COVER SHEET

SEC Registration Number

6	2	8	9	3						

Company Name

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

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

2F, 8 ROCKWELL, HIDALGO DRIVE ROCKWELL CENTER, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ellena@rockwell.com.ph	7-793-0088	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
45,962 (as of 31 MAR 2022)	May 25, 2022	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
Ms. Ellen V. Almodiel	ellena@rockwell.com.ph	7-793-0088	N/A

Contact Person's Address

Ground Floor, East Podium, Joya Lofts & Towers, 28 Plaza Drive, Rockwell Center, Makati City 1200

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.

SEC Number: 62893
PSE Number:
File Number:

ROCKWELL LAND CORPORATION

(Company's Full Name)

2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City

(Company's Address)

(632) 793-0088

(Telephone Number)

December 31, 2021

(Year Ending)

SEC Form 17-A Annual Report

(Form Type)

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. For the fiscal period ended **December 31, 2021**

2. Commission Identification Number **62893**

3. BIR Tax Identification Number **004-710-062-000**

4. Exact name of issuer as specified in its charter: **ROCKWELL LAND CORPORATION**

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

6. Industry Classification Code: _____________ (SEC Use Only)

7. Address of issuer's principal office and postal code:
   2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City

8. Issuer's telephone number, including area code: **(632) 793-0088**

9. Former name, former address, former fiscal year, if changes since last report: **N/A**.

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

Title of each class	Number of shares issued and outstanding
Common shares	**6,116,762,198 shares**

Amount of Debt Outstanding
PhP26,787,965,362

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [**X**] No [ ]
    Stock Exchange: **Philippine Stock Exchange**
    Securities Listed: **Common shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
    Yes **[X]** No **[ ]**

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

    Yes **[X]** No [ ]

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1 BUSINESS

Background

Rockwell Land Corporation (the "Company" or "Rockwell Land") is a premier property developer for residential and commercial projects that cater to the high-end and upper-mid markets mainly in Metro Manila. It is primarily engaged in the residential development of high-rise condominiums as well as in retail and office leasing. Starting in 2013, the Company offered horizontal and mid-rise residential development projects not only in Metro Manila but in Cebu and Bacolod City as well; and launched its first venture in the Hotel and Leisure segment with the launch of Aruga Serviced Apartments within the Rockwell Center in Makati City.

The Company was incorporated on August 11, 1975 as First Philippine Realty and Development Corporation. On February 23, 1995, the name was amended to Rockwell Land Corporation. On September 27, 1996, the Philippine Securities and Exchange Commission (SEC) approved the increase in capital stock of the Company from P1.0 million to P6.0 billion with three major shareholders subscribing to the increase, namely: Manila Electric Company (Meralco), First Philippine Holdings Corporation (FPH) and Lopez Holdings Corporation (formerly Benpres Holdings Corporation or LPZ). During the increase, the Company also amended its articles of incorporation to include the increase in capital stock and the increase in number of directors from 5 to 11. On May 4, 2000, the SEC approved the articles of merger of the Company with Hubbard Realty Holdings Inc., Farragut Realty Holdings Inc., Mc Pherson Square, Inc., and Foggy Bottom, Inc., with the Company as the surviving entity. In July 2008, the SEC approved the Company's increase in authorized capital stock from P6.0 billion divided into 6,000,000,000 Common Shares with P1.00 par value each to P9.0 billion divided into 8,890,000,000 Common Shares with the same par value and 11,000,000,000 Preferred Shares with a P0.01 par value each with existing shareholders subscribing to the increase in capital. In August 2009, LPZ sold its share in the Company to FPH therefore leaving the Company with only two (2) major shareholders, namely Meralco and FPH.

On February 28, 2012, the SEC approved the amendment to the First Article of the Articles of Incorporation of the Company changing its name from "Rockwell Land Corporation" to: "ROCKWELL LAND CORPORATION doing business under the name and style of Power Plant Mall; Power Plant Cinemas; and Edades Serviced Apartments".

On February 27, 2012, the Board of Directors (BOD) of Meralco approved the declaration of its 51% ownership in the Company as property dividend in favor of common stockholders of record as of March 23, 2012, except for foreign common shareholders who were paid the cash equivalent of the property dividend. Consequently the Company became a public company having more than 200 shareholders. The property dividend was paid on May 11, 2012 wherein FPH received property dividends from Meralco in the form of 125,079,016 common shares of the Company. On the same date, the Company acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from the property dividend distribution, at ₱1.4637 per share. The Company was listed in the Philippine Stock Exchange (PSE) on May 11, 2012.

On June 28, 2012 and July 27, 2012, FPH purchased additional shares of the Company from Beacon Electric Asset Holdings, Inc. and San Miguel Corporation, respectively.

As of December 31, 2021, FPH continues to own 86.58% of the Company.

Subsidiaries and Affiliates

Rockwell Integrated Property Services, Inc. (RIPSI), a wholly owned subsidiary of the Company, was incorporated in February 19, 1999 to establish, own, manage, operate and carry on the business of maintaining and cleaning buildings and other facilities. To date, RIPSI manages twenty (20) properties. These properties consist of the various Rockwell residential condominium buildings located in the Rockwell Center in Makati City, The Grove in Pasig City, Tribeca and East Bay Residences in Muntinlupa, The Vantage at Kapitolyo and 32 Sanson in Cebu City, as well as the townhouse and midrise developments of Alvendia in San Juan, and 205 Santolan and 53 Benitez in Quezon City.

Rockwell Primaries Development Corporation ("Rockwell Primaries", formerly Rockwell Homes Inc., and Primaries Development Corporation) a wholly owned subsidiary of the Company, was incorporated in September 2012 to primarily cater to the broader market under a second brand "Rockwell Primaries". The subsidiary envisions itself to be the preferred developer in terms of providing exceptional and quality living at a more affordable price. Primaries commenced operations in mid- 2013 with the launch of its first project, 53 Benitez, located in Quezon City. Its second project, The Vantage at Kapitolyo in Pasig City, was launched in 2015. 53 Benitez was completed in 2016 while The Vantage is expected to be completed by 2022.

Stonewell Property Development Corporation, a wholly owned subsidiary of the Company, was also incorporated in September 2012 to develop socialized and economic housing projects for the Parent Company.

Primaries Properties Sales Specialist Inc. (PPSSI), a wholly owned subsidiary, was incorporated in November 2012 primarily to as act the sales and marketing arm of Primaries. Operations were discontinued in 2017. In July 2019, PPSSI was renamed as Rockwell Performing Arts Theater Corporation to manage operations of theaters and performance, concert, opera, music and other forms of entertainment.

Rockwell Hotels & Leisure Management Corporation (Rockwell Hotels), a wholly owned subsidiary of the Company, was incorporated in June 20, 2013 for the management of hotel and resort operations. It currently manages the operations of Aruga Serviced Apartments at the Edades Tower and Garden Villas, Makati City.

Retailscapes Inc., a wholly owned subsidiary of the Company, was incorporated in November 2014 to develop and operate pocket retail projects of the Company. Its first project, the Santolan Town Plaza was launched with the opening of the cinemas and some retail stores last December 2017.

Rockwell Primaries South Development Corporation (Rockwell Primaries South), formerly ATR KimEng Land, Inc., which was 60% owned by Rockwell Primaries and 40% owned by ATR Holdings, Inc. and Dragon Eagle International Limited. Last July 29, 2019, the Parties entered into a Share Sale and Purchase Agreement wherein Rockwell Primaries bought the 40% shared owned by ATR Holdings, Inc and Dragon Eagle International. Rockwell Primaries South will complete the development of the undeveloped portion (61,787 square meters) of the Tribecca Private Residences located along the East Service Road in Muntinlupa City. The new development was launched in October 2016 as East Bay Residences,with The Fordham, the first of the five towers to be developed. The second tower, Larsen, was launched in December 2019.

Rockwell MFA Corporation (Rockwell MFA) is a joint venture between the Company and by Mitsui Fudosan (Asia) Pte. Ltd. (Mitsui) through SEAI Metro Manila One, Inc., which was incorporated in the Philippines and registered with the SEC on August 22, 2017. The Company owns 80% of the business. It's first project, The Arton West, was launched in July 2017. The Arton North and Arton East were launched last March 2018 and July 2021, respectively

Rockwell Carmelray Development Corporation (Rockwell Carmelray), formerly Carmelray Property Holdings Inc., is a joint venture between the Company and by the Yulo family's Carmelray

Property Holdings and San Ramon Holdings, which was incorporated in the Philippines and registered with the SEC on July 5, 2018. On August 8, 2018, the Company purchased 14.7% interest in Rockwell Carmelray, equivalent to 450,000 common shares. On November 20, 2019, it subscribed to an additional 240.9 million Class A redeemable preferred shares, representing 37.6% of the total issued and outstanding shares of Rockwell Carmelray. As a result, the Company owns 52.3% of the business as of December 2019. The first phase of the project, Rockwell South at Carmelray was launched last September 2019. As of December 31, 2021 and 2020, the Company owns 63.1% and 54.9% of Rockwell Carmelray, respectively. The increase in the Company's ownership resulted from Rockwell Carmerlay's redemption of preferred shares held by the Yulo family and San Ramon Holdings in 2021 and 2020.

The Company also has ownership in Rockwell Leisure Club Inc. (RLCI), owning 1,491 ordinary shares and 51% of 1,500 proprietary shares. Overall share of Rockwell Land to RLCI is at 75.13% by the end of 2021. RLCI is a non-profit premier leisure club created to complement Rockwell Land's exclusive lifestyle concept. Opened in December 1999, the Rockwell Club offers its resident members and proprietary shareholders a first-class social, sports and recreational facility within the Rockwell Center.

In November 6, 2020, the Company subscribed to 40% of the outstanding capital stock of Rockwell Nepo Development Corporation (RNDC), formerly Nepwell Property Management Inc. Rockwell Nepo is a joint venture between the Company and T.G.N Realty Corporation, which was incorporated in the Philippines and registered with (SEC) on February 20, 2019. The JV company is set to develop the 3.6 hectares of land in Angeles City, Pampanga into a mixed-use development with residential, commercial and retail components. On April 16, 2021, RNDC's BOD, during the special meeting, approved the redemption of 55,500,000 preferred shares from T.G.N Realty Corporation, at the redemption price of ₱1.00 per share amounting to ₱55,000,000. As of December 31, 2021, the Company owns 41.2% of RNDC.

In December 2021, the Company entered into a Joint Venture Agreement (JVA) with International Pharmaceuticals, Inc. (IPI) to jointly develop parcels of land in Cebu into residential condominiums and commercial, retail and office components through 8 Promove Land, Inc (PLI), and with the view of jointly preserving and continuing IPI's long-standing legacy in the market and the Company's brand of creating communities of unparalleled quality. The Company contributed ₱630.0 million in cash to the JV Co.as partial payment for the Company's subscription. On the same period, PLI filed its application with the SEC for the increase in authorized capital stock. The corresponding shares of the Company's first subscription shall be issued out of the said increase in authorized capital stock.

Business Segments

Rockwell Land's operations are divided into two (2) segments: residential development and commercial development.

RESIDENTIAL DEVELOPMENT

The residential development segment involves the development, sales and property management of all residential units under the Rockwell and Primaries brands. This segment currently accounts for 60% of the Company's EBITDA. Its portfolio of completed projects comprises of the following:

West Block Residential Towers (2000)

Approximately 2.8 hectares, the West Block was the first residential development within Rockwell Center. It consists of four towers, each named after the country's most prominent artists and national figures. The West Block has a total of 856 residential units as follows:

Hidalgo Place	251 units
Luna Gardens	131 units
Rizal Tower	169 units
Amorsolo Square	305 units

The Company completed and handed over these towers to the unit owners on time starting 1999.

The Manansala (2005)

After the completion of West Block, the Company introduced The Manansala in 2001 – the first residential project on the east side of Rockwell Center. It was launched to address the market requirement for smaller units. This 618-unit project was also the first project of the Company that was launched to the Filipino-American investor market. The project broke ground in May 2002 and was completed six months ahead of schedule in July 2005.

Joya Lofts and Towers (2008)

Following The Manansala, the 931-unit Joya Lofts and Towers were launched in late 2003. The distinguishing feature of the Joya Lofts and Towers is its loft design, featuring 20 foot ceilings and a "canvass" for the unit owners' creative ideas. The project also includes more ground for retail spaces for tenants intended to service residents' requirements. The twin tower project broke ground in August 2004 and was completed in June 2008, six months ahead of schedule.

One Rockwell (2011)

Riding on the sales momentum of Joya, the Company launched One Rockwell in 2005 – its largest development within Rockwell Center with 1,275 units. The distinguishing feature of One Rockwell is its Z-loft units, which provides residents with units crossing across the corridor for views from both sides of the building. This two (2) – tower project (East and West Towers) commenced construction in February 2007 and was completed in November 2011. Turnover to unit owners started in November 2010.

The Grove by Rockwell – Towers A & B (2012)

The Grove by Rockwell is the Company's first project outside of Rockwell Center in Makati and its first venture into the upper mid-market segment. The project is situated on a 5.4 hectare prime property along the major thoroughfare of E. Rodriguez Jr. Ave. in Pasig and will consist of six residential towers with a small retail and commercial area. The Grove's master plan intends to retain 75% of its area for open-space and landscaped environment with a resort-inspired design for its 2,400 unit owners.

The project was introduced to the market in late 2008 with the launch of Phase 1 (Towers A, B & Podium). Its construction was completed by end of 2012 while the turnover to unit owners started on July 2012.

Edades Tower and Garden Villas (2015)

Following The Grove, a 50-storey development Edades Tower and Garden Villas was launched on December 2009. It has Garden Villas which are an extension of the tower and are composed of a landscaped cluster of bi-level units while the Garden Loft is a loft unit located within the residential tower that spills out to a generous garden deck. It also features six floors of serviced apartments which has a dedicated lobby and set of amenities. The construction of this masterpiece started on April 2011 and was fully completed last March 2015. Turnover to unit owners started in April 2014.

205 Santolan by Rockwell (2015)

To expand its portfolio of products, the Company launched its first townhouse community venture – the 205 Santolan in 2012. It is situated on a 1.8 hectare property located near the Santolan -Ortigas Avenue intersection that has quick access to major thoroughfares. This 105-unit low density project comes complete with master-planned landscaping and amenities. It broke ground in February 2012 and the turnover to the buyers started February 2014.

The Alvendia (2015)

Coming from the success of its 1st townhouse development, Rockwell Land launched another townhouse project on a 0.5 has site in San Juan City on July 2013. With only 28 units, the project was almost sold out within the first month of its launch. Turnover started on March 2015 while construction was fully completed on July 2015.

The Grove by Rockwell – Towers C & D (2016)

Following the launch of the Phase 1 of The Grove by Rockwell, Phase 2 (Towers C & D) was introduced to the market on November 2010 and turnover to the buyers started on April 2015.

53 Benitez (2016)

Rockwell Primaries launched its first project called the 53 Benitez in July 2013. Situated on a one (1) hectare lot in Quezon City, this project is a mid-rise building which has 358 units. The primary target market for this project is end-users like young and start-up families. This was turned over to unit owners starting July 2016.

The Grove by Rockwell – Towers E & F (2017)

Towers E & F, The Grove's final phase, was completed and turned over to unit owners in September and June 2016, respectively.

In the same year, the Grove Retail Row opened in the 2nd quarter with Rustan's Supermarket and Starbucks as its anchor.

The Grove as well boasts of an 8,000 square meter Amenity Deck with the biggest poolside deck among Rockwell developments to date.

32 Sanson Phase1 – Raffia & Gmelina (2017)

The Company acquired a 3.1 hectare lot in Lahug, Cebu City in 2012 to expand to other strategic urban centers in the Philippines. This is the Company's first venture outside the region of Luzon and Cebu City is one of the most progressive provincial cities in the country. The primarily residential project will have 2 phases; the 135 units for the 1st phase and 218 units for the 2nd phase.

The Phase 1 composed of Towers Raffia and Gmelina is a 5 storey residential development. This project was launched in January 2014 and was turned over to unit owners starting December 2016.

32 Sanson Phase 2 – Buri (2019)

The second phase of 32 Sanson was launched in September 2015. The 111 unit mid-rise building was completed last February 2019.

Proscenium Phase 1 – Kirov, Sakura, Lincoln, Lorraine (2019 and 2020)

The Proscenium is a mixed-use development project situated on a 3.6 hectare property adjacent to Rockwell Center. The development will consist of five (5) residential towers, which will be anchored on a cultural component. Located on the lower west side of the development, this will house a 700-seater performing arts theater as well as a museum.

The first two residential towers, Sakura and Kirov, were launched in November 2012 featuring 389 large size units ranging from 2 to 4 bedrooms. The third residential tower, Lincoln, was launched in February 2013 while the fourth residential tower, Lorraine, was re-launched in March 2015 showcasing bigger-sized units than originally intended. Turnover of Kirov and Sakura started in November 2018, Lincoln in March 2019 and Lorraine in 2020.

Stonewell Acacia Homes (2020)

Rockwell Land's first affordable housing project is situated in a 5.9-hectare property in Sto. Tomas, Batangas, referred to as Stonewell Acacia Homes. This residential development features 564 socialized housing units and 188 economic units whose turnover to unit owners has been underway since 2017.

Edades Suites (2021)

This project is an expansion to the Edades Tower and Garden Villas which was completed in 2015. This is a 23-storey tower which only features 54 very prime units. This was launched in May 2016 and was sold out by end of 2016.

Terreno South Ph1 & Ph2 (2021)

Terreno South is Rockwell Land's pioneering foray into horizontal development in Lipa City, Batangas. Acquired in 2016, the initial 38-hectare property will be developed in several phases, with primarily open lots as its product offering catering to the middle market segment. The first two phases were launched in October 2018 and July 2019 with 359 open lots, and were completed in December 2021.

In addition to the above completed projects, the Company has the following ongoing projects;

Stonewell Mahogany Homes and Royal Palm Homes (completion by 2022)

The second phase of Stonewell projects, Mahogany Homes, was launched in September 2018. This is a three hectare property comprised of 443 socialized housing units. Complemented by a retail complex along the national highway in Sto. Tomas, the third phase, Royal Palm Homes, launched last August 2019, has additional 327 socialized housing units.

32 Sanson Phase3 - Solihiya (completion by 2022)

Solihiya is an 8-storey building with 120 units. Solihiya started selling in August 2017 and is due for completion on March 2022.

The Proscenium Residences (completion by 2022)

The Proscenium Residences, which was launched in October 2015, completes the Proscenium residential development project. It is expected to be completed on August 2022.

The Vantage at Kapitolyo (completion by 2022)

The Vantage at Kapitolyo is Primaries' first integrated high-rise condominium and offers 755 residential units. It is strategically located at the corner of United Street and West Capitol Drive in the bustling Kapitolyo district in Pasig. This two-tower residential development that features an amenity deck at the podium and two-story retail area aims to provide easy access to central business districts, academic institutions and hospitals.

The first tower, called the West Tower rises to 33 storeys high. This was launched in August 2015 and is completed in 2021. It started handover in October 2020.

The East Tower is a 31-storey building. This was launched in June 2016 and is scheduled for completion in 2022.

East Bay Residences (Phased completion starting 2022)

East Bay Residences is Rockwell Primaries' first vertical development in the South of Metro Manila. The Fordham is the first of the five towers launched under this 6.2 hectare development. This 15-storey tower offers 307 units of 2 to 3-bedroom units. Larsen, the second tower with 375 units was launched December 2019 and is scheduled to be completed in 2025. This will be complemented by a clubhouse, which opened in February 2018, and a retail row which opened in 2019.

The Arton by Rockwell (Phased completion from 2022-2025)

The Arton by Rockwell is Rockwell's first high-end residential development within the Katipunan university row in Quezon City. The project comprises of 3 towers ranging between 24 to 34 stories high with 400-600 units each. The Arton West was launched in July 2017 and due for completion in 2022. The Arton North and Arton East were launched last March 2018 and July 2021, respectively.

Terreno South (Phased completion from 2024-2027)

The third phase of the Terreno South project was launched in December 2021 with additional 259 lots in inventory. The fourth phase is set to be launched in June 2022 with additional 150 open lots. Given the warm reception of the market for open lots, Terreno South has now grown its footprint to 47 hectares.

Aruga Resort and Residences Mactan-Cebu by Rockwell (Phased completion from 2023)

Aruga Resort and Residences Mactan-Cebu by Rockwell is Rockwell's first ever mixed-use resort project. Located on Punta Engaño in Mactan, Cebu, the property's expansive 300 meter beachfront faces the Hilutungan Channel and Olango Island. The first phase of the development, comprised of 276 residential units, was officially launched in August 2018 and will be completed by 2024. 11 Mactan Villas were launched in 2020 and another 11 villas were launched in 2021. The development will also feature a 300-room Aruga resort hotel which is currently under planning stage.

Rockwell South at Carmelray (completion starting 2022)

Rockwell South is the joint venture project of Rockwell Land and Yulo family's Carmelray Property Holdings and San Ramon Holdings. The 63-hectare property will be developed in phases. Product offerings include open lots, townhouse and midrise tower for the highend segment. The first three phases were launched last September 2019, December 2019 and November 2021 with 253, 178 and 72 lots, respectively, and are expected to be completed in 2022-2024.

Nara Residences (completion starting 2023)

Nara Residences is a 10.9-hectare development which will feature vertical residential condominiums and 2.1 hectares of retail spaces. The first phase was launched in December 2019 with 245 units. The first two towers are expected to be completed by end of 2023 and 2024. 110 residential lots were launched last October 2021 ranging from 250-400sqm. The latest development is scheduled to be completed on July 2024.

