0.00
A.2.1 Domestic		
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)		
A.2.2.1		
A.2.2.2		
A.2.2.3		
A.2.2.4		
A.2.2.5		
A.2.2.6		
A.2.2.7		
A.2.2.8		
A.2.2.9		
A.2.2.10		
B. EXPENSES (B.1 + B.2)	**0.00**	**0.00**
B.1 Domestic		
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)		
B.2.1		
B.2.2		
B.2.3		
B.2.4		
B.2.5		
B.2.6		
B.2.7		
B.2.8		
B.2.9		
B.2.10		