The Balmori Suites (completion by 2023)

The Balmori Suites, the latest and highly exclusive project located at the heart of Rockwell Center was launched in April 2021 with 57 units at only 3-5 per floor. It is expected to be completed by the end of 2023.

8 Benitez Suites (completion by 2024)

8 Benitez Suites by Rockwell is an exclusive mid-rise residential development comprising of two six-storey buildings with only a total of 61 units. The project, officially launched in December 2020, consists of only 2 and 3 bedroom suites with the units on the ground floor having their own private garden areas. It is expected to be completed by the end of 2024.

32 Sanson Phase 4 - Sillion (completion by 2024)

The last tower of 32 Sanson project in Cebu was launched March 2021 with 50 units. The project consists of 1-bedroom to 3-bedroom units, including garden units. It is due for completion by end of 2024.

The Manansala (completion by 2024)

RNDC, the joint venture between Rockwell Land Corporation and Juan D. Nepomuceno Realty Group, will be developing a 4.5 hectare property situated in Nepo Center, Angeles City, Pampanga. The mixed-use development will feature 3 residential towers and the first Power Plant Mall outside of Metro Manila.

The Manansala at Rockwell Center Nepo, the first residential tower, was launched in September 2021 and is scheduled for turnover in 2025.

COMMERCIAL DEVELOPMENT

The Commercial development segment of the Company develops, leases and manages its retail and office developments. As of 2021, the Company has a total portfolio of 220,913 sqm of leasable space.

Power Plant Mall (PPM)

The Power Plant Mall is a four-level shopping center with 42,093 sqm. leasable area and three (3) levels of parking. The Power Plant Mall provides the leisure component for the occupants of the residential towers and offices within the Rockwell Center.

With the aim of providing its patrons with a better recreational experience, Rockwell Land commenced the expansion of Power Plant Mall during the last quarter of 2015. The new and improved Mall is expected to house a more comprehensive portfolio of brands and dining concepts as well as a larger chapel. The expansion provided additional 5,620 sqm of leasable space. The notable tenants are Michelin star awarded Din Tai Fung and The Grid. In response to the safety concerns brought about by the pandemic, the mall introduced Rockwell Streetside in 2020, an al fresco dining experience for customers. Due to its increasing popularity and success, it expanded to include more F&B offerings in 2021.

Lifestyle shops like Saddle Row and The Spa also opened in the 1st quarter of 2018.

Two new theaters, Cinema 7 & 8, opened in December 2017. Adjacent to these 2 new cinemas is a VIP lounge where guests can wait and purchase food items more conveniently.

Other Retail Spaces

The Company also maintains 18,554 sqm of retail spaces on the ground floor of its residential and office projects, providing services, convenience and dining choices to residents/tenants and their employees. These include retail hubs in and outside the Rockwell Center including spaces in RBC Ortigas, East Bay, Vantage, RBC Sheridan and the Retail Row at The Grove in Pasig City.

Rockwell Business Center- Ortigas (RBC Ortigas)

The Company established in 2009 an unincorporated joint venture, Rockwell Business Center, with Meralco for the development and operations of an office complex within the Meralco headquarters in Ortigas.

RBC Ortigas is the Company's first venture into the office market. It contains three towers that have a total leasable area of 73,130 sqm of office and 3,700 sqm of retail space.

8 Rockwell

8 Rockwell is a premium world-class 20-storey building that achieved a LEED Gold Certification. Of the 20 physical floors, 7.2 floors were sold and are being occupied by the Company resulting to 18,500 sqm of leasable space by 2016. The notable tenants are Wyeth Philippines, Pfizer and Takeda (pharmaceutical), Ogilvy (international advertising agency) and Estee Lauder (leading global cosmetics company), and Common Ground to name a few.

Rockwell Business Center – Sheridan (RBC Sheridan)

A LEED Silver-Certified, Prime Grade A office development in Mandaluyong, RBC Sheridan has 44,000 sqm of office space and 3,820 sqm of retail area. The two-tower development was completed in 2017. It serves as the Manila headquarters of UNICEF, World Food Progam, Global Payments, Teledirect, among others.

Santolan Town Plaza

Retailscapes, Inc. launched its first community retail venture in December 2017 and was completed by June 2018. Santolan Town Plaza has 9,780 sqm of office and 9,450 sqm of retail to provide the community of residents within and around the San Juan area with casual dining restaurants, 4 cinemas and an elevated retail and leisure experience. First locators that opened in 2017 were Marketplace by Rustan's, Starbucks and True Value, among others.

Arton Strip

Arton Strip is a community retail development situated on a ridge, overlooking the Sierra Madre. It is located in close proximity to The Company's residential project in Quezon City, The Arton by Rockwell. It opened its doors in 2019 and has approximately 2,800 sqm of retail space. The community retail features a supermarket, casual dining restaurants, medical diagnostic center and the sales office of the mentioned residential project of The Company.

1 Proscenium (for completion in 2022)

1 Proscenium office is a 21-floor building with a leasable area of 12,153 sqm situated at The Proscenium at Rockwell. This exciting expansion will provide a new house for multinational companies. 1 Proscenium is applying for LEED and Green Building Certifications. On April 2021, the Company launched about 51% of the leasable area as for sale. The project is expected to be completed on August 2022.

Aruga by Rockwell

The Company launched Aruga, its first entry into the hospitality business, last July 2014 to cater to the high demand of room rentals all while keeping its signature brand of exclusivity and luxury for its patrons. The project consists of 114 fully-furnished serviced apartments in the Edades Tower and Garden Villas. The project is registered with the Board of Investments on a Pioneer basis, enjoying several benefits including a tax holiday, which expired in January 2020.

Aruga Resort Mactan

Further expanding the hospitality business, the Company plans to open its first beach resort hotel in Cebu. This is located within a 4.8 hectare lot is situated along the stretch of well-known beach resorts in Punta Engano, Lapu-Lapu City, Cebu. This is presently undergoing design and planning.

Customers and Distribution Methods of Products

The Company caters to a wide range of customers, not any one of whom account for 20% or more of its revenues. Its residential projects are sold to both local individuals and corporations and foreign individuals with the local market accounting for about 86% of sales by end 2021, higher from previous three year's average of 88% (2018-2020) due to foreign ownership restrictions of lots. For its commercial leasing business, its customers are individuals and institutions.

Residential projects are sold to clients primarily through the Company's in-house sales team which exclusively sells Rockwell projects, complemented by a network of licensed brokers. Its in-house sales team, now numbering 98, consists of regular employees and is headed by licensed brokers. The Company also has an in-house leasing team which handles its commercial retail and office business.

The Company maintains websites and various model units which serve as touch points for its customers. Beginning in late 2011, it has again tapped the Filipinos living overseas or abroad through international roadshows since it started in 2002. In 2013, the Company formally organized an International Sales team which is focused on servicing the current international markets as well as establishing new markets. But in 2016, the Company had intentionally scaled back due to the economic uncertainties across the US (e.g. recovery and US elections), Europe (e.g. Brexit) and China.

Competition

Rockwell Land has initially developed vertical residential projects in Metro Manila, targeting high-end and the upscale markets. With a view of expanding its customer base, the Company has since catered to the affordable segment and broadened its reach outside Metro Manila with its Stonewell project. The company's focus on diversification has led it to increase its retail and office portfolio through the years. In 2013, the Company entered into a new market, Hotel and Leisure, by introducing Aruga Serviced Apartments. In 2018, Terreno South in Lipa, Batangas is its first foray into mid-market horizontal community. In 2019, the Company offered its first premium horizontal development and its biggest property yet, Rockwell South in Canlubang, Laguna. Rockwell Land believes that it can effectively compete in the property sectors that it competes in, given the Company's strong brand name and its track record of project innovations and successful delivery.

As a luxury property developer, the Company competes with Ayala Land Premier, Alveo and Shang Properties. For Primaries brand, in relation to its existing projects, the Company competes with the likes of Ayala Land's Alveo, Ortigas & Co. and DMCI Homes. Rockwell Land is able to effectively compete in the high-end and upper middle market segments based on reputation, quality, reliability, location, amenities, and price.

With respect to the socialized, economic housing segments, the Company competes with Vista Land thru its Bria, Lumina and Camella Homes, Ayala Land's Bella Vita and Amaia, and SM Development Corporation.

Rockwell Land believes that its competitors in the retail segment include Ayala Land, Shang Properties, Ortigas & Company and Megaworld. The Company competes based on reputation, quality, and tenant mix.

With the growth in the Philippine economy experienced since 2010, the Company has observed that big players have diversified across income segments and expanded geographically. This is true for both residential and retail development, resulting in heavier competition in the markets that we are present in.

For its office segment, the Company considers Megaworld, Ayala Land, Robinsons Land, SM Prime Holdings and the Net group as its main competitors. Rockwell Land competes based on reputation, quality, location and price.

For its serviced apartments, the Company competes with likes of Ascott, Makati Diamond Residences and Discovery Primea. Aruga by Rockwell Land competes on the basis of quality, location, and price.

<u>Suppliers</u>

The Company's raw material requirements for its business are widely available from local and international sources. It generally enters into fixed-sum agreements with reputable general contractors for the construction and development works of its projects except in instances when it believes that it can benefit from the direct procurement of certain materials and packages. Awarding of construction contracts and packages go through the following selection process: pre-qualification (based on project track record, including previous works done for Rockwell, and financial capacity, among others), submission of sealed bids, evaluation of accepted bids (technical and commercial) and a final bidding. It maintains a wide base of suppliers and is not dependent on one or a limited number. Rockwell Land also continues to seek new suppliers as well as explore ways of effectively partnering with its contractors and subcontractors to ensure the quality, on time delivery and the cost-effectiveness of its projects.

Rockwell Land maintains an in-house project development team that it has built over the past six completed residential projects. This team of about 192 employees with specialization in various engineering and architectural disciplines is tasked to ensure that projects are delivered on time according to a specified quality and budget. It manages the different projects by strictly monitoring project milestones in coordination with the general contractors and ensuring that issues during construction are resolved timely.

Some of Rockwell Land's manpower requirements for its retail, office and property management operations are outsourced to accredited services providers. This includes housekeeping, janitorial, security and maintenance personnel, among others. The service providers also go through a selection and accreditation process and regular evaluation in order to maintain the required service level.

<u>Intellectual Property</u>

The Company currently owns following registered trademarks, namely:

1. ROCKWELL & (stylized letter "R") LOGO
   TM Registration No. 4-1995-104847
   Issued on 28 April 2013, valid until 28 April 2023

2. THE GROVE BY ROCKWELL
TM Registration No. 4-2007-013661
Issued on 6 October 2008, valid until 6 October 2028

3. POWER PLANT MALL
TM Registration No. 4-2012-003100
Issued on 7 June 2012, valid until 7 June 2022

4. POWER PLANT CINEMA
TM Registration No. 4-2012-003101
Issued on 7 June 2012, valid until 7 June 2022

5. THE PROSCENIUM AT ROCKWELL
TM Registration No. 4-2012-003496
Issued on 14 June 2012, valid until 14 June 2022

6. 205 SANTOLAN BY ROCKWELL
TM Registration No. 4-2012-003497
Issued on 14 June 2012, valid until 14 June 2022

7. PROSCENIUM LOGO
TM Registration No. 4-2012-000114355
Issued on 25 April 2013, valid until 25 April 2023

8. PRIMARIES A ROCKWELL COMPANY
TM Registration No. 4-2012-00014881
Issued on 4 July 2013, valid until 4 July 2023

9. LINCOLN AT THE PROSCENIUM
TM Registration No. 4-2013-00003555
Issued on 18 July 2013, valid until 18 July 2023

10. SAKURA AT THE PROSCENIUM
TM Registration No. 4-2013-00003556
Issued on 18 July 2013, valid until 18 July 2023

11. KIROV AT THE PROSCENIUM
TM Registration No. 4-2013-00003552
Issued on 5 September 2013, valid until 5 September 2023

12. LORRAINE AT THE PROSCENIUM
TM Registration No. 4-2013-00003554
Issued on 5 September 2013, valid until 5 September 2023

13. PROSCENIUM (WORD MARK)
TM Registration No. 4-2012-00014354
Issued on 25 April 2013, valid until 25 April 2023

14. THE GORGEOUS MESS
TM Registration No. 4-2015-00504659
Issued on 16 June 2016, valid until 16 June 2026

15. 8 ROCKWELL
TM Registration. No. 4-2016-00501938
Issued on 04 August 2016, valid until 4 August 2026

16. STONEWELL STO. TOMAS, BATANGAS
TM Registration No. 4-2015-00005140
Issued on 4 August 2016, valid until 4 August 2026

17. THE ROCKWELL BUSINESS CENTER - SHERIDAN
TM Registration No. 4-2015-00505271
Issued on 3 December 2016, valid until 3 December 2026

18. THE ROCKWELL BUSINESS CENTER - ORTIGAS
TM Registration No. 4-2015-00505272
Issued on 12 January 2017, valid until 12 January 2027

19. SANTOLAN TOWN PLAZA
TM Registration No. 4-2016-00500580
Issued on 3 December 2016, valid until 3 December 2026

20. EIGHT COFFEE BAR
TM Registration No. 4-2016-00503014
Issued on 24 March 2017, valid until 24 March 2027

21. EDADES TOWER AND GARDEN VILLAS
TM Registration No. 4-2010-00011100
Issued on 24 March 2017, valid until 24 March 2027

22. THE ARTON
TM Registration No. 4-2017-00501639
Issued on 17 December 2017, valid until 17 December 2027

23. THE ARTON BY ROCKWELL
TM Registration No. 4-2017-00501550
Issued on 1 March 2018, valid until 1 March 2028

24. THE ARTON BY ROCKWELL (Sky Blue)
TM Registration No. 4-2017-00501551
Issued on 1 March 2018, valid until 1 March 2028

25. THE ARTON BY ROCKWELL (Cream)

TM Registration No. 4-2017-00501552
Issued on 3 May 2018, valid until 3 May 2028

26. THE ARTON BY ROCKWELL (Dark Blue)
TM Registration No. 4-2017-00501553
Issued on 3 May 2018, valid until 3 May 2028

27. THE GRID (Logo)
TM Registration No. 4-2017-00503574
Issued on 8 February 2018, valid until 8 February 2028

28. THE GRID
TM Registration No. 4-2017-00503576
Issued on 5 April 2018, valid until 5 April 2028

29. THE GRID FOOD MARKET
TM Registration No. 4-2017-00503575
Issued on 5 April 2018, valid until 5 April 2028

30. THE GRID FOOD MARKET (Logo)
TM Registration No. 4-2017-00503573
Issued on 5 April 2018, valid until 5 April 2028

31. THE FIFTH AT ROCKWELL (White on Black)
TM Registration No. 4-2018-00017656
Issued on 21 February 2019, valid until 21 February 2029

32. THE FIFTH AT ROCKWELL (Black on White)
TM Registration No. 4-2018-00017658
Issued on 21 February 2019, valid until 21 February 2029

33. THE GROVE RETAIL ROW
TM Registration No. 4-2017-00501978
Issued on 28 February 2019, valid until 28 February 2029

34. EVENTS HALL THE FIFTH AT ROCKWELL (White on Black)
TM Registration No. 4-2018-00017655
Issued on 18 April 2019, valid until 18 April 2029

35. EVENTS HALL THE FIFTH AT ROCKWELL (Black on White)
TM Registration No. 4-2018-00017657
Issued on 18 April 2019, valid until 18 April 2029

36. THE ROCKWELL BUSINESS CENTER
TM Registration No. 4-2018-00016865
Issued on 4 July 2019, valid until 4 July 2029

37. 32 SANSON BY ROCKWELL (With Color Claim)
TM Registration No. 4-2018-00022085
Issued on 14 July 2019, valid until 14 July 2029

38. 32 SANSON BY ROCKWELL
TM Registration No. 4-2018-00022086
Issued on 14 July 2019, valid until 14 July 2029

39. THE PROSCENIUM RESIDENCES (White)
TM Registration No. 4-2018-00019230

Issued on 14 July 2019, valid until 14 July 2029

40. THE PROSCENIUM RESIDENCES (Gold)
TM Registration No. 4-2018-00019231
Issued on 14 July 2019, valid until 14 July 2029

41. THE PROSCENIUM RESIDENCES (Dark Blue)
TM Registration No. 4-2018-00019232
Issued on 14 July 2019, valid until 14 July 2029

42. ROCKWELL LAND
TM Registration No. 4-2018-00022616
Issued on 14 July 2019, valid until 14 July 2029

43. ROCKWELL
TM Registration No. 4-2019-00006572
Issued on 25 August 2019, valid until 25 August 2029

44. ROCKWELL SOUTH AT CARMELRAY (with color claim)
TM Registration No. 4-2019-00006034
Issued on 22 September 2019, valid until 22 September 2029

45. ROCKWELL SOUTH AT CARMELRAY
TM Registration No. 4-2019-00006033
Issued on 22 September 2019, valid until 22 September 2029

46. STONEWELL
TM Registration No. 4-2019-00008773
Issued on 3 October 2019, valid until 3 October 2029

47. ROCKWELL LAND with LOGO
TM Registration No. 4-2019-00006573
Issued on 1 December 2019, valid until 1 December 2029

48. TERRENO SOUTH
TM Registration No. 4-2018-00019226
Issued on 10 January 2020, valid until 10 January 2030

49. ROCKWELL ATLETICA (White)
TM Registration No. 4-2019-00012263
Issued on 11 April 2020, valid until 11 April 2030

50. ROCKWELL ATLETICA (Black)
TM Registration No. 4-2019-00012262
Issued on 19 July 2020, valid until 19 July 2030

51. ROCKWELL ATLETICA
TM Registration No. 4-2019-00012261
Issued on 19 July 2020, valid until 19 July 2030

52. 8 BENITEZ SUITES BY ROCKWELL
TM Registration No. 4-2019-00501116
Issued on 19 July 2020, valid until 19 July 2030

53. ROCKWELL CENTER NEPO, ANGELES
TM Registration No. 4-2021-507725
Issued on 21 May 2021, valid until 21 May 2031

54. THE BURI TOWER
TM Registration No. 4-2021-00508379
Issued on 4 June 2021, valid until 4 June 2031

55. THE GMELINA TOWER
TM Registration No. 4-2021-00508371
Issued on 4 June 2021, valid until 4 June 2031

56. THE RAFFIA TOWER
TM Registration No. 4-2021-00508372
Issued on 4 June 2021, valid until 4 June 2031

57. THE SILLION TOWER
TM Registration No. 4-2021-00508374
Issued on 4 June 2021, valid until 4 June 2031

58. THE SOLIHIYA TOWER
TM Registration No. 4-2021-00508376
Issued on 4 June 2021, valid until 4 June 2031

59. THE BALMORI SUITES
TM Registration No. 4-2021-503008
Issued on 23 July 2021, valid until 23 July 2031

60. THE MANANSALA BY ROCKWELL
TM Registration No. 4-2021-513727
Issued on 30 July 2021, valid until 30 July 2031

61. THE MANANSALA
TM Registration No. 4-2021-513502
Issued on 8 August 2021, valid until 8 August 2031

62. THE VILLAS AT ARUGA RESORT AND RESIDENCES
TM Registration No. 4-2021-508478
Issued on 8 August 2021, valid until 8 August 2031

At the time of this writing, the Company has the following pending trademark applications:

1. PRIMARIES
TM Appl. No. 4-2012-014880 filed on 10 December 2012

2. NARA RESIDENCES BY ROCKWELL
TM Appl. No. 4-2019-507011 filed on 10 October 2019

3. NARA RESIDENCES BY ROCKWELL
TM Appl. No. 4-2019-507068 filed on 21 October 2019

4. ROCKWELL WORKSPACES
TM Appl. No. 4-2021-524398 filed on 13 October 2021

The following registered trademarks are owned by Rockwell Hotel and Leisure Management Corporation:

1. ARUGA
TM Registration No. 4-2015-00505825
Issued on 12 May 2016, valid until 12 May 2026

2. ARUGA (with background)
TM Registration No. 4-2015-00505829
Issued on 12 May 2016, valid until 12 May 2026

3. ARUGA BY ROCKWELL RESORT AND RESIDENCES MACTAN – CEBU (Brown)
TM Registration No. 4-2018-00015497
Issued on 10 January 2019, valid until 10 January 2029

4. ARUGA BY ROCKWELL RESORT AND RESIDENCES MACTAN – CEBU (Teal Blue)
TM Registration No. 4-2018-00015496
Issued on 10 January 2019, valid until 10 January 2029

5. ARUGA BY ROCKWELL RESORT AND RESIDENCES MACTAN – CEBU (Ocean Blue)
TM Registration No. 4-2018-00015498
Issued on 7 February 2019, valid until 7 February 2029

6. ARUGA BY ROCKWELL RESORT AND RESIDENCES MACTAN – CEBU (Cream)
TM Registration No. 4-2018-00015500
Issued on 7 February 2019, valid until 7 February 2029

7. ARUGA BY ROCKWELL (with background)
TM Registration No. 4-2018-014427
Issued on 7 February 2019, valid until 7 February 2029

8. ARUGA BY ROCKWELL
TM Registration No. 4-2018-014039
Issued on 7 February 2019, valid until 7 February 2029

9. ARUGA SERVICED APARTMENTS
TM Registration No. 4-2018-00014426
Issued on 10 October 2019, valid until 10 October 2029

10. ARUGA APARTMENTS BY ROCKWELL
TM Registration No. 4-2019-00511318
Issued on 14 December 2020, valid until 14 December 2030

The following registered trademarks are owned by Rockwell Primaries Development Corporation, a subsidiary of the Company:

1. THE VANTAGE AT KAPITOLYO
TM Registration No. 4-2015-00503590
Issued on 4 January 2016, valid until 4 January 2026

2. THE VANTAGE PIN
TM Registration No. 4-2015-00505440
Issued on 19 May 2016, valid until 19 May 2026

3. THE VANTAGE GREENHOUSE
TM Registration No. 4-2017-00502986
Issued on 28 December 2017, valid until 28 December 2028

4. THE VANTAGE GALLERY
TM Registration No. 4-2017-00507069
Issued on 11 April 2020, valid until 11 April 2030

The following trademark was applied for registration by Rockwell Primaries Development Corporation, a subsidiary of the Company:

1. ROCKWELL PRIMARIES
TM Appl. No. 4-2014-00001621 filed on 7 February 2014

The following registered trademarks are owned by Rockwell Primaries South Development Corporation, a subsidiary of the Company:

1. LARSEN TOWER BY ROCKWELL PRIMARIES
TM Registration No. 4-2019-012259
Issued on 19 July 2020, valid until 19 July 2030

2. THE FORDHAM TOWER
TM Registration No. 4-2019-012259
Issued on 18 June 2021, valid until 18 June 2031

3. LARSEN TOWER
TM Appl. No. 4-2019-012260
Issued on 2 July 2021, valid until 2 July 2031

The following registered trademarks are owned by Retailscapes Inc., a subsidiary of the Company:

1. RETAILSCAPES
TM Registration No. 4-2015-00502880
Issued on 10 December 2015, valid until 10 December 2025

The following registered trademarks are owned by Rockwell Nepo Development Corporation, an associate of the Company:

1. THE MANANSALA AT ROCKWELL CENTER NEPO, ANGELES
TM Registration No. 4-2021-520289
Issued on 25 November 2021, valid until 25 November 2031

As trademark owner, the Company (and its subsidiaries) has the sole right to use the trademarks in the real estate development business, and to exclude any person or entity from exploiting the trademarks in the same business, or in the manner that will dilute or diminish the distinctiveness of the trademarks.

The Company also owns business name registrations for the trademarks below:

TRADEMARK	DATE FILED	STATUS
POWER PLANT MALL	12-Mar-12	REGISTERED
POWER PLANT CINEMA	12-Mar-12	REGISTERED
THE PROSCENIUM AT ROCKWELL	20-Mar-12	REGISTERED
205 SANTOLAN BY ROCKWELL	20-Mar-12	REGISTERED
PROSCENIUM (LOGO)	23-Nov-12	REGISTERED
PRIMARIES A ROCKWELL COMPANY	10-Dec-12	REGISTERED
LINCOLN AT THE PROSCENIUM	18-Jul-13	REGISTERED
SAKURA AT THE PROSCENIUM	18-Jul-13	REGISTERED
KIROV AT THE PROSCENIUM	5-Sep-13	REGISTERED
ICONIQUE AT THE PROSCENIUM	5-Sep-13	REGISTERED
LORRAINE AT THE PROSCENIUM	5-Sep-13	REGISTERED

Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name with Department of Trade and Industry shall be effective for five years from the initial date of registration.

The Company also recently amended its Articles of Incorporation in February 2012 to include in its corporate name "Doing business under the name and style of Powerplant Mall; Powerplant Cinemas; And Edades Serviced Apartments."

Research and Development

Although the expense for research and development did not amount to a significant percentage versus revenues, extra measures are being taken by the Company to improve its research and development function. The Company, along with its plans for expansion, has continued to engage with industry consultants and research services last year.

Employees

As of December 31, 2021, Rockwell Land and its subsidiaries had a total of 2,585 employees, including 894 organic employees and 1,691 non-organic (contractual and agency) employees. The breakdown of organic employees per business unit is as follows:

Business Units	Number of Employees
Residential Development	619
Commercial Leasing	87
Shared	155
Hotel and Leisure	33
TOTAL	**894**

The organic employees can be broken down by function as follows:

Function	Number of Employees
Operational	383
Technical	374
Administrative	137
TOTAL	**894**

The Company has no collective bargaining agreements with employees and none of the Company's employees belong to a union.

The Company provides employees with training and other development programs to effectively carryout their jobs and to prepare them for career advancement in the Company.

With the COVID-19 pandemic, the Company ensured the safety of all its employees whether organic or outsourced with such measures as regular health checks, testing, shelter in place and vaccination.

Item 2 PROPERTIES

The Company, in the course of its business, has invested in various properties for its existing and future development projects. It entered into a joint venture with Meralco for Rockwell Business Center, an office development project in Ortigas. It has also signed two long-term lease agreements for the development of Santolan Town Plaza and RBC - Sheridan.

Following is the list of properties owned by the Company as of December 31, 2021. The list excludes properties which have been completed or have been launched as development projects since titles of properties in these projects have already been or will be transferred to the buyers and/or the respective condominium corporations.

	Location	**Description and use**
Investment Properties		
Power Plant Mall	Rockwell Center, Makati	Retail
Estrella lots	Estrella St., Makati City	Company use (office & storage)
Grove retail	The Grove, Pasig City	Company use (office and retail)
8 Rockwell	Rockwell Center, Makati	Office and retail
Various retail spaces	The Manansala, Joya Lofts and Towers, One Rockwell, Edades #38 Rockwell Drive -- all within Rockwell Center, Makati; East Bay in Muntinlupa and Vantage in Pasig	Retail
Rockwell Business Center – Sheridan	Sheridan, Mandaluyong	Office and Retail
Santolan Town Plaza	Bonny Serrano Ave, San Juan	Office and Retail
Batangas property	Sto. Tomas, Batangas	Retail development
Arton Strip	Quezon City	Retail development
1 Proscenium	Rockwell Center, Makati	Office development
Property, Plant & Equipment		
Aruga Serviced Apartments	Rockwell Center, Makati	Hotel development
Aruga Resort & Residences-Mactan	Mactan, Cebu	Hotel development
Rockwell Performing Arts Theater	Rockwell Center, Makati	Theater

Investment in Shares of Stock	**No. of Shares**	**Par or Market Value and Description**
Rockwell Primaries Development Corporation	500,000,000 Common Stock	₱500.0 Million
Rockwell Primaries South Development Corporation*	3,100,000 Common Stock 6,000,000 Preferred Shares	₱316 Million
Stonewell Property Development Corporation	12,500,000 Common Stock	₱12.5 Million

Investment in Shares of Stock	No. of Shares	Par or Market Value and Description
Rockwell Performing Arts Theater Corporation	2,500,000 Common Stock	₱2.5 Million
Rockwell Integrated Property Services Inc.	20,000,000 Common Stock	₱20.0 Million
Rockwell Leisure Club Inc.	763 Proprietary Shares and 1,491 Ordinary Shares	₱387.5 Million (Market Value) and 1.5 Million (Par Value of Ordinary Shares)
Rockwell Hotels & Leisure Management Corp.	5,000,000 Common Stock	₱5.0 Million
Retailscapes Inc.	500,000,000 Common Stock	P500.0 Million
Rockwell MFA Corp.	399,996 Common Stock 10,800,000 Preferred Shares	P1,120.0 Million
Rockwell Carmelray Development Corporation	900,000 Common Stock 285,000,000 Preferred Shares	P2,859.0 Million
Rockwell Nepo Development Corporation (formerly Nepwell Property Management, Inc.)	9,451,878 Common Stock 746,698,125 Preferred Shares	P756.1 Million
8 Promoveo Land Inc.	1,019,205,000 Common Stock 1,500,795,000 Preferred Shares	P2,520.0 Milllion

** indirect subsidiary*

Item 3 LEGAL PROCEEDINGS

To the best of the Company’s knowledge, there has been no occurrence during the past five years and as of the date of this information statement of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two (2) years prior to that time;

- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Item 4 SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters discussed during the Annual Stockholder's meeting, there were no other matters submitted to a vote of security holders during the period covered by this report.

PART II – SECURITIES OF REGISTRANT

Item 5 MARKET FOR ISSUER'S COMMON SHARE EQUITY and RELATED STOCKHOLDERS

(1) Market Information

(a) The registrant's common equity is being traded at the Philippine Stock Exchange.

(b) STOCK PRICES

	Common	
	High	Low
2021		
First Quarter.........................	1.68	1.38
Second Quarter	1.65	1.45
Third Quarter	1.61	1.46
Fourth Quarter	1.61	1.47

ROCK was trading at an average price of P1.36 per share as of May 2, 2022.

(c) DIVIDENDS PER SHARE – The Company declared cash dividends in October 6, 2021 of P0.0353 per Common Share to stockholders of record as of October 21, 2021 payable on or before November 17, 2021. The company's policy is to declare dividends equivalent to 20% of prior year's net income.

The number of common and preferred shareholders of record as of December 31, 2021 was 46,016 and 26,685 who owned at least (1) board lot. As of December 31, 2021, common and preferred shares issued and subscribed were 6,243,382,344 shares (inclusive of 126,620,146 treasury shares) and 2,750,000,000 respectively.

Top 20 Stockholders of Common Shares as of December 31, 2021:

	Name	No. of Shares Held	% to Total
1.	First Philippine Holdings Corporation	5,296,015,375	86.58%
2.	PCD Nominee Corporation (Filipino)	555,358,563	9.08%
3.	PCD Nominee Corporation (Foreign)	93,655,369	1.53%
4.	Mantes Corporation	32,373,508	0.53%
5.	Padilla, Nestor J.	21,150,001	0.35%
6.	Yan, Lucio W.	1,136,324	0.02%
7.	Cheng, Charlotte Cua	886,422	0.01%
8.	Avesco Marketing Corporation	801,574	0.01%
9.	B.P. Insurance Agency, Inc.	792,139	0.01%
10.	Makati Supermarket Corporation	677,238	0.01%
11.	Croslo Holdings Corporation	584,297	0.01%

	Name	No. of Shares Held	% to Total
12.	Carlos, Jose Ignacio A.	455,667	0.01%
13.	Tan, Lozano	422,730	0.01%
14.	Flordeliza, Virgilio C.	398,550	0.01%
15.	Aquino, Antonino T., &/Or Evelina S. Aquino	377,231	0.01%
16.	BP Insurance Agency, Inc.	328,969	0.01%
17.	Foresight Realty & Development Corporation	305,353	0.00%
18.	Gallinero, Olivares Teodoro	266,331	0.00%
19.	Tiong, Ong	255,969	0.00%
20.	Almazora, Roberto Reyes	246,150	0.00%

Stockholders of Preferred Shares as of December 31, 2021:

Name	No. of Shares Held	% to Total
1. First Philippine Holdings Corporation	2,750,000,000	100%

Rockwell Land also issued P5 billion Retail Bonds in November 2013, which is registered under the SEC. Outstanding balance as of December 31, 2021 is nil.

Recent Sales of Unregistered Securities

On December 12, 2007, the Board of Directors and the stockholders representing at least two-thirds of the Company’s outstanding capital stock approved the increase in authorized capital stock from ₱6.0 billion to ₱9.0 billion divided into 8,890,000,000 Common shares with a par value of ₱1.00 each and 11,000,000,000 preferred shares with a par value of ₱0.01 each. The increase in authorized capital stock was approved by the SEC on July 28, 2008.

Subscription for shares of capital stock of a corporation in pursuance of an increase in its authorized capital stock, when no expense is incurred, no commission, compensation or remuneration is paid or given in connection with the sale or disposition of such securities, and only when the purpose for soliciting, giving or taking of such subscriptions is to comply with the required minimum 25% subscribed capital stock, is exempt from registration under the SRC. No notice or confirmation of exemption is required to be filed for the issuance of shares pursuant to an increase in authorized capital stock.

Exempt Transactions and Securities

ROCK also issued the following securities as exempt transactions under the SEC:

Date	Amount (In Thousands)	Type of Security	Issued to:
June & September 2016, June & October 2017, September 2018, November 2019	₱4,195,000	Fixed Rate Term Loan	MBTC
June & September 2016, December 2019, March & August 2020	₱3,944,900	Floating Rate Term Loan	MBTC

Date	Amount (In Thousands)	Type of Security	Issued to:
May 2016, December 2019, January & December 2020, February & October 2021	₱6,683,870	Fixed Rate Term Loan	PNB
December 2021	₱500,000	Fixed Rate Short Term Loan	PNB
February, April, July & September 2020, April, June, Aug, September & October 2021	₱10,000,000	Fixed Rate Term Loan	BDO
March 2021	₱265,861	Fixed Rate CTS Financing Loan	BDO
December 2021	₱200,000	Fixed Rate Short Term Loan	BOC
June & August 2018, March & June 2019	₱724,214	Fixed Rate CTS Financing Loan	Chinabank
July 2018, July 2019, August, October & December 2020, January, April, July & October 2021	₱411,600	Fixed Rate Term Loan	SEAI Metro Manila Once, Inc.

*Refer to supplementary information of the 2021 Consolidated Financial Statements for more detail.

PART III – FINANCIAL INFORMATION

Item 6 MANAGEMENT DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited consolidated financial statements, including the related notes thereto, annexed to this Annual Report.

INTRODUCTION

Rockwell Land Corporation's consolidated net income after tax (NIAT) in 2021 amounted to ₱2.2 billion, an increase of 75% from last year's ₱1.3 billion . As a percentage to revenues, net income was 17% for 2021, 11% for 2020 and 18% for 2019.

Of the consolidated net income, ₱1.6 billion is attributable to equity holders of the Parent company, and is 52% higher than 2020's ₱1.1 billion.

Total revenues increased to ₱12.7 billion in 2021, 14% higher than 2020 revenues of ₱11.2 billion. Residential development accounted for 81% of the total revenues in 2021, higher than 79% in 2020 and 2019.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in 2021 amounted to ₱4.4 billion representing 34% of total revenues. EBITDA from Residential Development dropped by 17% compounded annually from 2019 mainly attributable to lower sales bookings and project accomplishment due to the community quarantine imposed starting March 16, 2020. Commercial Development dropped by 12% from ₱2.3B to ₱1.7B in 2 years due to the rental concessions given to retail establishments from the start of imposition of the community quarantine.

Residential development and Commercial development contributed 60% and 40% to total EBITDA in 2021, respectively.

The ratio of cost of real estate to total revenues slightly increased to 54% coming from 53% in 2020 and 51% in 2019. This is due to initial recognition Balmori Suites (formerly Aruga Makati) which was launched in 2021 and with significant construction accomplishment by end of 2021.

Besides the recent acquisitions, the Company is not aware of any event that could materially affect the consolidated statement of comprehensive income reported in this Annual Report except for the impact to the financial statements of the full adoption of the PFRS 15 which took effect starting January 2018 and PFRS 16 which took effect starting January 2019.

By the end of 2021 debt level was at ₱26.8 billion while the net-debt-to-equity ratio stands at 0.92x. The debt is composed of the outstanding balances of term and CTS loans drawn from 2018-2021. About P3.9B or 15% of the total debt has a floating interest rate.

Below is a table showing the key performance indicators of the Company for 2019-2021.

KPI	2021	2020	2019
EBITDA (P)	4.4 billion	3.8 billion	6.0 billion
Current Ratio (x)	3.29	2.37	2.47
Net DE Ratio (x)	0.92	0.87	0.82
Asset to Equity Ratio (x)	2.50	2.49	2.61
Interest coverage ratio (x)	4.00	2.96	4.17
ROA	3.48%	2.01%	5.00%
ROE	8.69%	5.12%	13.85%
EPS (P)	0.27	0.18	0.48

Notes:

(1) EBITDA [Net Income + (Interest Expense, Provision for Income Tax, Depreciation & Amortization)]

(2) Current ratio [Current assets/Current liabilities]

(3) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]

(4) Assets to Equity Ratio [Total Assets/Total Equity]

(5) Interest coverage ratio [EBITDA/ Total interest payments]

(6) ROA [Net Income/Average Total Assets]

(7) ROE [Net Income/ Average Total Equity]

(8) EPS [Net Income/number of common shares outstanding]

Current ratio improved to 3.29x in 2021 due to payment of current portion of loans in 2021 and higher current assets particularly real estate inventory and trade receivables.

Net DE stood at 0.92x, higher than the 0.87 last year due to additional loan drawdown for the year.

EBITDA increased to 4.4B, 16% higher than 2020. As a result interest coverage ratio improved to 4.0x from 2.96x in 2020.

ROA, ROE improved in 2021 at 3.48%, 8.69% and 0.27 mainly from 75% increase in consolidated net income in 2021.

Key variable and Other Qualitative and Quantitative Factors

There are no known trends, events or uncertainties that are expected to affect the Company's continuing operations apart from the ipact of the ongoing COVID-19 pandemic.

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), entities or other persons created during the reporting period.

There are no material commitments for capital expenditures except for those disclosed in Note 29 of the audited financial statements.

There are no known trends, events or uncertainties that will materally impact sales.

There are no known significant elements of income or loss from continuing operations.

There are no known seasonal aspects that has material effect on the financial statements.

Review of 2021 versus 2020

The following section provides information on the results of operations and financial condition for the periods 2019-2021.

The following table shows the breakdown of the revenues by business segment for the periods 2019-2021.

	2021	% to Total	2020 *(restated)*	% to Total	2019 *(restated)*	% to Total
Residential Development (1)	10,300	81%	8,816	79%	12,938	79%
Commercial Development (2)	2,424	19%	2,343	21%	3,388	21%
Total Consolidated Revenues	**12,724**	**100%**	**11,159**	**100%**	**16,326**	**100 %**
Share in Net Income (Losses) in JV and associate (3)	*368*		*339*		*323*	

Notes:

1. *Revenues from this segment consist of the following projects in the years indicated: The Grove (2019 to 2021), The Proscenium Towers (2019 to 2021), 53 Benitez (2019),32 Sanson (2019 to 2021), Vantage (2019-2021), Edades Suites (2019-2020), Stonewell (2019-2021), Terreno South (2019-2021), The Arton West (2019-2021), The Arton North (2019-2021), Arton East (2021) Aruga Resort and*

Residences -Mactan (2019-2021), Fordham (2019-2021), Nara (2020-2021), Rockwell South (2020-2021), 8 Benitez (2021), The Balmori Suites (2021).

2. *Revenues from this segment include leasing income, room revenues from operations of Aruga Serviced Apartments, cinema revenues and revenue from sale of office units from 8 Rockwell and Proscenium projects. The amounts exclude revenues from RBC. Under the Accounting policy for a jointly controlled entity, results of operations of RBC are not consolidated line by line.*
3. *These amounts represent the Company's share in the net income after tax of RBC (2019-2021), RCDC (2019) and RNDC (2021).*

Below is another table showing the breakdown of revenues by type of revenue for the periods 2019-2021.

	2021	% to Total	2020 *(restated)*	% to Total	2019 *(restated)*	% to Total
Residential Sales[1]	9,874	78%	8,550	77%	12,504	77%
Office Sales[2]	490	4%	370	3%	2	0%
Commercial Leasing	1,229	10%	1,150	10%	1,845	11%
Others[3]	1,131	8%	1,089	10%	1,975	12%
Total Consolidated Revenues	**12,724**	**100%**	**11,159**	**100%**	**16,326**	**100%**

Notes:

1. *Pertains only to sales of residential units (at present value) and related interest income.*
2. *Pertains to sale of office units (at present value) and related interest income.*
3. *Includes income from Aruga Serviced Apartments, Cinema, parking and other income.*

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are as follows:

Residential Development contributed 81% of the total revenues of 2021. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱10.3 billion. The 17% increase in this segment's revenue was mainly due to higher project accomplishment and sales bookings than last year. EBITDA from this segment amounted to ₱2.6 billion, which represents 60% of the total EBITDA of ₱4.4 billion.

Reservation sales reached ₱13.9 billion, 77% higher than last year's ₱7.8 billion, due to sales from new launches and higher sales from existing projects.

Commercial Development revenues amounted to ₱2.4 billion, higher by 3% than last year. Leasing Income, which accounts for bulk of the segment revenues, slightly increased from ₱1.15 billion to ₱1.22 billion due mainly to lower concessions given to the establishments across all Retail properties and higher renewal rates for office tenants. Overall, contribution from the Commercial segment decreased from 21% to 19% of total revenues. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amounted to ₱1,000 million and accounted for 8% of total consolidated revenues. The inrease of 10% vs. last year's revenues of ₱909 million, is mainly driven by the lower concessions given to the establishments.

- Cinema Operations amounted to ₱8.6 million and comprised 0.1% of the total revenues.

- Office Leasing decreased to ₱906 million from ₱955 million last year due to lower parking and other income. The Rockwell-Meralco BPO Venture, generated gross revenues of ₱980.4 million, which grew by 25% from last year's ₱782.7 million from other revenues and annual rent escalation. At its 70% share, the Company generated revenues of ₱686.3 million and a share in net income of ₱372.7 million. To reiterate, only the ₱372.7 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

- Hotel Operations contributed 0.1% of the total consolidated revenues for 2021. Revenues increased from ₱55 million to ₱63 million. Hotel Operations' registered a ₱27 million loss from operations, an improvement from last year's loss of ₱33 million. Costs and expenses under hotel operations include shelter in place expenses incurred by the company for its employees

The Commercial segment's EBITDA amounted to ₱1.5 billion excluding Office Sale, comprised of Retail, Office and Hotel at 33%, 69% and (2%), respectively. EBITDA increased by 8% from last year's ₱1.4 billion due to improved retail segment performance from lower concessions and contributed 34% to the total EBITDA.

Costs and Expenses

Cost of real estate amounted to ₱6.9 billion in 2021, 17% higher than the ₱5.9 billion that was recorded in 2020 following the increase in residential revenues.

General and administrative expenses (G&A) amounted to ₱1.7 billion which represents 13% of the total revenues. The level of expenses declined by 17% vs. last year's ₱2.0 billion. This is mainly attributable to lower business taxes from lower collection in prior year, which is the basis for current year's business taxes. The lower collection in 2020 is the result of lower residential and commercial revenues due to quarantine restrictions. Decrease in G&A is also from lower depreciation expenses and provision for disallowance for claim for refund. Last year's depreciation expense includes depreciation expense of Edades Serviced Apartments which was reclassified as real estate inventory.

Interest Expense amounted to ₱1.1 billion, which is 10% lower than last year's ₱1.3 billion. Interest incurred decreased as average interest rate decreased from 4.52% in 2020 to 4.45%, offset by higher loan balance from ₱24.8 to ₱26.8 billion.

Share in Net Income of JV and associate recorded at ₱368.3 million, a 9% growth from last year of ₱338.8 million due to higher share in RBC Ortigas. At 70% share in JV, the gross revenues increased by 5% to ₱574.2 million due to higher rental rate. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₱257.5 million, which is 38% lower than last year's provision of ₱412.5 million. The effective tax rate for 2021 is 10.4% lower than 2020's 24.6% and lower than the statutory tax rate of 25.3% due to the impact of retroactive adjustment impact of CREATE law and the Company's share in the income of RBC, which is no longer subject to income tax.

Project and capital expenditures

The Company spent a total of ₱10.2 billion for project and capital expenditures in 2021. Bulk of the expenditures pertained to development costs of Proscenium (near completion), The Arton (ongoing construction), Aruga Resort and Residences – Mactan (ongoing construction) and costs to acquire certain properties.

FINANCIAL CONDITION

Total Assets as of December 31, 2021 amounted to ₱64.8 billion, higher by 5% from last year's ₱61.9 billion mainly due higher receivables coming from higher sales in 2021 and higher real estate inventories from new acquisitions and development costs.

Total Liabilities as of December 31, 2021 amounted to ₱38.8 billion, higher than 2020's ₱37.1 billion. The increase in liabilities was mainly from higher loan balance from new drawdowns in 2021.

Total Equity as of December 31, 2021 amounted to ₱26.0 billion. The 5% growth is mainly attributable to the ₱2.2 billion Net Income offset by dividends payment in 2021.

Current ratio as of December 31, 2021 is 3.29x from 2.37x the previous year while Net debt to equity ratio increased to 0.92x in 2021 from 0.87x in 2020.

Causes for any material changes (+/- 5% or more) in the financial statements

<u>Statement of Comprehensive Income Items</u> – 2021 vs. 2020

24% increase in Revenue from sale of real estate
Mainly due to higher bookings and completion of residential projects

15% decrease in interest income
Due to lower recognition from Proscenium and Vantage which are substantially completed and sold out as of 2020

7% increase in Lease income
Due to lower rental concessions given to retail tenants and higher renewal rates of Office tenants. Office rental rates improved by 6%, while retail occupancy rate improved to 76% from 66% last year.

17% increase in Cost of Real Estate
Primarily due to higher cost recognition following higher sales booking and higher project completion.

17% decrease in General and Administrative Expenses
Due to lower business taxes following lower collection and lower sales in 2020 and lower depreciation expenses. Provision for disallowance for claim for refund was also recognized in 2020.

59% increase in Selling Expenses
Primarily due to higher sales commission and marketing related expenses across all projects, and from new launches.

10% decrease in Interest Expense
Due to lower average interest rate

9% increase in Share in Net Income of Joint Venture and Associate
Attributable to higher rental rates of RBC

100% decrease in Loss on Prepayment of Loan
Due to payment of prepayment penalty for refinanced loans in 2020

100% decrease in Loss on Bond Redemption
Due to payment of 1% premium to bondholders bought back in 2020

100% decrease in Loss on Loan Modification
Due to catch up of amortization of loan transaction cost prepaid in 2020

186% decrease in Other Comprehensive Loss
Due to reversal of remeasurement loss on employee benefits in 2020

Balance Sheet items – 2021 vs. 2020

13% decrease in Cash and Cash Equivalents
Primarily due payment for development costs and land acquisitions.

46% increase in Trade and other receivables
Primarily due to higher recognition of The Proscenium Residences receivables from customers upon turn over dues.

11% decrease in Contract assets
Primarily due to reclassification of The Proscenium Residences contract assets to trade receivables.

31% increase in Real Estate Inventories
Primarily due to reclassification from Investment Properties and PPE of portions of One Proscenium and Aruga Makati, respectively and additional acquisitions.

9% increase in Advances to contractors
Due to downpayments made for Nara Residences, Larsen, Mactan and Rockwell South projects.

24% increase in Other Current Asset
Due to higher creditable withholding taxes from higher collection.

44% decrease in Property and equipment
Mainly due to reclassification of Aruga Makati to Real Estate Inventory as Balmori Suites, and The Fifth events place to Investment Property.

25% increase in Investments in joint venture and associate
Due to initial subscription to 8 Promoveo Land Inc.

23% increase in Deferred Tax Asset
Mainly due to losses incurred by Retailscapes Inc.

36% decrease in Other Noncurrent Asset
Due to reclassification of Balmori Suites advances to contractors to current asset, and collection of miscellaneous receivable.

29% decrease in Subscription Payable
Due to payment of subscription to RNDC.

8% increase in Interest bearing loans
Due to additional loan drawdown for the year

6% increase in Deferred Tax Liabilities

Due to higher income recognition than collection from Rockwell South and Arton West.

18% decrease in Pension liability
Mainly due to remeasurement gain on plan assets for the year 2021.

12% increase in Deposits and other liabilities
Primarily due to higher deposits from preselling of condominium units especially from Mactan Villas, Larsen and Nara Residences projects

10% increase in Retained Earnings
Due to net income after tax of ₽2.2 billion for 2021 offset by dividends amounting to ₽217.6 million.

11% decrease in Non-controlling interests
Primarily due to redemption of non controlling shares of RCDC and dividend payments to the minority shareholders .

Review of 2020 versus 2019

The following section provides information on the results of operations and financial condition for the periods 2018-2020.

The following table shows the breakdown of the revenues by business segment for the periods 2018-2020.

	2020 *(restated)*	% to Total	2019 *(restated)*	% to Total	2018 *(restated)*	% to Total
Residential Development (1)	8,816	79%	12,938	79%	13,411	82%
Commercial Development (2)	2,343	21%	3,388	21%	2,833	18%
Total Consolidated Revenues	**11,159**	**100%**	**16,326**	**100%**	**16,244**	**100%**
Share in Net Income (Losses) in JV and associate (3)	*339*		*323*		*271*	

Notes:

1. *Revenues from this segment consist of the following projects in the years indicated: The Grove (2018 to 2020), The Proscenium Towers (2018 to 2020), 53 Benitez (2018 to 2019),32 Sanson (2018 to 2020), Vantage (2018-2020), Edades Suites (2018-2020), Stonewell (2018-2020), The Arton West (2018-2020), The Arton North (2018-2020), Aruga Resort and Residences -Mactan (2018-2020), Fordham (2018-2020), Rockwell South (2020).*
2. *Revenues from this segment include leasing income, room revenues from operations of Aruga Serviced Apartments, cinema revenues and revenue from sale of office units from 8 Rockwell and Proscenium projects. The amounts exclude revenues from RBC. Under the Accounting policy for a jointly controlled entity, results of operations of RBC are not consolidated line by line.*
3. *These amounts represent the Company's share in the net income after tax of RBC (2018-2020) and RCDC (2019).*

Below is another table showing the breakdown of revenues by type of revenue for the periods 2018-2020.

	2020 (restated)	% to Total	2019 (restated)	% to Total	2018 (restated)	% to Total
Residential Sales[(1)]	8,550	77%	12,504	77%	13,094	81%
Office Sales[(2)]	370	3%	2	0%	42	0%
Commercial Leasing	1,150	10%	1,845	11%	1,499	9%
Others[(3)]	1,089	10%	1,975	12%	1,609	10%
Total Consolidated Revenues	**11,159**	**100%**	**16,326**	**100%**	**16,244**	**100%**

Notes:

1. *Pertains only to sales of condominium units (at present value) and related interest income.*
2. *Pertains to sale of office units (at present value) and related interest income.*
3. *Includes income from Aruga Serviced Apartments, Cinema, parking and other income.*

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are as follows:

Residential Development contributed 79% of the total revenues of 2020. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱8.8 billion. The 32% decrease in this segment's revenue was mainly due to lower project accomplishment and sales bookings from the impact of the pandemic and the quarantine imposed starting March 16, 2020. EBITDA from this segment amounted to ₱2.2 billion, which represents 58% of the total EBITDA of ₱3.8 billion.

Reservation sales reached ₱7.8 billion, including asset sales, 53% lower than last year's ₱16.7 billion, due to the quarantine restrictions and deferred launches of new projects.

Commercial Development revenues amounted to ₱2.3 billion, lower by 31% than last year. Leasing Income, which accounts for bulk of the segment revenues, dropped from ₱1.8 billion to ₱1.2 billion due mainly to the concessions given to the establishments across all Retail properties. Overall, contribution from the Commercial segment is maintained at 21% of total revenues.. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amounted to ₱909 million and accounted for 8% of total consolidated revenues. The reduction of 50% vs. last year's revenues of ₱1.8 billion, is mainly driven by the concessions given to the establishments starting March 16, 2020.

- Cinema Operations amounted to ₱32.0 million and comprised 0.3% of the total revenues.

- Office Leasing accelerated to ₱955 million from ₱995 million last year due to lower rental revenues. The Rockwell-Meralco BPO Venture, generated gross revenues of ₱782.7 million, which grew by 6% from last year's ₱738.6 million from the annual rent escalation. At its 70% share, the Company generated revenues of ₱547.9 million and a share in net income of ₱338.8 million. To reiterate, only the ₱338.8 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

- Hotel Operations contributed 0.7% of the total consolidated revenues for 2020. Revenues decreased from ₱289.9 to ₱76.8 million. Hotel Operations' registered a ₱33 million loss from operations, from EBITDA of ₱74.0 million in 2019 due to the effect of COVID 19 in the sector. Costs and expenses under hotel operations include shelter in place expenses incurred by the company for its employees

The Commercial segment's EBITDA amounted to ₱1.4 billion excluding Office Sale, comprised of Retail, Office and Hotel at 28%, 74% and (2%) respectively. EBITDA decreased by 39% from last year's ₱2.2 billion due to concessions and contributed 35% to the total EBITDA.

Costs and Expenses

Cost of real estate amounted to ₱5.9 billion in 2020, 30% lower than the ₱8.3 billion that was recorded in 2019 following the decrease in residential revenues.

General and administrative expenses (G&A) amounted to ₱2.0 billion which represents 18% of the total revenues. The level of expenses declined by 5% vs. last year's ₱2.1 billion. This is mainly attributable to lower direct operating costs of cinema and serviced apartments and lower occupancy and admin costs, offset by provisions for doubtful account.

Interest Expense amounted to ₱1.3 billion, which is 7% lower than last year's ₱1.4 billion. Interest incurred decreased as loan balance decreased from ₱25.8 to ₱24.8 billion and lower average interest rate per annum from 5.4% in 2019 vs 4.5% in 2020.

Share in Net Income of JV and associate recorded at ₱338.8 million, a 5% growth from last year of ₱322.7 million due to higher share in RBC Ortigas. At 70% share in JV, the gross revenues increased by 6% to ₱547.9 million due to higher rental rate. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₱412.5 million, which is 60% lower than last year's provision of ₱1,018.9 million. The effective tax rate for 2020 is 24.6% lower than 2019's 25.3% and lower than the statutory tax rate of 30.0% due to the Company's share in the income of RBC, which is no longer subject to income tax.

Project and capital expenditures

The Company spent a total of ₱7.2 billion for project and capital expenditures in 2020. Bulk of the expenditures pertained to development costs of Proscenium, The Arton, Aruga Resort and Residences – Mactan and costs to acquire certain properties.

FINANCIAL CONDITION

Total Assets as of December 31, 2020 amounted to ₱61.9 billion, lower by 2% from last year's ₱63.5 billion mainly due to lower cash balance due to prepayment of loans.

Total Liabilities as of December 31, 2020 amounted to ₱37.1 billion, lower than 2019's ₱39.2 billion. The decrease in liabilities was mainly from lower loan balance and full payment of installment payable in 2020.

Total Equity as of December 31, 2020 amounted to ₱24.9 billion. The 2% growth is mainly attributable to the ₱1.3 billion Net Income offset by dividends payment in 2020.

Current ratio as of December 31, 2020 is 2.37x from 2.47x the previous year while Net debt to equity ratio increased to 0.87x in 2020 from 0.82x in 2019.

Causes for any material changes (+/- 5% or more) in the financial statements

Statement of Comprehensive Income Items – 2020 vs. 2019

33% decrease in Sale of condominium units
Mainly due to lower bookings and completion of residential projects

38% decrease in Lease income
Due to rental concessions given to commercial establishments starting from the quarantine period.

45% decrease in Other revenue
Due to lower room, cinema and other revenues during the quarantine period.

30% decrease in Cost of Real Estate
Primarily due to lower cost recognition following lower sales booking and lower project completion

5% decrease in General and Administrative Expenses
Due to lower direct operating costs of cinema and service apartments and lower occupancy and admin costs, offset by provisions for doubtful account.

45% decrease in Selling Expenses
Primarily due to lower sales commission and marketing related expenses across all projects.

7% decrease in Interest Expense
Due to lower loan balance and lower average interest rate

5% increase in Share in Net Income of Joint Venture and Associate
Attributable to higher rental rates of RBC and lower operating costs

100% decrease in Gain on bargain purchase
Due to higher fair values of the identifiable net assets of RCDC than the consideration given in 2019.

100% decrease in Gain on remeasurement of previously-held interest
Due to higher fair values of the identifiable net assets of RCDC than the book value of the initial investment in 2019.

100% increase in Loss on Prepayment of Loan
Due to payment of prepayment penalty for refinanced loans

100% increase in Loss on Bond Redemption
Due to payment of 1% premium to bondholders bought back in 2020

100% increase in Loss on Loan Modification
Due to catch up of amortization of loan transaction cost prepaid in 2020

42% decrease in Other Comprehensive Loss
Mainly due to lower remeasurement loss on employee benefits following the lower discount rate in 2020 vs. 2019.

Balance Sheet items – 2020 vs. 2019

44% decrease in Cash and Cash Equivalents
Primarily due to net repayment of loans.

9% increase in Real Estate Inventories

Primarily due to reclassification from Investment Properties and PPE for Office and Serviced Apartment, respectively and additional acquisitions.

6% increase in Other Current Asset
Due to higher creditable withholding taxes and input VAT.

6% decrease in Property and equipment
Mainly due to reclassification of Edades SA to Real Estate Inventory.

24% decrease in Investment in equity instruments at FVOCI
Due to fair value remeasurement.

66% increase in Deferred Tax Asset
Mainly due to losses incurred by Retailscapes Inc.

30% decrease in Other Noncurrent Asset
Due to recoupment of advances related to 1 Proscenium, and reclassification to Other Current Asset of deferred input VAT related to the Installment payable paid in 2020.

100% decrease in Installment Payable
Due to full payment of the remaining payable in 2020.

100% increase in Subscription Payabale
Due to subscription to Rockwell Nepwell Development Corporation

8% decrease in Deferred Tax Liabilities
Due to lower accrual in prepaid commissions resulting from lower sales booking.

39% increase in Pension liability
Mainly due to remeasurement loss on plan assets for the year 2020.

34% decrease in Deposits and other liabilities
Primarily due to reclassification of collections from preselling to receivables and excess collections over recognized revenue (current liability) for Mactan and Arton North

15% decrease in Other comprehensive income
Due to lower market value of investments.

5% increase in Retained Earnings
Due to net income after tax of ₱1.1 billion for 2020 offset by dividends amounting to ₱297.1 million.

7% decrease in Non-controlling interests
Primarily due to redemption of non controlling shares of RCDC and dividend payments to the minority shareholders .

Item 7 FINANCIAL STATEMENTS

The consolidated financial statements as of December 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and the Supplementary Schedules per SRC Rule 68, as amended are hereto attached as Exhibit A and Exhibit B, respectively.

Item 8 CHANGES in and DISAGREEMENTS with ACCOUNTANTS on ACCOUNTING and FINANCIAL DISCLOSURE

The external auditor of the Company is the accounting firm of Sycip, Gorres, and Velayo and Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountants for the last 5 years. There was no event in the past 5 years where SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Company has engaged SGV & Co., with Ms. Gaile A. Macapinlac as the engagement partner, for the audit of the Company's books starting 2017. The Company has complied with SRC Rule 68, paragraph 3(b)(ix) re: five year rotation requirement for the signing partner.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholder's Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last three fiscal years for professional services rendered by SGV & Co.

Year ended 31 December	2019	2020	2021
Audit and Audit-related fees (net of VAT)	Php4.5 million	Php4.5 million	Php4.8 million
Audit and Audit-related fees (net of VAT) – with subsidiaries	Php7.3 million	Php7.5 million	Php8.2 million

The Audit Committee is composed of Mr. Oscar J. Hilado as Chairman, Mr. Francis Giles B. Puno and Mr. Monico V. Jacob as members.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9 DIRECTORS and EXECUTIVE OFFICERS of the ISSUER

The overall management and supervision of the Company is undertaken by the Board of Directors (BOD). There are 11 members of the Board of Directors. The regular directors were elected during the annual meeting of the stockholders held on June 30, 2021, to serve for a term of one year and until their successors are elected and qualified. The composition of the Company's Board of Directors is as follows:

Manuel M. Lopez
Oscar M. Lopez
Federico R. Lopez
Benjamin R. Lopez
Nestor J. Padilla
Miguel Ernesto L. Lopez
Francis Giles B. Puno
Jose Valentin A. Pantangco Jr.
Oscar J. Hilado (Independent Director)

Monico V. Jacob (Independent Director)
Alfred F. Del Rosario (Independent Director)

The Company's key executive officers as of December 31, 2021 are as follows:

Nestor J. Padilla	President & Chief Executive Officer
Miguel Ernesto L. Lopez	Treasurer and Senior Vice President, Office Development
Manuel L. Lopez, Jr.	Board Advisor; President, Rockwell Leisure Club Inc
Valerie Jane L. Soliven	Executive Vice President and Chief Revenue Officer
Ellen V. Almodiel	Executive Vice President, Chief Finance and Compliance Officer
Davy T. Tan	Senior Vice President, Business and Project Development
Maria Lourdes L. Pineda	Senior Vice President – Business Development and Project Director, Bacolod
Estela Y. Dasmarinas	Senior Vice President, Human Resources
Christine T. Coqueiro	Vice President, Retail Development
Angela Marie B. Pagulayan	Vice President, Property Management
Jesse S. Tan	Vice President, Office Development
Jovie Jade L. Dy	Vice President and Project Director, Rockwell South
Alexis Nikolai S. Diesmos	Vice President, Project Development
Ma. Fe Carolyn Go-Pinoy	Vice President, Legal and Chief Data Privacy Officer
Geraldine B. Brillantes	Assistant Vice President and General Manager, Rockwell Club
Romeo G. Del Mundo, Jr.	Assistant Vice President and Chief Audit Officer
Sherry Rose I. Lorenzo	Assistant Vice President- Finance & Accounting and Comptroller
Stella May A. Fortu	Assistant Vice President, Corporate Planning & Chief Risk Officer
Enrique I. Quiason	Corporate Secretary
Esmeraldo C. Amistad	Assistant Corporate Secretary

The following discussion presents a brief description of the business experience of each of the Company's Directors and key executive officers for the last five years:

Manuel M. Lopez – 79, Filipino

Mr. Lopez has served as the Chairman of Rockwell Land since 1995. He is currently the Chairman and CEO of Lopez Holdings Corporation. Concurrently, he is the Chairman of the Board of Rockwell Leisure Club, Sky Vision Corporation and Bayan Telecommunications Holdings Corporation. He is the Vice Chairman of Lopez Inc. He is a Director of ABS-CBN Corp., First Philippine Realty Corporation and Lopez Group Foundation. He is the President of Eugenio Lopez Foundation. He also served as Philippine Ambassador to Japan from 2011-2016, for which his exemplary works conferred him the rank of Grand Cross, Gold Distinction, Datu to the Order of Sikatuna by President Benigno Aquino. He served as the Chairman of the Board of MERALCO from July 2010 to June 2012 after his retirement as Chairman and CEO for nearly 10 years since 2001. Mr. Lopez holds a Bachelor of Science degree in Business Administration from the University of the East and attended the Program for Management Development at the Harvard Business School.

Oscar M. Lopez - 91, Filipino

Mr. Lopez has served as Vice-Chairman of Rockwell Land from 1995 to 2012 until he became Chairman Emeritus of FPH in June 2010. He is FPH's Chief Strategic Officer and Chairman of the Executive Committee and the Corporate Governance Committee. He is also currently the Chairman

Emeritus of Lopez Holdings, Energy Development Corporation (EDC), First Gen Corporation, First Balfour, Inc., First Philippine Electric Corporation, First Philippine Industrial Corporation, First Philippine Realty Corp., and FPH Capital Resources, Inc. Prior to this, he was the Chairman of FPH from 1986 to 2010. Mr. Lopez is also the Chairman of ABS-CBN Holdings Corp and Director of ABS-CBN Corp. He chairs both the Eugenio Lopez Foundation and Lopez Group Foundation, Inc. He is a Director of Asian Eye Institute and ADTEL, Inc. He studied at the Harvard College and graduated cum laude (Bachelor of Arts) in 1951. He finished his Masters of Public Administration at the Littauer School of Public Administration, also at Harvard in 1955.

Federico R. Lopez – 60, Filipino

Mr. Lopez is the Vice-Chairman of Rockwell Land since August 2012. He is the Chairman and CEO of FPH, First Gen Corp., and Energy Development Corporation. He is also Chairman of the Board of First Balfour, First Philippine Industrial Park, Inc., First Philippine Electric Corporation, First Philec, Inc., FP Island Energy Corporation, First Philippine Realty Corporation, First Industrial Science and Technology School, Inc., Pi Energy Inc. and Pi Healty Inc. He is also a Director of ABS-CBN Corporation and Asian Eye Institute. He is a member of the following World President's Organization organizations: World President's Organization, Chief Executives Organization, ASEAN Business Club, Makati Business Club, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce, and New York Philharmonic International Advisory Board. He is Chairman of the Board of Trustees of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation (OML Center) and the Sikat Solar Challenge Foundation. He is also a Trustee of the Philippine Forest Foundation, the World Wildlife Fund Philippines, and the Philippine Disasters Recovery Foundation. Mr. Lopez graduated with a Bachelor of Arts Degree with a Double Major in Economics & International Relations (Cum Laude) from the University of Pennsylvania in 1983.

Benjamin R. Lopez - 52, Filipino

Mr. Lopez was elected as member of the Board last September 30, 2020. He had been a Director of Rockwell Land from 2006 to 2013 and held various posts in Business Development, Sales and Marketing and Project Development from 1995 to 2004. He is also currently a Vice President of FPH, treasurer and senior executive vice president of Lopez Inc. and president of INAEC Aviation Corporation. In addition, he is a member of the board of directors of various Lopez Group subsidiaries. He received an undergraduate degree from George Washington University and an MBA from Asian Institute of Management.

Miguel Ernesto L. Lopez - 53, Filipino

Mr. Lopez has been a Director and Treasurer of Rockwell Land since 2009. He was the Senior Vice President and General Manager of Rockwell Integrated Property Services, Inc. (RIPSI) since 2012 until he started heading Office Development business of Rockwell Land in June 2016. He is also an Executive Vice President of Lopez Holdings Corporation. He is also a Director of Rockwell Leisure Club, Inc. and Rockwell Center Association, Inc. He is a member of the Board of Trustees of Eugenio Lopez Foundation, Inc. and an advisor to the Lopez Group Foundation Inc. He was previously part of the Board of Directors for Indra, Outsourced Telleserve Corporation, Meralco Millenium Foundation, Inc., Philippine Commercial Capital, Inc. (PCCI) and PCCI Securities Brokers, Inc. He held several executive and management positions at Meralco from 2002-2010. Prior to this, he was with Maynilad Water Services, Inc. as head of its Central Business Area. Mr. Lopez holds a Bachelor of Science degree in Business Administration from Menlo College of California, USA and attended the Executive Development Program of the Asian Institute of Management.

Nestor J. Padilla - 67, Filipino

Mr. Padilla has been a Director at Rockwell Land since 1997, and has been the President and Chief Executive Officer since 1995. He has also served as a Director in Rockwell Club and has served as a Trustee of the Rockwell Residential Towers Condominium Corporation. He was previously a Director of First Philippine Realty Corporation, First Batangas Hotel Corporation, First Philippine Industrial Park, Terraprime, Inc., FPIP Property Developers & Management Corporation, FPIP Utilities, Inc. and Grand Batangas Resort Development, Inc. Prior to 1995, he held the position of Chief Executive Officer in Lippo Land in Indonesia and was the Executive Director of Indo Ayala Leasing. Mr. Padilla holds a Bachelor of Science degree in Business Management from the Ateneo de Manila University.

***Francis Giles B. Puno* -** 57, Filipino

Mr. Puno has been a Director of Rockwell Land since 2013. He was appointed Chief Finance Officer and Treasurer of FPH in October 2007 and was promoted to Executive Vice-President in September 2011. He is currently the President and COO of FPH and First Gen Corporation; and President of First Philippine Realty and Development Corp., First Philippine Industrial Park, Inc.,FPH Caital Resources, Inc. and First Philippine Utilities Corp. He is the Chairman of the Board of First Philippine Development Corp and First Batangas Hotel Corporation. He is a director in the various subsidiaries and affiliates of FPH and First Gen including, among others, Energy Development Corporation, First Balfour Inc., First Philippine Electric Corporation and First Philec, Inc. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group. He has a Bachelor of Science degree in Business Management from the Ateneo de Manila University and a Master in Business Administration degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

Jose Valentin A. Pantangco Jr.- 50, Filipino

Mr. Pantangco has been a Director at Rockwell Land since 2018. He is also currently a Director of First Balfour, Inc., Terraprime, Inc., First Phil. Electric Corp., FPH Land Ventures, Inc., First Batangas Hotel Corp., First Industrial Township, Inc., First Industrial Township Water, Inc., First Phil. Development Corp., First Phil. Industrial Park, Inc., FPIP Property Developers & Management Corp., FPIP Utilities, Inc., First Phil. Realty Corp., Grand Batangas Resort Dev't., Inc. and Legacy Homes, Inc. He also serves as President of First Sumiden Realty, Inc. Prior to joining FPH, he was Managing Director for Consultancy and Business Development of Changi Airports International from 2007 until 2016. From 2004 to 2006 he was Senior Associate at McKinsey and Company. He is a graduate of the Harvard Business School with a Masters in Business Administration degree (2004) and of the Ateneo de Manila University with a Bachelor of Arts degree in Economics (1994).

Oscar J. Hilado – 84, Filipino

Mr. Hilado has been an Independent Director of Rockwell Land since 2015. He is also an independent director of FPH from 1996 up to 2016. He is the Chairman of the Philippine Investment Management (PHINMA), Inc., PHINMA Corporation and PHINMA Property Holdings. He is currently Vice Chairman of Union Galvasteel Corporation. He is a director of various companies such as A. Soriano Corporation, Philex Mining Corporation, Smart Communications, Inc., Digital Telecommunications Phils., Inc. (DIGITEL), Roxas Holdings,Inc., Manila Cordage Company, United Pulp and Paper Company, Inc., Seven Seas Resorts & Leisure, Inc., Beacon Property Ventures, Inc. and several universities and colleges across the Philippines, to name a few. He graduated with Highest Honors and with a Gold Medal for General Excellence and a Bachelor of Science in Commerce Degree from De La Salle College (Bacolod). He pursued his Degree of Masters in Business Administration at the Harvard Graduate School of Business Administration from 1960-1962. Mr. Hilado is a Certified Public Accountant.

***Monico V. Jacob* -** 77, Filipino

Mr. Jacob was elected as an independent director of Rockwell Land on April 6, 2016. He has been an independent director of Lopez Holdings Corporation (publicly listed) since 2013. He is currently the Chairman of Total Consolidated Asset Management, Philippine Life Financial Assurance, Inc. (PhilLife), Global Resource for Outsourced Workers, Inc., Rosehills Memorial Management Inc., and STI West Negros University. He is the CEO and Vice Chairman of STI Education Services Group and President of STI Education Systems Holdings, Inc. He is a director of Jollibee Foods Corp. and Phoenix Petroleum Philippines. Prior to his current positions, he was Chairman and CEO of Petron Corporation and Philippine National Oil Company (PNOC), was a General Manager of National Housing Authority (NHA) and also became a CEO of the Home Development Mutual Fund, popularly known as the PAG-IBIG Fund. He also became Chairman of Meralco Financial Services Corporation and Director of Meralco Industrial Engineering Services Corporation and Clark Electric Distribution Corp. He received his Bachelor of Laws degree from the Ateneo de Manila University in 1971.

Albert F. Del Rosario **-** 82, Filipino

Mr. Del Rosario was elected as an independent director of Rockwell Land on June 8, 2017. He served as Secretary of Foreign Affairs of the Philippines from February 2011 to March 2016 and as Philippine Ambassador to the United States of America from October 2001 to August 2006. Prior to entering public service, the Ambassador was on the Board of Directors of over 50 firms over four decades spanning insurance, banking, real estate, shipping, telecommunications, advertising, consumer products, retail, pharmaceutical and food industries. He is a Chairman of Philippine Stratbase Consultancy, Inc., Gotauco del Rosario Insurance Brokers, Inc., Stratbase ADR Institute, Inc., Citizens for Promoting Human Rights, Inc. and a director of Indra Philippines, Inc., PLDT Inc., Metro Pacific Investments Corporation, Metro Pacific Tollways Corporation, Two Rivers Pacific Holdings Corporation, Metro Pacific Resources, Inc., Metro Pacific Holdings, Inc., Metro Pacific Asset Holdings, Inc., Philippine Telecommunications Investment Corporation, Enterprise Investment Holdings, Inc. and Asia Insurance (Phil.). He is a recipient of numerous awards and has been recognized for his valuable contributions to the Philippines and abroad, including but not limited to the following: the Order of Sikatuna, Rank of Datu, the Order of Lakandula with the Rank of Grand Cross (Bayani) for co-chairing the 2015 APEC Summit, the EDSA II Presidential Heroes Award in 2001 and the Philippine Army Award in 1991. He graduated from Xavier High School in New York and received his Bachelor of Science Degree in Economics from New York University. He is a recipient of an honorary Doctor of Laws degree (Honoris Causa) from New York's College of Mount Saint Vincent.

Manuel L. Lopez, Jr. **-** 54, Filipino

Mr. Lopez is currently the President of Rockwell Leisure Club, Inc. (RLCI) and Adviser to the Board of Rockwell Land starting 2017. He was a board member of RLCI since 2016 and has been a Director at Rockwell Land since 2011 until his resignation in 2017. He is the Chairman and CEO of Global Integrated Contact Facilities Inc. (GICF) and SLASHdotPH since 2015 and 2014, respectively. He serves as a Director of Lopez Inc., Philippine Trade Foundation, Inc., and an Executive Vice President of Benpres Insurance Agency Inc. He had served as a Director of ABS-CBN Broadcasting Corporation, Central CATV,Inc. (Sky Cable), Philippine Commercial Capital Inc., among others. He was previously the Chairman and CEO of PacificHub Corporation for 10 years, Mr. Lopez holds a Bachelor of Science degree in Business Administration from De La Salle University.

Valerie Jane L. Soliven – 53, Filipino

Ms. Soliven served the Company for 23 years and is currently the Executive Vice-President since October 2018 and Chief Revenue Officer since August 2017. She headed Rockwell's Sales and Marketing team for 20 years. Before joining Rockwell Land, she worked at the Manila Garden Suites, EDSA Shangri-La Hotel and the Shangri-La Hotel in Singapore. Ms. Soliven, a licensed broker, holds a Bachelor of Science degree in Hotel and Restaurant Administration from the University of the Philippines. She completed a Management Development Program from the Asian Institute of Management in 2006.

***Ellen V. Almodiel* -** 48, Filipino

Ms. Almodiel is currently the Executive Vice President and Chief Finance & Compliance Officer. She has been the Chief Finance Officer since 2014. She was appointed as Chief Compliance Officer last June 2017. She started in Rockwell Land as Finance Manager in 2004 and briefly served as Manager of the Business Development Team. Prior to joining Rockwell Land, she was a Financial Analyst and later an Assistant to the Group Chief Finance Officer of the Alcantara Group of Companies and Finance Manager of NextStage, Inc.. Ms. Almodiel, a Certified Public Accountant, holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines, where she graduated cum laude.

Davy T. Tan – 48, Filipino

Mr. Tan joined Rockwell Land in 2007 as Financial Analyst and Budget Manager and was promoted to Senior Vice-President for Business Development in 2017. Prior to joining Rockwell Land, he spent six years with Filinvest Alabang, Inc., a subsidiary of Filinvest Development Corporation, as Proof and Control Officer of the Festival Supermall and later as Finance Analyst. He was also an Accounting Officer at D.M. Consunji, Inc. and Junior Auditor at Punongbayan and Araullo. Mr. Tan, a Certified Public Accountant, holds a Bachelor of Science degree in Accountancy from the University of the East.

***Maria Lourdes L. Pineda* -** 52, Filipino

Ms. Pineda has been with the Company for nearly 20 years and is currently Senior Vice President of Business Development and Project Director for Bacolod. She previously served as SVP for Rockwell Primaries Development Corporation, Vice-President for Retail and General Manager of the Power Plant Mall as well as Membership Relations Manager for Rockwell Club. Prior to joining Rockwell Land, she worked for four years at Jewelmer International, a French-Filipino company specializing on exquisite jewelry. Ms. Pineda holds a Bachelor of Science degree in Hotel and Restaurant Management from the University of the Philippines. She completed a Management Development Program from the Asian Institute of Management in 2006.

Estela Y. Dasmariñas –61, Filipino

Ms. Dasmarinas is currently the Senior Vice-President for Human Resources of the Company and its subsidiaries. Prior to joining Rockwell Land in 2000, she was Vice-President for Human Resources of AMA-DDB Needham Worldwide, Inc., a multinational advertising and communications organization. She was also Director for Human Resources of property development firm Metro Asia Resources Corporation and Manager for Human Resources of Mitsubishi Motor Corporation Philippines, Inc. Ms. Dasmarinas holds a Bachelor of Science degree in Political Science and a Master of Arts degree in Industrial Relations specializing in Human Resource from the University of the Philippines.

Christine T. Coqueiro – 42, Filipino

Ms. Coqueiro is currently Vice President for Retail Development. She has been with Rockwell Land Corporation for a total of 11 years and in 2014 became the Assistant Vice President of Retail Development. Prior to joining Rockwell Land, she worked with Republic Apparel Retailers, Inc for 2 years, and 5 years with Chempak Enterprises. Ms. Coqueiro holds a Bachelor of Science degree in Business Administration Major in Business Management at De La Salle – College of Saint Benilde and is a member of the International Council of Shopping Centers.

Angela Marie B. Pagulayan – 47, Filipino

Ms. Pagulayan is currently Vice President for Property Management and has been with Rockwell Land Corporation for a total of 17 years, starting off her career in Customer Service. She has then held various positions in Sales and Marketing, Retail, Rockwell Club and Residential Leasing before becoming an Assistant Vice President for Hotel and Leisure in 2014. She is a graduate of De La Salle University with a Bachelor's Degree in Organizational Communication.

Jesse S. Tan – 40, Filipino

Mr. Tan is currently a Vice President for Office Development. He has been with the company for 15 years since he joined in April 2006. He started as a Finance and Accounting Supervisor and held various Finance positions until his promotion to Assistant Vice President in 2014. He joined the Office Development team in 2016. Prior to Rockwell Land, he was an Audit Supervisor in Isla Lipana & Co. from 2002-2004. Mr. Tan is a Certified Public Accountant and graduated cum laude with a degree of Bachelor of Science in Accountancy at Centro Escolar University.

Jovie Jade L. Dy – 37, Filipino

Ms. Dy is currently Vice President and Project Director for Rockwell South. She has been with Rockwell Land Corporation for a total of 14 years. She joined Rockwell Land in 2005 as a Sales Executive. In 2007, she was tasked to lead her own team of sales executives and eventually was assigned as Project Sales Head for Grove in 2012 and later on for Proscenium in 2014. In 2016, she became Rockwell Land's Sales Head. Ms. Dy is a licensed real estate broker and holds a Bachelor of Science degree in Psychology from De La Salle University.

Alexis Nikolai S. Diesmos **–** 46, Filipino

Mr. Diesmos joined Rockwell Land in February 2006 as a Project Architect. He was also assigned to various residential and mixed-use projects as Construction and Project Manager. In July 2015, he was promoted to Assistant Vice President for Project Development. Prior to joining Rockwell Land, he was Project Architect in Cadiz International, Recio+Casas, Velor Construction and TAC Interiors. He graduated in University of Santo Tomas with a Bachelor's Degree in Architecture. He also finished a short course in Philippine School of Interior Design major in Interior Design.

Ma. Fe Carolyn Go-Pinoy **–** 56, Filipino

Ms. Pinoy is currently Vice President for Legal of the Company and has been with Rockwell Land Corporation for a total of 13 years. She started her real estate exposure as an Arbiter for the HLURB in 1997 followed by her private practice of law until she joined Rockwell in 2000. Ms. Pinoy got her Law Degree from San Beda University and passed the bar in 1995. She also holds a Bachelor of Arts in English Language from the University of the Philippines.

Geraldine B. Brillantes – 43, Filipino

Ms. Brillantes has been with Rockwell Land for 17 years. She joined Rockwell Land in 2002, shortly after graduating from the University of the Philippines with a Bachelor's Degree in Tourism. She started in the Front Office of RIPSI, the property management arm of Rockwell Land. She was first promoted as a Building Manager in 2007, assigned to several projects in the same capacity, until she headed the West Block of RIPSI in 2012. She was promoted to Assistant Vice President in the same year before she transferred as General Manager of Rockwell Leisure Club in 2013.

Romeo G. Del Mundo, Jr. – 46, Filipino

Mr. del Mundo is currently Assistant Vice President for Internal Audit since 2014 and appointed Chief Audit Officer in 2017. He started as Finance Manager in 2007 and was assigned to various business units and subsidiaries. He led the Internal Audit Team since 2013 and was promoted to Assistant Vice President in 2014. Prior to joining Rockwell Land, he worked for Citibank N.A., UNILAB, First Metro Investment Corp. and SGV & Co. Mr. del Mundo is a Certified Public Accountant and holds a Bachelor of Science in Commerce, major in Accountancy from the University of Santo Tomas.

Sherry Rose I. Lorenzo – 35, Filipino

Ms. Lorenzo is currently Assistant Vice President for Finance & Accounting since 2017 and appointed Comptroller in 2022. She has been in the company for 14 years since she joined in December 2007, and was assigned to various Finance & Accounting positions. She graduated from University of Santo Tomas with a Bachelor's Degree in Accountancy, and is a Certified Public Accountant.

Stella May A. Fortu – 32, Filipino

Ms. Fortu is an Assistant Vice President, currently serving as the Head of Corporate Planning and Chief Risk Officer of Rockwell Land. Before joining Corporate Planning, she was with the Finance and Accounting team, managing the financial planning for all business units and subsidiaries. She has been with Rockwell since 2014. Prior to joining Rockwell, she was part of the Transactions and Restructuring department of KPMG Manabat Sanagustin and Co. She graduated cum laude from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. She is a Certified Public Accountant and a CFA charterholder.

Enrique I. Quiason **-** 61, Filipino

Mr. Quiason has been the Corporate Secretary at Rockwell Land since 1995. He is a Senior Partner of the Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Firm. He is also the Corporate Secretary of FPH, Lopez Holdings and ABS-CBN and various subsidiaries and affiliates of FPH and Lopez Holdings. Mr. Quiason, a Member of the Integrated Bar of the Philippines, graduated with a B.S. Business Economics (Cum Laude) degree in 1981 and with a Bachelor of Laws degree in 1985 from the University of the Philippines. He received his LL.M. in Securities Regulation from Georgetown University in 1991.

Esmeraldo C. Amistad **-** 55, Filipino

Mr. Amistad has been the Company's Assistant Corporate Secretary since Sept. 2014. He is the Vice President at First Philippine Holdings (FPH) since 2017 and has been with the company since 1997. He was appointed as Asst. Corporate Secretary and Asst. Compliance Officer of FPH in Sept. 2014. He is also the Corporate Secretary and Asst. Corporate Secretary of various FPH subsidiaries and affiliates. He holds a Bachelor of Arts in English (1987) and a Bachelor of Laws (1992) degree both from the University of the Philippines. He has completed the Managerial Leadership Program (2003) and attended the Executive Master's in Business Administration at the Asian Institute of Management (2011).

Significant Employees

The Board of Directors and members of the senior management of Rockwell Land have been an integral part of its success. Their knowledge, experience, business relationships and expertise greatly contribute to Rockwell Land's operating efficiency and financial performance.

Rockwell Land maintains that it considers the collective efforts of the Board of Directors and all of the Company's employees as instrumental to its overall success. The business of Rockwell Land is not dependent on any individual person. No employee is indispensable in the organization. Rockwell Land has institutionalized through documentation, its processes, procedures and training to ensure continuity and scalability of the business without relying on any particular employee.

Item 10 EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

The Company's amended by-laws provide that the Board of Directors shall not receive any salary for their services as director other than an honorarium not exceeding P15, 000.00 for their attendance in each regular or special meeting of the Board of Directors, or Executive Committee but this provision shall not preclude any director from serving the Company in any other capacity and receiving compensation therefore.

The Company's amended by-laws also provide that the Board of Directors, officers and employees may participate in the unrestricted profits or earnings from the operations of the Company, after taxes, to be distributed in the manner, amounts and proportions as the Board of Directors may determine.

Summary of Compensation Table (Annual Compensation)

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other annual compen sation
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (EVP, Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Soliven, Valerie Jane L. (EVP and Chief Revenue Officer) Tan, Davy T. (EVP, Business/Project Development)	2020	P58.7 million	P5.5 million	P2.0 million
All other Officers and Directors	2020	P27.6 million	P2.6 million	P12.4 million
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (EVP, Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Soliven, Valerie Jane L. (EVP and Chief Revenue Officer) Tan, Davy T. (SVP, Business/Project Development)	2021	P66.9 million	P5.8 million	P3.8million
All other Officers and Directors	2021	P34.4 million	P3.0 million	P9.4 million
CEO + 4 most highly compensated executive officers	2022 Estimate	P71.4 million	P6.4 million	P4.1 million

Almodiel, Ellen V. (EVP, Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Soliven, Valerie Jane L. (EVP and Chief Revenue Officer) Tan, Davy T. (SVP, Business/Project Development)				
All other Officers and Directors	2022 Estimate	P36.7 million	P3.3 million	P10.1 million

*In alphabetical order

Employment Contracts between the Company and Executive Officers

There are no existing employment contracts with executive officers. There are no arrangements for compensation to be received from the Company in the event of a resignation, retirement or termination of the executive officer's employment or a change of control of the Company.

Options Outstanding

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested. On December 6, 2012, the SEC authorized the ESOP. The ESOP was implemented in January 3, 2013.

The outstanding options as of 31 December 2021 are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (EVP, Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Soliven, Valerie Jane L. (EVP and Chief Revenue Officer) Tan, Davy T. (EVP, Business/Project Development)	31,880,000	Various	P1.46	various
All Other Officers & directors	10,706,000	Various	P1.46	various

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
Total	42,586,000			

**In alphabetical order*

Other Arrangements

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
Common Shares	6th Floor Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604	First Philippine Holdings Corporation is the beneficial and record owner of the shares indicated	Filipino	5,296,015,375	86.5820%
Common Shares	PCD Nominee Corporation 37/F Enterprise Tower I, Ayala Ave., cor. Paseo de Roxas, Makati City Stockholder	PCD Nominee Corporation is the record owner but not the beneficial owner which are owned beneficially by the investing public	Filipino	555,358,563	9.07928%
Common Shares	PCD Nominee Corporation 37/F Enterprise Tower I, Ayala Ave., cor. Paseo de Roxas, Makati City Stockholder	PCD Nominee Corporation is the record owner but not the beneficial owner which are owned beneficially by the investing public	Foreign	93,655,369	1.5311%
TOTAL OUTSTANDING COMMON SHARES				6,116,762,198	100.0%
Preferred Shares	6th Floor Rockwell Business Center Tower 3, Ortigas	First Philippine Holdings Corporation is the beneficial and record	Filipino	2,750,000,000	100.0%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
	Avenue, Pasig City 1604	owner of the shares indicated			
TOTAL OUTSTANDING PREFERRED SHARES				2,750,000,000	100.0%

Except as described above, there are no other arrangements pursuant to which any of the Company's directors and officers are compensated, or are to be compensated, directly or indirectly.

Item 11 SECURITY and OWNERSHIP of CERTAIN BENEFICIAL OWNERS and MANAGEMENT

a) Security Ownership of Certain Record and Beneficial Owners and Management as of 31 December 2021

b) Security Ownership of Management as of 31 December 2021

To the best of knowledge of the Company, the following are the shareholdings of the directors and officers:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common Shares	Manuel M. Lopez Chairman	2,959,173 (direct/indirect)	Filipino	0.0484%
Common Shares	Oscar M. Lopez Director	174,898 (direct/indirect)	Filipino	0.0029%
Common Shares	Federico R. Lopez Vice Chairman	1 (indirect)	Filipino	0.0000%
Common Shares	Nestor J. Padilla Director, President & CEO	21,150,001 (direct/indirect)	Filipino	0.3458%
Common Shares	Miguel Ernesto L. Lopez Director, Treasurer & Senior Vice President, Office Development	243,694 (direct/indirect)	Filipino	0.0040%
Common Shares	Benjamin R. Lopez Director	1 (indirect)	Filipino	0.0000%
Common Shares	Francis Giles B. Puno Director	5,656 (direct)	Filipino	0.0001%
Common Shares	Jose Valentin A. Pantangco,Jr. Director	1 (direct)	Filipino	0.0000%
Common Shares	Oscar J. Hilado Independent Director	1 (indirect)	Filipino	0.0000%
Common Shares	Monico V. Jacob Independent Director	2 (direct)	Filipino	0.0000%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common Shares	Albert F. Del Rosario Independent Director	2,818 (direct)	Filipino	0.0000%
Common Shares	Enrique I. Quiason Corporate Secretary	3,575 (direct)	Filipino	0.0001%
N.A.	Esmeraldo C. Amistad Asst. Corporate Secretary	None	Filipino	N.A.
N.A.	Valerie Jane L. Soliven Executive Vice-President & Chief Revenue Officer	28,000 (direct)	Filipino	0.0005%
N.A.	Ellen V. Almodiel Executive Vice-President, Chief Finance and Compliance Officer	None	Filipino	N.A.
Common Shares	Ma. Lourdes L. Pineda Senior Vice-President, Business Development	141,272 (direct/indirect)	Filipino	0.0023%
N.A.	Davy T. Tan Senior Vice President, Business Development	None	Filipino	N.A.
Common Shares	Estela Y. Dasmariñas Vice-President, Human Resources	1,882 (direct)	Filipino	0.0000%
N.A.	Ma. Fe Carolyn Go Pinoy, Vice-President, Legal & Chief Data Privacy Officer	None	Filipino	N.A.
N.A.	Manuel L. Lopez, Jr. President of Rockwell Leisure Club Inc. & Adviser to the BOD	None	Filipino	N.A.
N.A.	Jovie Jade L. Dy Vice President, Residential Sales	None	Filipino	N.A.
N.A.	Christine T. Coqueiro Vice President, Retail Development	None	Filipino	N.A.
N.A.	Angela Marie B. Pagulayan Vice President, Hotel & Leisure Development	None	Filipino	N.A.
N.A.	Jesse S. Tan Vice President, Office Development	None	Filipino	N.A.
N.A.	Alexis Nikolai S. Diesmos Vice President, Project Development	None	Filipino	N.A.
N.A.	Geraldine B. Brillantes Assistant Vice President and GM, Rockwell Leisure Club	None	Filipino	N.A.
N.A.	Romeo G. Del Mundo, Jr. Assistant Vice President, Internal Audit and Chief Audit Officer	None	Filipino	N.A.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
N.A.	Sherry Rose I. Lorenzo, Assistant Vice President, Finance & Accounting and Comptroller	None	Filipino	N.A.
N.A.	Stella May Arais Fortu, Assistant Vice-President – Corporate Planning & Chief Risk Officer	None	Filipino	N.A.

Change in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

The Company's amended articles of incorporation or amended by-laws do not contain provisions that would delay, defer or prevent a change in control of the Company. Under the Company's amended articles of incorporation and amended by-laws, holders of Preferred Shares are entitled to voting rights. Further, Preferred shares can only be transferred to (a) Philippine citizens and (b) to a corporation of which at least 60% of the total outstanding equity capital is beneficially owned by Philippine citizens and which is not in competition with Meralco, Benpres Holdings Corporation (now "Lopez Holdings Corporation"), FPH, or any of their affiliates. Upon completion of the Dividend Distribution and Listing, the Preferred Shares constitute 31.01% of the Company's outstanding capital stock. As of 31 December 2021, FPH's combined ownership of the Company's Preferred Shares and Common Shares was 90.74% of the total outstanding voting capital stock.

Item 12 CERTAIN RELATIONSHIPS and RELATED TRANSACTIONS

Other than the following family relationships, there are no other family relationships within the Board of Directors and executive officers of the Company:

- Chairman Manuel M. Lopez and Chairman Emeritus Oscar M. Lopez are brothers.
- Treasurer Miguel Ernesto L. Lopez and Manuel L. Lopez Jr. are brothers, sons of the Chairman Manuel M. Lopez and nephews of Chairman Emeritus Oscar M. Lopez.
- Vice-Chairman Federico R. Lopez and Benjamin R. Lopez are the sons of Chairman Emeritus Oscar M. Lopez and nephew of Chairman Manuel M. Lopez.
- Vice-Chairman Federico R. Lopez and Benjamin R. Lopez, and Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins.
- Vice-Chairman Federico R. Lopez is the brother in law of Francis Giles B. Puno.

PART V – CORPORATE GOVERNANCE

Item 13 COMPLIANCE with LEADING PRACTICE on CORPORATE GOVERNANCE

Based on SEC Memorandum Circular No. 15 (series of 2017) dated December 15, 2017, SEC mandated all companies to submit an Integrated Annual Corporate Governance Repot (I-ACGR) by

May 31, 2019 in lieu of several reports required in the past years. As of the date of this annual report for the year ending December 31, 2021, Rockwell Land is still in the process of compliance for the I-ACGR.

Rockwell Land has established policies and practices disclosed in the Manual on Corporate Governance uploaded in the company's website and PSE edge. The company is in full compliance since the adoption of the Manual. The company also endeavors to be in full compliance with SEC's Code of Corporate Governance. As of 2021, the company complied with the following:

CODE	Compliant/Non-compliant
Establishing a competent board	compliant
Establishing clear roles and responsibilities of the board	compliant
Establishing board committees	compliant
Fostering Commitment	compliant
Reinforcing board independence	compliant
Assessing board performance	Non-compliant (will endeavour to comply in 2022)
Strengthening board ethics	Non-compliant (will endeavour to comply in 2022)
Enhancing company disclosure policies and procedures	Non-compliant (will endeavour to comply in 2022)
Strengthening external auditor's independence and improving audit quality	compliant
Increasing focus on non-financial and sustainability reporting	compliant
Promoting a comprehensive and cost-efficient access to relevant information	compliant
Strengthening internal control and risk management systems	compliant
Promoting shareholder/member rights	compliant
Respecting rights of stakeholders and effective redress for violation of stakeholder's rights	compliant
Encouraging employees' participation	compliant
Encouraging sustainability and social responsibility	compliant

PART VI – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS and REPORTS on SEC FORM 17-C

(a) **Exhibits**

The following exhibits are filed as a separate section of this report:

Exhibit "A" - Audited Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020

Exhibit "B" - Supplementary Schedules as per SRC Rule 68, As Amended

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) **Reports on SEC Form 17-C**

The corporation disclosed the following matters on the dates indicated:

<table>
<tr><th>DATE</th><th>DESCRIPTION OF THE DISCLOSURE</th></tr>
<tr><td>January 5, 2021</td><td>
Item 9 – Other Events

In accordance with SEC Memorandum Circular No. 1 Series of 2014, please be advised of the attendance of Rockwell Land Corporation’s Board of Directors for the year 2020 which is provided below:

<table>
<tr><th>DIRECTORS</th><th>FEB 3</th><th>MAR 12</th><th>APR 3</th><th>APR 29</th><th>JUN 25</th><th>JUL 29</th><th>AUG 28[1] (ASM)</th><th>AUG 28[2] (OMB)</th><th>SEP 30</th><th>OCT 28</th><th>DEC 9</th></tr>
<tr><td>O.M. Lopez</td><td>√</td><td>X</td><td>√</td><td>X</td><td>X</td><td>√</td><td>X</td><td>X</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>M.M. Lopez</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>F.R. Lopez</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>A.F. Del Rosario</td><td>√</td><td>X</td><td>√</td><td>√</td><td>√</td><td>X</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>O.J. Hilado</td><td>X</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>M.V. Jacob</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>E.L. Lopez III*</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>X</td><td>X</td><td>X</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>B.R. Lopez**</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>M.L. Lopez</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>N.J. Padilla</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>J.A. Pantangco, Jr.</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
<tr><td>F.G.B. Puno</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td></tr>
</table>
Legend: √ -Present
X –Absent
1 -Annual Stockholders Meeting
2 – Organizational Board Meeting
*- No longer a director as of September 30, 2020
**-Elected as director on September 30, 2020
</td></tr>
<tr><td>March 26, 2021</td><td>
Item 9 – Other Events

At the regular meeting of the Board of Directors (BOD) of the Corporation held today, the BOD approved the following:

The Corporation’s Consolidated Audited Financial Statements for the year ended December 31, 2020.
</td></tr>
<tr><td>March 26, 2021</td><td>
At the regular meeting of the Board of Directors (BOD) of the Corporation held today, the BOD approved the following:

a. The Annual Stockholders’ Meeting (ASM) will be held on May 24, 2021, at 9:00am to be conducted virtually by means of remote communication. Stockholders of record as of April 15, 2021 are entitled to one vote for each share of stock standing in his name on the stock books of the Corporation.

b. The determination of the qualification and/or disqualification of the nominees for board membership pursuant to the guidelines set in the By-Laws and Manual on Corporate Governance. The nominees for the ensuing year 2021-2022 are as follows:

Nominated by First Philippine Holdings as non-independent directors:

1. Manuel M. Lopez
2. Oscar M. Lopez
</td></tr>
</table>

DATE	DESCRIPTION OF THE DISCLOSURE
	3. Federico R. Lopez 4. Miguel L. Lopez 5. Benjamin R. Lopez 6. Nestor J. Padilla 7. Francis Giles B. Puno 8. Jose Valentin A. Pantangco, Jr. Nominated by Ms. Perla R. Catahan as independent directors: 1. Oscar J. Hilado 2. Monico V. Jacob 3. Albert F. Del Rosario c. The agenda for the Annual Stockholders' Meeting on May 24, 2021 are as follows: 1. Call to Order 2. Proof of Required Notice 3. Determination of Quorum 4. Approval of the Minutes of the August 28, 2020 Stockholders' Meeting 5. Reports of the Chairman & the President 6. Approval/Ratification of the December 31, 2020 Reports and the Audited Financial Statements 7. Ratification of the Acts of the Board and Management 8. Election of Directors 9. Appointment of External Auditors 10. Other Matters 11. Adjournment
April 29, 2021	**Item 9 – Other Events** In view of the Modified Enhanced Community Quarantine imposed by the government to address the rising cases of COVID-19, which caused delays in the preparation for the annual stockholders meeting, the Board of Directors in its regular meeting today approved the postponement of the annual stockholders' meeting scheduled for May 24, 2021 to June 30, 2021 at 9:00AM to be conducted virtually. Stockholders of record as of the original record date of April 15, 2021 are entitled to attend and vote during the said annual stockholders' meeting.
June 30, 2021	**Item 4** A. At the Annual Stockholders' Meeting held on June 30, 2021, the pesons named herein were elected as members of the Board of Directors of Rockwell Land Corporation (the "Corporation") for the ensuing year 2021-2022 Name — Nationality Amb. Manuel M. Lopez — Filipino Mr. Oscar M. Lopez — Filipino Mr. Federico R. Lopez — Filipino Mr. Nestor J. Padilla — Filipino Mr. Miguel Ernesto L. Lopez — Filipino Mr. Benjamin R. Lopez — Filipino Mr. Francis Giles B. Puno — Filipino Mr. Jose Valentin A. Pantangco, Jr. — Filipino M. Oscar J. Hilado* — Filipino Mr. Monico V. Jacob* — Filipino Amb. Albert F. Del Rosario* — Filipino

DATE	DESCRIPTION OF THE DISCLOSURE
	The following directors were present during the stockholders' meeting: <u>Name</u> — <u>Nationality</u> Amb. Manuel M. Lopez — Filipino Mr. Federico R. Lopez — Filipino Mr. Nestor J. Padilla — Filipino Mr. Miguel Ernesto L. Lopez — Filipino Mr. Benjamin R. Lopez — Filipino Mr. Francis Giles B. Puno — Filipino Mr. Jose Valentin A. Pantangco, Jr. — Filipino M. Oscar J. Hilado* — Filipino Mr. Monico V. Jacob* — Filipino Amb. Albert F. Del Rosario* — Filipino **Independent Director* B. At the Organizational Meeting of the Board of Directors held on the same day, June 30, 2021, the following persons were elected Officers as well as Chairmain and Members of the Board Committees of the Corporation: <u>Name</u> — <u>Position</u> Amb. Manuel M. Lopez — Chairman of the Board Oscar M. Lopez — Chairman Emeritus Federico R. Lopez — Vice Chairman Nestor J. Padilla — President and Chief Executive Officer Miguel Ernesto L. Lopez — Treasurer and Senior Vice President, Office Development Manuel L. Lopez Jr. — Board Advisor; President, Rockwell Leisure Club Inc. Valerie Jane L. Soliven — Executive Vice President and Chief Revenue Officer Ellen V. Almodiel — Executive Vice President, Chief Finance and Compliance Officer Davy T. Tan — Senior Vice President, Business and Project Development Ma. Lourdes L. Pineda — Senior Vice President, Business Development and Projec Director, Bacolod Estela Y. Dasmariñas — Vice President, Human Resources Christine T. Coqueiro — Vice President, Retail Development Angela Marie B. Pagulayan — Vice President, Property Management Jesse S. Tan — Vice President, Office Development Jovie Jade V. Lim-Dy — Vice President and Project Director, Rockwell South Alexis Nikolai S. Diesmos — Vice President, Project Development Geraldine B. Brillantes — Asst. Vice President and General Manager, Rockwell Club Romeo G. Del Mundo Jr. — Asst. Vice President and Chief Audit Officer Stella May A. Fortu — Asst. Vice President, Corporate Planning and Chief Risk Officer Ma. Fe Carolyn Go-Pinoy — Asst. Vice President, Legal and Chief Data Privacy Officer Enrique I. Quiason — Corporate Secretary Esmeraldo C. Amistad — Asst. Corporate Secretary **Audit Committee:** Oscar J. Hilado* - Chairman Monico V. Jacob* - Member Francis Giles V. Puno - Member **Risk Oversight Committee:** Amb. Albert F. Del Rosario* - Chairman

<table>
<tr><th>DATE</th><th>DESCRIPTION OF THE DISCLOSURE</th></tr>
<tr><td></td><td>
Oscar J. Hilado* - Member
Monico V. Jacob* - Member
Benjamin R. Lopez – Member
Jose Valentin A. Pantangco Jr. - Member

Related Party Transactions Committee:

Monico V. Jacob* - Chairman
Federico R. Lopez – Member
Amb. Albert F. Del Rosario* - Member
Miguel Ernesto L. Lopez – Member

Corporate Governance Committee:

Manuel M. Lopez - Chairman
Oscar M. Lopez – Member
Francis Giles B. Puno - Member
Oscar J. Hilado* – Member

*Independent Director

Item 9

Total number of attendees in person and represented by proxies is 8,061,701,496 (5,311,701,496 common shares and 2,750,000,000 preferred shares) or 90.92% of total voting stock of the Company.

A. The following matters were likewise approved at the stockholders’ meeting:

<table>
<tr><th>Item</th><th>For</th><th>Against</th><th>Abstain</th></tr>
<tr><td>Approval of the Minutes of the Annual Stockhlders’ Meeting held on August 28, 2020</td><td>8,061,405,753 (99.99%)</td><td>0</td><td>295,743 (0.01%)</td></tr>
<tr><td>Approval of the December 31, 2020 Reports and the Audited Financial Statements</td><td>8,061,405,753 (99.99%)</td><td>0</td><td>295,743 (0.01%)</td></tr>
<tr><td>Ratification of the Acts of the Board of Directors and of Management</td><td>8,061,405,753 (99.99%)</td><td>0</td><td>295,743 (0.01%)</td></tr>
<tr><td>Appointment of Sycip, Gorres, Velayo & Co. as external auditor of the Corporation</td><td>8,061,405,753 (99.99%)</td><td>0</td><td>295,743 (0.01%)</td></tr>
</table>

B. Additional information in response to questions:
- Total sales value of 2021 project launches – P21B
- 2021 CAPEX budget – P14B
</td></tr>
<tr><td>August 3, 2021</td><td>Item 9 – Other Events

At the regular meeting of the Board of Directors (BOD) of the Corporation held today August 3, 2021, the BOD approved a P5 Billion long term (up to ten years) facility with Philippine National Bank PNB). This facility will partially fund CAPEX and other general corporate requirements.</td></tr>
<tr><td>October 6, 2021</td><td>Item 9 – Other Events

At the regular meeting of the Board of Directors (BOD) of the Corporation held today, the following items were approved:</td></tr>
</table>

<table>
<tr><th>DATE</th><th>DESCRIPTION OF THE DISCLOSURE</th></tr>
<tr><td></td><td>1. The declaration of cash dividends to shareholders of record as of October 21, 2021 payable on or before November 17, 2021:
a. Cash dividend of P0.0353 per share to all common shareholders;
b. Cash dividend of P0.0006 per sare to all preferred shareholders representing 6% per annum cumulative dividends for the period July 1, 2020 to June 30, 2021

2. A P5 billion long term (up to ten years) faciltity with BDO Unibank, Inc. to partially fund CAPEX and other general corporate requirements.</td></tr>
<tr><td>January 27, 2022</td><td>Item 9 – Other Events

At the regular meeting of the Board of Directors (BOD) of the Corporation held today, the BOD approved the appointment of Ms. Sherry Rose I. Lorenzo, Assistant Vice President of Finance and Accounting, as Comptroller.</td></tr>
<tr><td>March 8, 2022</td><td>Item 9 – Other Events

At the regular meeting of the Board of Directors (BOD) of the Corporation held today, the BOD approved the following:

a. The Annual Stockholder’s Meeting (ASM) will be held on May 25, 2022 at 9:00am to be conducted virtually by means of remote communication. Stockholders of record as of March 24, 2022 are entitled to one vote for each share of stock standing in his name on the stock books of the Corporation.
b. The determnination of the qualification and/or disqualification of the nominees for board membership pursuant to the guidelines set in the By-Laws and Manual on Corporate Governance. The nominees for the ensuing year 2022-2023 are as follows:

Nominated by First Philippine Holdings as non-independent directors:
1. Manuel M. Lopez
2. Oscar M. Lopez
3. Federico R. Lopez
4. Miguel L. Lopez
5. Benjamin R. Lopez
6. Nestor J. Padilla
7. Francis Giles B. Puno
8. Jose Valentin A. Pantangco, Jr.

Nominated by Ms. Perla R. Catahan as independent diretcors:
1. Oscar J. Hilado
2. Monico V. Jacob
3. Albert F. Del Rosario

c. The agenda for the Annual Stockolders’ Meeting on May 25, 2022 are as follows:
1. Call to Order
2. Proof of Required Notice
3. Determination of Quorum
4. Approval of the Minutes of the June 30, 2021 Stockholders’ Meeting
5. Reports of the Chairman & the President
6. Approval/Ratification of the December 31, 2021 Reports and the Audited Financial Statements</td></tr>
</table>

DATE	DESCRIPTION OF THE DISCLOSURE
	7. Ratification of the Acts of the Board, its Committees and Management 8. Election of Directors 9. Appointment of External Auditors 10. Other Matters 11. Adjournment
April 1, 2022	Item 9 – Other Events At the regular meeting of the Board of Directors (BOD) of the Corporation held today, the BOD approved the following: 1. The Corporation’s Consolidated Audited Financial Statements for the year ended December 31, 2021. 2. Appropriation of P9.0 Billion out of the total Retained Earnings of P15.3 Billion as of December 31, 2021 for capital expenditures covering the period 2022-2023.

ROCKWELL LAND CORPORATION

INDEX TO EXHIBITS
Form 17-A, Item 7

No.		
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	n.a .
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	n.a.
(8)	Voting Trust Agreement	n.a.
(9)	Material Contracts	n.a.
(10)	2021 Consolidated Financial Statements: Rockwell Land Corporation and Subsidiaries (with notarized Statement of Management Responsibility)	Attached as Exhibit A
(13)	Letter re: Change in Certifying Accountant	n.a.
(16)	Report Furnished to Security Holders	n.a.
(18)	Subsidiaries of the Registrant	52
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	n.a.
(20)	Consent of Experts and Independent Counsel	n.a.
(21)	Power of Attorney	n.a.
(29)	Additional Exhibits	n.a.

EXHIBIT 18: SUBSIDIARIES OF THE REGISTRANT

As of December 31, 2021, Rockwell Land Corporation has twelve (12) subsidiaries and associate as stated below:

Name of Subsidiary	Percentage of Ownership
Rockwell Leisure Club, Inc.	75.1%
Rockwell Integrated Property Services, Inc.	100%
Primaries Development Corporation	100%
Stonewell Property Development Corporation	100%
Primaries Properties Sales Specialists Inc.	100%
Rockwell Hotels & Leisure Management Corp.	100%
Retailscapes Inc.	100%
Rockwell Primaries South Development Corporation (formerly ATR KimEng Land)*	100%
Rockwell MFA Corporation	80%
Rockwell Carmelray Development Corporation (formerly Carmelray Property Holdings, Inc.)	63.12%
Rockwell Nepo Development Corporation	41.21%
8 PROMOVEO LAND INC.	50%

**indirect subsidiary*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Rockwell Land Corporation by the undersigned, thereunto duly authorized, in the **City of Makati**.

ROCKWELL LAND CORPORATION
By:

MANUEL M. LOPEZ
Chairman of the Board

NESTOR J. PADILLA
President & Chief Executive Officer

ELLEN V. ALMODIEL
Executive VP, Chief Finance & Compliance Officer

SHERRY ROSE I. LORENZO
Assistant Vice President and Comptroller

ENRIQUE I. QUIASON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this **01 APRIL 2022**, affiant exhibiting to me his/their Passports as follows:

Names	ID No.	Date of Issue	Place of Issue
Manuel M. Lopez	P1793181B	30 May 2019	DFA MANILA
Nestor J. Padilla	P7155127B	08 July 2021	DFA MANILA
Ellen V. Almodiel	P2373847B	29 January 2019	DFA NCR EAST
Enrique I. Quiason	P9908505A	12 December 2018	DFA NCR EAST
Sherry Rose I. Lorenzo	P9313866B	23 March 2022	DFA NCR EAST

Doc. No. 167;
Page No. 35;
Book No. XXVIII
Series of 2022

MA. FE CAROLYN GO-PINOY
NOTARY PUBLIC
ROLL NO. 39698
MAKATI CITY, PHILIPPINES

Notary Public

MA. FE CAROLYN GO-PINOY
Appointment No. M-250 until December 31, 2022
Roll of Attorneys No. 39698
IBP Lifetime No. 014554 / ZAMBASULTA
PTR No. 8852418 / 1.4.2022 / Makati City
MCLE Compliance No. VII-0008406
8 Rockwell, Hidalgo Drive, Makati City

ROCKWELL LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ROCKWELL LAND CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors (Trustees) reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

MANUEL M. LOPEZ	**NESTOR J. PADILLA**	**ELLEN V. ALMODIEL**
Chairman of the Board	Chief Executive Officer	Chief Financial Officer

Signed this **1st** day of April 2022.

SUBSCRIBED AND SWORN to before me this day 01 April 2022 at Makati City, affiant exhibiting to me his/her Passport as follows:

NAME	PASSPORT NO.	DATE ISSUED	PLACE ISSUED
Manuel M. Lopez	P1793181B	30 May 2019	DFA Manila
Nestor J. Padilla	P7155127B	08 July 2021	DFA Manila
Ellen V. Almodiel	P2373847B	29 June 2019	DFA NCR East

Doc No. 157;
Page No. 33;
Book No. XXVIII;
Series of 2022.

MA. FE CAROLYN GO-PINOY NOTARY PUBLIC ROLL NO. 39698 MAKATI CITY, PHILIPPINES

MA. FE CAROLYN GO-PINOY
Appointment No. M-250 until December 31, 2022
Roll of Attorneys No. 39698
IBP Lifetime No. 014554 / ZAMBASULTA
PTR No: 8852418 / 1.4.2022 / Makati City
MCLE Compliance No. VII-0008406
8 Rockwell, Hidalgo Drive, Makati City

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6 2 8 9 3

C O M P A N Y   N A M E

R O C K W E L L   L A N D   C O R P O R A T I O N   A N D

S U B S I D I A R I E S

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

2 F   8   R o c k w e l l ,   H i d a l g o   D r i v e ,

R o c k w e l l   C e n t e r ,   M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	C R M D	N / A

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

Company's Email Address	Company's Telephone Number	Mobile Number
IR@rockwell.com.ph	7-793-0088	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
46,019	May 25	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
Ms. Ellen V. Almodiel	ellena@rockwell.com.ph	7-793-0088	N/A

CONTACT PERSON's ADDRESS

Ground Floor, East Podium, Joya Lofts & Towers,
28 Plaza Drive, Rockwell Center, Makati City 1200

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*

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Rockwell Land Corporation
2F 8 Rockwell
Hidalgo Drive, Rockwell Center
Makati City

Opinion

We have audited the consolidated financial statements of Rockwell Land Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Notes 2 and 3 to the consolidated financial statements.

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.

Emphasis of Matter

We draw attention to Notes 2 and 3 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 consolidated financial statements are discussed in detail in Note 3. Our opinion is not modified in respect of this matter.

SGV
Building a better
working world

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.

Real Estate Revenue and Cost Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the output method as the measure of progress in determining real estate revenue; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

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

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers). This is based on the weekly project accomplishment report prepared by the project inspector as approved by the project engineer which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

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

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

The disclosures related to the real estate revenue and cost are included in Notes 5, 21 and 23 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as request for cancellation form and notice of cancellation.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the output method, in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC. We obtained the certified POC reports prepared by the project engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, and obtained the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sold, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as progress billings and progress payment certificates.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover 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.

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, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Notes 2 and 3 to the consolidated financial statements, 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 accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Notes 2 and 3 to the consolidated financial statements.

- 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 Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

April 1, 2022

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 30 and 31)	**₱2,784,864**	₱3,205,022
Trade and other receivables (Notes 8, 16, 21, 28, 30 and 31)	**5,994,517**	4,109,970
Contract assets (Notes 8, 21 and 30)	**8,458,512**	12,081,855
Real estate inventories (Notes 9, 11 and 12)	**17,243,928**	13,154,505
Advances to contractors (Note 9)	**1,717,178**	1,570,714
Other current assets (Notes 10, 30 and 31)	**2,794,840**	2,251,349
Total Current Assets	**38,993,839**	36,373,415
Noncurrent Assets		
Investment properties (Notes 9, 11, 12 and 16)	**14,634,096**	14,485,925
Property and equipment (Notes 9, 11, 12 and 16)	**2,962,617**	5,282,747
Investments in joint venture and associate (Note 13)	**3,527,714**	2,829,216
Contract assets - net of current portion (Notes 8, 21 and 30)	**4,112,047**	2,117,064
Investment in equity instruments at fair value through other comprehensive income (FVOCI) (Notes 14, 30 and 31)	**30,378**	31,748
Deferred tax assets - net (Note 26)	**93,539**	75,903
Other noncurrent assets (Notes 11, 12, 23, 28, 30 and 31)	**469,845**	739,024
Total Noncurrent Assets	**25,830,236**	25,561,627
	₱64,824,075	₱61,935,042
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 9, 13, 15, 18, 21, 25, 30 and 31)	**₱7,003,377**	₱7,327,802
Current portion of interest-bearing loans and borrowings (Notes 8, 11, 12, 16, 28, 30 and 31)	**4,347,235**	7,354,635
Subscription payable (Note 13)	**484,150**	684,150
Total Current Liabilities	**11,834,762**	15,366,587
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 8, 11, 12, 16, 28, 30 and 31)	**22,440,730**	17,403,380
Deferred tax liabilities - net (Note 26)	**1,697,036**	1,601,118
Lease liabilities - net of current portion (Notes 15, 29, 30 and 31)	**635,328**	620,768
Pension liability - net (Note 25)	**241,844**	294,931
Deposits and other liabilities (Notes 15, 18, 30 and 31)	**1,993,202**	1,786,490
Total Noncurrent Liabilities	**27,008,140**	21,706,687
Total Liabilities	**38,842,902**	37,073,274

(Forward)

	December 31	
	2021	2020
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Notes 19 and 20)	**₱6,270,882**	₱6,270,882
Additional paid-in capital	**28,350**	28,350
Other comprehensive income (Note 14)	**14,219**	14,219
Other equity adjustments (Note 20)	**540,323**	540,323
Share-based payments (Note 19)	**69,700**	69,700
Retained earnings (Note 20):		
Appropriated	**9,700,000**	9,700,000
Unappropriated	**6,881,951**	5,419,654
	23,505,425	22,043,128
Less cost of treasury shares (Notes 1 and 20)	**185,334**	185,334
Total Equity Attributable to Equity Holders of the Parent Company	**23,320,091**	21,857,794
Non-controlling interests (Note 6)	**2,661,082**	3,003,974
Total Equity	**25,981,173**	24,861,768
	₱64,824,075	₱61,935,042

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31		
	2021	2020 (As restated – Note 3)	2019 (As restated – Note 3)
REVENUE			
Revenue from sale of real estate (Note 21)	**₱8,925,994**	₱7,213,096	₱10,825,267
Interest income (Notes 7, 8 and 22)	**1,482,381**	1,740,785	1,720,776
Lease income (Note 11)	**1,227,788**	1,149,868	1,845,204
Others (Notes 3, 13 and 21)	**1,087,540**	1,055,158	1,934,940
	12,723,703	11,158,907	16,326,187
EXPENSES			
Cost of real estate (Notes 3, 9, 11 and 23)	**6,896,070**	5,869,359	8,339,419
General and administrative expenses (Notes 11, 12, 13, 23, 24 and 25)	**1,668,777**	2,016,268	2,112,637
Selling expenses (Notes 23 and 24)	**931,906**	587,931	1,063,192
	9,496,753	8,473,558	11,515,248
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**3,226,950**	2,685,349	4,810,939
OTHER INCOME (EXPENSES)			
Interest expense (Notes 16, 23 and 29)	**(1,141,452)**	(1,267,976)	(1,357,301)
Share in net income of joint venture and associate (Note 13)	**368,273**	338,811	322,737
Loss on:			
Prepayment of loan (Note 16)	**–**	(35,579)	–
Loan modification (Note 16)	**–**	(19,596)	–
Bond redemption (Note 16)	**–**	(18,528)	–
Foreign exchange gain (loss) – net	**12,312**	(9,000)	(162)
Gain on:			
Bargain purchase (Note 6)	**–**	–	191,069
Remeasurement of previously held interest (Note 6)	**–**	–	58,509
	(760,867)	(1,011,868)	(785,148)
INCOME BEFORE INCOME TAX	**2,466,083**	1,673,481	4,025,791
PROVISION FOR INCOME TAX (Note 26)	**257,450**	412,504	1,018,942
NET INCOME	**2,208,633**	1,260,977	3,006,849
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on employee benefits (Note 25)	**75,358**	(79,986)	(147,877)
Net gain (loss) on equity instruments designated at FVOCI (Note 14)	**–**	(2,500)	6,211
Income tax effect	**(36,425)**	23,996	40,680
	38,933	(58,490)	(100,986)
TOTAL COMPREHENSIVE INCOME	**₱2,247,566**	₱1,202,487	₱2,905,863
Net Income Attributable To			
Equity holders of the Parent Company	**₱1,640,936**	₱1,078,756	₱2,956,553
Non-controlling interests	**567,697**	182,221	50,296
	₱2,208,633	₱1,260,977	₱3,006,849
Total Comprehensive Income Attributable To			
Equity holders of the Parent Company	**₱1,679,869**	₱1,020,266	₱2,855,900
Non-controlling interests	**567,697**	182,221	49,963
	₱2,247,566	₱1,202,487	₱2,905,863
Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 32)			
Basic	**₱0.2680**	₱0.1761	₱0.4831
Diluted	**₱0.2679**	₱0.1760	₱0.4819

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Notes 19 and 20)	**Additional Paid-in Capital**	**Other Comprehensive Income** (Note 14)	**Other Equity Adjustments** (Note 20)	**Share-based Payments** (Note 19)	**Retained Earnings** (Note 20)		**Treasury Shares** (Notes 1 and 20)	**Total**	**Non-controlling Interests** (Note 6)	**Total Equity**
						Appropriated	**Unappropriated**				
Balance at December 31, 2020	**₱6,270,882**	**₱28,350**	**₱14,219**	**₱540,323**	**₱69,700**	**₱9,700,000**	**₱5,419,654**	**(₱185,334)**	**₱21,857,794**	**₱3,003,974**	**₱24,861,768**
Net income	–	–	–	–	–	–	**1,640,936**	–	**1,640,936**	**567,697**	**2,208,633**
Other comprehensive income (Notes 14 and 25)	–	–	–	–	–	–	**38,933**	–	**38,933**	–	**38,933**
Total comprehensive income	–	–	–	–	–	–	**1,679,869**	–	**1,679,869**	**567,697**	**2,247,566**
Cash dividends (Note 20)	–	–	–	–	–	–	**(217,572)**	–	**(217,572)**	–	**(217,572)**
Subsidiary's redemption of preferred shares from non-controlling interests (Note 6)	–	–	–	–	–	–	–	–	–	**(676,332)**	**(676,332)**
Subsidiary's payment of dividends to non-controlling interests (Note 6)	–	–	–	–	–	–	–	–	–	**(234,257)**	**(234,257)**
Balance at December 31, 2021	**₱6,270,882**	**₱28,350**	**₱14,219**	**₱540,323**	**₱69,700**	**₱9,700,000**	**₱6,881,951**	**(₱185,334)**	**₱23,320,091**	**₱2,661,082**	**₱25,981,173**
Balance at December 31, 2019	₱6,270,882	₱28,350	₱16,719	₱540,323	₱69,700	₱7,000,000	₱7,393,978	(₱185,334)	₱21,134,618	₱3,214,176	₱24,348,794
Net income	–	–	–	–	–	–	1,078,756	–	1,078,756	182,221	1,260,977
Other comprehensive loss (Notes 14 and 25)	–	–	(2,500)	–	–	–	(55,990)	–	(58,490)	–	(58,490)
Total comprehensive income	–	–	(2,500)	–	–	–	1,022,766	–	1,020,266	182,221	1,202,487
Appropriation (Note 20)	–	–	–	–	–	2,700,000	(2,700,000)	–	–	–	–
Cash dividends (Note 20)	–	–	–	–	–	–	(297,090)	–	(297,090)	–	(297,090)
Subsidiary's redemption of preferred shares from non-controlling interests (Note 6)	–	–	–	–	–	–	–	–	–	(258,322)	(258,322)
Subsidiary's payment of dividends to non-controlling interests (Note 6)	–	–	–	–	–	–	–	–	–	(134,101)	(134,101)
Balance at December 31, 2020	₱6,270,882	₱28,350	₱14,219	₱540,323	₱69,700	₱9,700,000	₱5,419,654	(₱185,334)	₱21,857,794	₱3,003,974	₱24,861,768

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Notes 19 and 20)	**Additional Paid-in Capital**	**Other Comprehensive Income** (Note 14)	**Other Equity Adjustments** (Note 20)	**Share-based Payments** (Note 19)	**Retained Earnings** (Notes 3 and 20) **Appropriated**	**Retained Earnings** (Notes 3 and 20) **Unappropriated**	**Treasury Shares** (Notes 1 and 20)	**Total**	**Non-controlling Interests** (Note 6)	**Total Equity**
Balance at December 31, 2018	₱6,270,882	₱28,350	₱11,618	₱291,162	₱69,700	₱7,000,000	₱5,048,125	(₱185,334)	₱18,534,503	₱567,420	₱19,101,923
Net income	–	–	–	–	–	–	2,956,553	–	2,956,553	50,296	3,006,849
Other comprehensive loss (Notes 14 and 25)	–	–	5,101	–	–	–	(105,754)	–	(100,653)	(333)	(100,986)
Total comprehensive income	–	–	5,101	–	–	–	2,850,799	–	2,855,900	49,963	2,905,863
Cash dividends (Note 20)	–	–	–	–	–	–	(504,946)	–	(504,946)	–	(504,946)
Non-controlling interests arising from acquisition of a subsidiary (Note 6)	–	–	–	–	–	–	–	–	–	2,845,954	2,845,954
Acquisition of non-controlling interests (Note 6)	–	–	–	249,161	–	–	–	–	249,161	(249,161)	–
Balance at December 31, 2019	₱6,270,882	₱28,350	₱16,719	₱540,323	₱69,700	₱7,000,000	₱7,393,978	(₱185,334)	₱21,134,618	₱3,214,176	₱24,348,794

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,466,083**	₱1,673,481	₱4,025,791
Adjustments for:			
Interest income (Notes 7, 8 and 22)	**(1,482,381)**	(1,740,785)	(1,720,776)
Interest expense (Notes 3, 16, 18, 23 and 29)	**1,141,452**	1,267,976	1,357,301
Depreciation and amortization (Notes 11, 12 and 23)	**762,755**	807,639	902,091
Share in net income of joint venture and associate (Note 14)	**(368,272)**	(338,811)	(322,737)
Provision for disallowance of claim for refund (Note 23)	**8,500**	95,600	–
Loss on:			
Prepayments of loan (Note 16)	**–**	35,579	–
Loan modification (Note 16)	**–**	19,596	–
Bond redemption (Note 16)	**–**	18,528	–
Unrealized foreign exchange loss (gain) – net	**(12,312)**	9,000	162
Pension expense, net of contributions (Note 25)	**22,271**	3,480	(33,412)
Gain on:			
Bargain purchase (Note 6)	**–**	–	(191,069)
Remeasurement of previously held interest (Note 6)	**–**	–	(58,509)
Operating income before working capital changes	**2,538,096**	1,851,283	3,958,842
Decrease (increase) in:			
Trade and other receivables	**(455,008)**	2,396,957	1,505,950
Contract assets	**1,628,360**	(1,047,512)	3,042,187
Real estate inventories	**(1,683,020)**	156,055	638,493
Advances to contractors	**(146,464)**	(5,564)	175,713
Other current assets	**(574,223)**	(53,570)	(716,527)
Increase (decrease) in:			
Trade and other payables	**(323,204)**	737,351	(1,727,315)
Deposits and other liabilities	**206,712**	(923,275)	533,894
Net cash generated from operations	**1,191,249**	3,111,725	7,411,237
Income taxes paid	**(183,491)**	(674,385)	(571,287)
Interest received	**52,842**	55,870	69,211
Net cash provided by operating activities	**1,060,600**	2,493,210	6,909,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties (Note 11)	**(531,115)**	(541,689)	(1,775,871)
Property and equipment (Note 12)	**(466,084)**	(1,292,422)	(1,257,713)
Investment in associate (Note 13)	**(634,446)**	(72,000)	–
Subsidiary, net of cash received (Note 6)	**–**	–	478,384
Non-controlling interests in a subsidiary (Note 6)	**–**	–	(208,000)
Dividends received (Note 13)	**304,220**	333,850	271,661
Decrease (increase) in other noncurrent assets	**260,679**	148,850	(91,511)
Net cash used in investing activities	**(1,066,746)**	(1,423,411)	(2,583,050)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of loans and borrowings (Note 16)	**11,596,000**	9,910,000	6,071,382
Payments of:			
Interest-bearing loans and borrowings (Note 16)	**(9,504,580)**	(10,864,188)	(4,558,725)
Installment payable (Note 17)	**–**	(655,799)	–
Dividends (Note 20)	**(217,572)**	(292,522)	(499,367)
Debt issue cost (Note 16)	**(61,470)**	(68,425)	(40,546)
Lease liabilities (Notes 15 and 29)	**(36,401)**	(35,472)	(33,520)
Interest paid	**(1,091,712)**	(1,162,810)	(1,448,315)
Subsidiary's redemption of preferred shares from non-controlling interests (Note 6)	**(676,332)**	(258,322)	–
Subsidiary's payment of dividends to non-controlling interests (Note 6)	**(234,257)**	(134,101)	–
Payment of subscription payable	**(200,000)**	–	–
Advances to non-controlling interest holder (Note 28)	**–**	–	(400,000)
Subsidiary's issuance of shares to non-controlling interest	**–**	–	233,524
Net cash used in financing activities	**(426,324)**	(3,561,639)	(675,567)

(Forward)

	Years Ended December 31		
	2021	2020	2019
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**12,312**	(9,000)	(162)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(420,158)**	(2,500,840)	3,650,382
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,205,022**	5,705,862	2,055,480
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱2,784,864**	₱3,205,022	₱5,705,862

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Rockwell Land Corporation (Rockwell Land or the Parent Company) is incorporated in the Philippines and is engaged in real estate development and sale or lease of condominium and commercial units and lots.

Rockwell Land became a public company in 2012 following the declaration of 51% ownership by Manila Electric Company (Meralco) as property dividend in favor of common stockholders, except for foreign common shareholders who were paid the cash equivalent of the property dividend (see Note 20).

As at December 31, 2021 and 2020, First Philippine Holdings Corporation (FPHC) owns 86.58% of Rockwell Land and the rest by the public. Lopez, Inc. is the ultimate parent company.

The Parent Company's principal office address is 2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 1, 2022.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The accompanying consolidated financial statements of Rockwell Land and its subsidiaries (collectively referred to as the "Group") have been prepared on a historical cost basis, except for investment in equity instruments at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency and all values are rounded to the nearest thousands, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

The Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of certain provisions of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

SEC MC No. 4-2020 deferring the adoption of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost (the IFRIC Agenda Decision on Borrowing Cost) and is not applicable to the Group as it is already in full compliance with the requirements of the IFRIC Agenda Decision.

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

PFRSs also includes Philippine Accounting Standards (PAS), including Philippine Interpretations based on equivalent interpretations of IFRIC issued by the Financial Reporting Standards Council (FRSC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

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

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses 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 Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, 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 Parent Company's accounting policies. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

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

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Parent Company and are presented in the profit or loss and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

		Percentage of Ownership		
Subsidiaries	**Nature of Business**	**2021**	2020	2019
Rockwell Integrated Property Services, Inc.	Service provider	100.0	100.0	100.0
Rockwell Primaries Development Corporation (Rockwell Primaries)	Real estate development	100.0	100.0	100.0
Stonewell Property Development Corporation	Real estate development	100.0	100.0	100.0
Rockwell Performing Arts Theater Corporation	Theater operator	100.0	100.0	100.0
Rockwell Hotels & Leisure Management Corp.	Hotel management	100.0	100.0	100.0
Rockwell Leisure Club, Inc. (Rockwell Club)	Leisure club	75.1	76.4	76.4
Retailscapes Inc. (Retailscapes)	Commercial development	100.0	100.0	100.0
Rockwell Primaries South Development Corporation (Rockwell Primaries South) (through Rockwell Primaries)	Real estate development	100.0	100.0	100.0
Rockwell MFA Corp. (Rock MFA)	Real estate development	80.0	80.0	80.0
Rockwell Carmelray Development Corporation (RCDC, formerly Carmelray Property Holdings, Inc.)*	Real estate development	63.1	54.9	52.3

**Incorporated in July 2018; Became a subsidiary in December 2019*

All subsidiaries are incorporated in the Philippines.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

3. Changes in Accounting Policies and Disclosures

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these new pronouncements did not have an impact on the Group's consolidated financial statements unless otherwise indicated.

- Adoption of PIC Q&A 2018-12-H, *Accounting for Common Usage Service Area (CUSA) Charges*

  In 2021, the Group adopted the provision of PFRS 15, *Revenue from Contracts with Customers*, covered by PIC Q&A 2018-12-E on the accounting for CUSA charges under the full retrospective approach. Upon adoption, there is no impact on opening retained earnings and the related balance sheet accounts. The Group previously presented the related revenue net of costs and expenses.

  The Group assessed itself as principal for CUSA, air-conditioning charges and electricity and water usage. Accordingly, the Group presented the revenue from recoveries and its related costs on a gross basis as part of "Others" under revenue and "Cost of real estate", respectively, in the consolidated statements of comprehensive income.

Total CUSA adjustments recognized amounted to ₱418.6 million in 2021, ₱421.6 million in 2020 and ₱616.7 million in 2019.

- Adoption 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 FRSC which was November 11, 2020.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted approach 3 in its accounting for sales cancellation which records the repossessed inventory at cost.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The amendment is not applicable as there are no rent concessions granted to the Group as a lessee.

- Amendments to PFRS 9, PAS 39, 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 Group adopted the amendments beginning January 1, 2021.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

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 on 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 on 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 on 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 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023.

Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, 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 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 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
a.	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
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  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

  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.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the Group assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.

b. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

PIC Q&A 2018-12-E (treatment of land in the determination of POC) and PIC Q&A 2020-02 (additional guidance on determining which uninstalled materials should not be included in calculating the POC) do not have an impact on the financial statements since the Group does not include land and uninstalled materials in the determination of POC.

---

4. **Summary of Significant Accounting Policies**

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

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, 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 measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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 has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets and liabilities can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to those provisional values as a result of completing the initial accounting shall be made within twelve (12) months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Group measures financial instruments at fair value at each financial reporting date. The fair value information of certain financial and nonfinancial assets and liabilities are also required to be disclosed in the consolidated financial statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial 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 statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statement on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 above.

Day 1 Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the difference between the transaction price and fair value (a Day 1 profit) is recognized in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 profit amount. The Group has determined that the discounted cash flow analysis using credit-adjusted Philippine Dealing and Exchange Corporation (PDEx) interest rates is appropriate in determining the fair value of retention payable, with the Day 1 profit treated as a reduction from "Land and development costs" as these are directly related to project development.

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 maturity of three months or less from date of acquisition and are subject to an insignificant risk of change in value.

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

Financial Assets

- *Initial Recognition*

  Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

  The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15. Refer to the accounting policy in section *"Revenue"*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding (the SPPI criterion). 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

- *Subsequent Measurement*

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

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

  The Group has no financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) and financial assets at FVPL as at December 31, 2021 and 2020.

  - *Financial Assets at Amortized Cost (Debt Instruments).* This category is 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 (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income 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, restricted cash and refundable deposits as at December 31, 2021 and 2020.

  - *Financial Assets Designated at FVOCI (Equity Instruments).* Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted and unquoted equity securities under this category as at December 31, 2021 and 2020.

- *Impairment of Financial Assets*

PFRS 9 introduces the single, forward-looking “expected loss” impairment model, replacing the “incurred loss” impairment model under PAS 39.

The Group recognizes expected credit losses (ECLs) for the following financial assets that are not measured at FVPL:

- debt instruments that are measured at amortized cost;
- loan commitments; and
- financial guarantee contracts.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECLs
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECLs – not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECLs – credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

Loss Allowances
Loss allowances are recognized based on 12-month ECLs for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The loss allowances recognized in the period are impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 and 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECLs;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECLs due to changes in PDs, LGDs and EADs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECLs due to changes made to models and assumptions;
- Discount unwind within ECLs due to passage of time, as ECLs is measured on a present value basis; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

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'.

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.

An exposure will migrate through the ECLs 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 ECLs to 12-month ECLs.

General Approach. Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash and cash equivalents to calculate the ECLs.

Simplified Approach. For receivables, 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 that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are over 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

▪ *Initial Recognition and Measurement*

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

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

The Group's financial liabilities include trade and other payables (excluding statutory payables), lease liabilities, interest-bearing loans and borrowings and subscription payable as at December 31, 2021 and 2020.

▪ *Subsequent Measurement*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of Financial Instruments

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 right to receive cash flows from the asset has 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 right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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 EIR, 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).

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. 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 in the consolidated statement of comprehensive income.

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.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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, and only if, there is a currently enforceable legal right to offset the recognized amounts; and there is an intention to settle on a net basis, or to realize the assets and settle

the liabilities 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.

Real Estate Inventories
Real estate inventories consist of condominium units, residential house and lots for sale and development. 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. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less specifically identifiable estimated costs of completion and the estimated costs of 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-rata based on the relative size of the property sold.

Advances to Contractors
Advances to contractors represent advance payments on services to be incurred in connection with the Group's operations. These are capitalized to projects under "Real estate inventories", "Investment properties" and "Property and equipment" accounts in the consolidated statements of financial position upon actual receipt of services. These are considered as nonfinancial instruments as these will be applied against future billings from contractors.

Investment Properties
Investment properties represent land, building, structures and improvements of the mall (the "Power Plant"), 8 Rockwell, other structures held for lease within the Rockwell Center, The Grove, Santolan Town Plaza, 53 Benitez, RBC Sheridan, East Bay Retail Row, The Vantage Gallery, The Arton Strip and land held for appreciation. These, except land, are measured initially at cost, including transaction costs, less accumulated depreciation and any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of investment properties, except for land. Investment properties are estimated to have a useful life of 5 to 35 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of comprehensive income in the period of derecognition.

The investment properties' estimated useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

When each major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investment properties in progress pertain to projects under construction and are stated at cost which includes cost of construction and other direct costs. Investment properties in progress are not depreciated until such time that the relevant assets are completed and become available for operational use.

Property Acquisition
When property is acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investment in Joint Venture and Associate
Investment in joint venture and associate is accounted for under the equity method of accounting. An associate is an entity over which the Group has significant influence or the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under the equity method, investment in joint venture and associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share in net assets of the joint venture and associate. Goodwill relating to a joint venture or an associate is included in the carrying amount of the investment and is neither nor individually tested for impairment. The consolidated statement of comprehensive income reflects the share on the financial performance of the joint venture and associate. Distributions received from joint venture reduce the carrying amount of the investment. When the Group's share of losses in an associate equals 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 associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share in any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The joint venture and associate is prepared for the same reporting year as the Parent Company, using consistent accounting policies. Unrealized intercompany profits arising from the transactions with the joint venture and associate are eliminated to the extent of the interest in the joint venture and associate.

Upon loss of joint control or significant influence over the joint venture or associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity or associate upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss in the consolidated statement of comprehensive income.

Property and Equipment

Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, net of accumulated depreciation and/or impairment in value, if any. Such cost includes the cost of replacing part of such property and equipment, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value.

Depreciation and amortization is calculated for each significant item or part of an item of property and equipment on a straight-line basis over the following estimated useful lives:

Buildings and improvements	15-40 years
Office furniture and other equipment	1-10 years
Transportation equipment	3-5 years

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed at each financial year end, and adjusted prospectively if appropriate.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Construction in progress pertains to serviced apartments under construction and is stated at cost which includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and become available for operational use. Upon completion, it will be depreciated over a period of 5 to 25 years.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (e.g., investment properties, investment in joint venture and associate and property and equipment) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. Those budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amounts, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5 to the consolidated financial statements.

Real estate sales. The Group derives its real estate revenue from the 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 output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date/ milestones reached/ time elapsed. This is based on the monthly project accomplishment report prepared by the project inspector as approved by the project manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

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 and is allocated between cost of real estate sold and real estate inventories.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables under “Trade and other receivables” account, is included in the “Contract assets” account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the contract liabilities under “Trade and other payables” account in the liabilities section of the consolidated statement of financial position.

Room Revenue (presented under Other Revenue). Room revenue is recognized when services are performed. Deposits received from customers in advance on rooms or other services are recorded as liabilities until services are provided to the customers.

Cinema, Mall and Other Revenues (presented under Other Revenue). Revenue is recognized when services are rendered.

Membership Dues (presented under Other Revenue). Membership dues are recognized as revenue in the applicable membership period. Membership dues received in advance are recorded as part of “Trade and other payables - others” under the current liabilities section of the consolidated statement of financial position.

Income from Recreational Facilities (presented under Other Revenue). Revenue is recognized as the services are provided to or the rights are used by the members.

Room, cinema, mall and other revenues, membership dues and income from recreational facilities are recognized at a point in time.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as 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.

Contract Balances

Trade Receivables. Trade 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. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

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 the consolidated statement of income.

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

Contract Fulfillment Assets. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, Derecognition and Impairment of Contract Fulfillment Assets and Capitalized Costs to Obtain a Contract.

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract 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 under cost of real estate.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or 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, judgment 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 judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Interest Income
Revenue is recognized using the effective interest, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Unearned discount is recognized as income over the terms of the related financial assets at amortized cost (i.e., loans and receivables) using the effective interest method and is shown as deduction to the related financial assets.

Leases
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 re-measurement of lease liabilities. The costs of right-of-use assets include the amount of lease liability recognized, and lease payments made at or before the commencement date. Right-of-use asset are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 35 years. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of investment properties and are subject to impairment. Refer to the accounting policies in impairment of non-financial assets section.

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.

Group as a Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms or based on the terms of the lease, as applicable.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

The Group shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

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.

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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases with Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of equipment (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 lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. 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.

Equity

When the Parent Company issues its par value shares, the proceeds shall be credited to the "Capital stock" account in the consolidated statement of financial position to the extent of the par value, with any excess being reflected as "Additional paid-in-capital" account in the consolidated statement of financial position. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Other equity adjustments represent the difference between the fair value of the consideration and the book value of the shares sold of the non-controlling interests.

Retained earnings represent the Group's accumulated earnings, net of dividends declared. This includes the accumulated equity in undistributed earnings of the consolidated subsidiaries which are not available for dividends until declared by the subsidiaries.

Treasury Shares

Acquisitions of treasury shares are recorded at cost. Own equity instruments which are reacquired are deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issuance or the cancellation of the Parent Company's own equity instruments.

Share-based Payment Transactions

Employees (including directors) of the Parent Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions. The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date the option is granted. The fair value is determined using Binomial Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than the conditions linked to the price of the shares of the Parent Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized in profit or loss with a corresponding increase in "Share-based payments" account in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest at that date. The cost of share-based payment is recognized in the consolidated statement of comprehensive income as part of "Personnel expenses" account under "General and administrative expenses" account.

No expense is recognized for awards that do not ultimately vest.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled with payment, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Pension Costs and Other Employee Benefits
The Group has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of general and administrative and selling expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under general and administrative expenses in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in other comprehensive income are closed to retained earnings at the end of every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. Employee entitlements beyond 12 months are recognized as part of the noncurrent portion of other employee benefits liability.

Income Tax

Current Income Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the financial reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred tax assets and liabilities, however, are not recognized when the deductible and taxable temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each financial reporting date 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 reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax on share-based payments is recognized directly in equity.

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

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except: where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from and payable to the tax authority is included as part of "Other current assets" and "Trade and other payables" accounts in the consolidated statement of financial position. Deferred output VAT, however, is shown separately under "Trade and other payables" account in the consolidated statement of financial position.

Deferred input VAT relating to the unpaid portion of the acquisition cost of the asset expected to be settled beyond the succeeding year is recognized under "Other noncurrent assets" account in the consolidated statement of financial position.

Foreign Currency-Denominated Transactions
The consolidated financial statement are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets (included in "Property and equipment" and "Investment properties" accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. 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 amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

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 the economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value

of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statement. They are disclosed in the notes to consolidated financial statement unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statement but are disclosed in notes to the consolidated financial statement 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 financial reporting date (adjusting events) are reflected in the consolidated financial statement. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statement when material.

Basic/Diluted Earnings Per Share
Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding.

Diluted earnings per share attributable to equity holders of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of convertible stock options. Outstanding convertible stock options will have a dilutive effect only when the average market price of the underlying common shares during the year exceeds the exercise price of the option. Where the outstanding convertible stock options have no dilutive effect, diluted earnings per share is the same as basic earnings per share attributable to equity holders of the Parent Company.

Segment Reporting
The Group's operating businesses are organized and managed separately into three business activities. Such business segments are the bases upon which the Group reports its operating segment information. The Group operates in one geographical area where it derives its revenue. Financial information on segment reporting is presented in Note 33.

5. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the accompanying consolidated financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Business Models. The Group determines its business model at the level that best reflects how it manages groupings of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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*

  Installment contracts receivable
  - For individual customers – upon issuance of Final Notice of Cancellation ("FNOC") when monthly payments are 90 days past due
  - For corporate customers – when monthly payments are 30 days past due, and upon issuance of FNOC.

- *Qualitative criteria*

  The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

  a. The customer is experiencing financial difficulty or is insolvent
  b. The customer is in breach of financial covenant(s)
  c. An active market for that financial assets has disappeared because of financial difficulties
  d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
  e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The 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.

Significant Increase in Credit Risk. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors.

The Group's cash and cash equivalents and accounts receivable are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, 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 these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not other otherwise be fully reflected in its quantitative analysis on a timely basis.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset falls below an investment grade; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Existence of a Contract. The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotations sheets and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of customers' equity before commencing revenue recognition. Management assessed that the historical cancellations and back-outs, despite the pandemic, still supports the Group's current threshold of customers' equity.

Revenue Recognition Method and Timing of Revenue Recognition. 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 to payment 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.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

The Group concluded that rooms, cinema and other revenues are to be recognized at a point in time because the Group has a right to payment for the service once the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset in exchange.

Revenue from sale of real estate recognized over time amounted to ₱8,926.0 million, ₱7,213.1 million and ₱10,825.3 million in 2021, 2020 and 2019, respectively, while room, cinema and other revenues recognized at a point in time amounted to ₱922.3 million, ₱873.2 million and ₱1,745.6 million in 2021, 2020 and 2019, respectively (see Note 21).

Identifying Performance Obligation. The Group has contracts to sell covering the sale of lots, house and lots, condominium unit and parking lot. The Group concluded that there is one performance obligation in these contracts because, the developer has the obligation to deliver the condominium unit and parking lot duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the customer.

Operating Lease Commitments (Group as a Lessor). The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, which are leased out under operating lease arrangements.

Lease income earned from investment properties amounted to ₱1,227.8 million, ₱1,149.9 million and ₱1,845.2 million in 2021, 2020 and 2019, respectively (see Note 11).

Determining whether Lease Concessions are Lease Modifications. As a consequence of the COVID-19 pandemic, the Group provided certain rent concessions to its tenants in the form of rent-free periods and discounts in 2021 and 2020. Management, in consultation with its external legal counsel, assessed that the grant of rent concession does not qualify as an amendment to the lease contract. The waiver of rent is pursuant to the provision in the lease contract. Accordingly, management recorded the negative variable lease payment at the time the concession was given.

The rent concessions resulted to reduction in rental income in 2021 and 2020 amounting to ₱456.5 million and ₱512.0 million, respectively (see Note 11).

Transfers of Property and Equipment. The Group has made transfers to real estate inventories and investment properties after determining that there is a change in use, evidenced by ending of owner-occupation. Transfers are made from property and equipment when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

Interests in Joint Ventures. Management has assessed that it has joint control in its joint venture agreements and both parties have rights to the net assets of the arrangement. Under the Joint Venture Agreement, each party's share in any proceeds, profits, losses, and other economic value derived under the Joint Venture as well as any economic benefits and losses derived from the utilization of the access ways and open spaces of the joint venture property shall be proportional to the respective financial contributions made by each party (see Note 13).

Interest in an Associate. The Parent Company owns 41.21% and 40% of Rockwell Nepo Development Corporation (RNDC), formerly NepWell Property Management, Inc., as at December 31, 2021 and 2020, respectively. The contractual arrangement relative to the JV Agreement with T.G.N. Realty Corporation does not give two or more of those parties joint control over the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. However, considering the percentage shareholdings of each party to the JVA and the agreement on quorum and voting, multiple combinations of parties could collectively control the arrangement. The Parent Company's management has assessed that it has significant influence in its JVA with T.G.N. Realty Corporation shareholders as the Parent Company has representation in the BOD of RNDC, participation in the policy-making processes and provision of essential technical information as the sole project developer and marketing and sales agent (see Note 13).

Contingencies. The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 29). No provision for contingencies was recognized in 2021, 2020 and 2019.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Purchase Price Allocation in Business Combinations. The Group accounts for the acquired businesses using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated statement of financial position, or gain on bargain purchase in the consolidated statement of comprehensive income. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

The Group's acquisition of a subsidiary has resulted in recognition of gain on bargain purchase amounting to ₱191.1 million for the year ended December 31, 2019 (see Note 6).

Revenue Recognition Method and Measure of Progress. The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue. This is generally driven by the buyer's commitment to pay and percentage of completion.

The Group's revenue from sale of real estate is recognized using the percentage-of-completion method. This is measured principally on the basis of the estimated completion of a physical proportion of the contract work. In view of the recent signs of increased market activity with the easing of community quarantines in key areas of the Philippines, the progress of the Group's performance obligation is directly affected which resulted to higher percentage of completion in the current period as compared to previous year.

The Group has set a certain percentage of collection over the total selling price in demonstrating the buyer's commitment to pay. The percentage is representative of the buyer's substantial investment that gives the buyer a stake in the project sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group.

Revenue from sale of real estate recognized over time amounted to ₱8,926.0 million, ₱7,213.1 million and ₱10,825.3 million in 2021, 2020 and 2019, respectively.

Measurement of ECLs. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the EIR. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the EIR.

Except for installment contracts receivable, the Group uses low credit risk operational simplification to identify whether the credit risk of financial assets has significantly increased.

Inputs, Assumptions and Estimation Techniques. ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the PD, LGD, and EAD, defined as follows:

- *PD*

  The PD represents the likelihood of a customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

  The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *LGD*

  LGD represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

- *EAD*

  EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

ECLs are determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or the customer's borrowing rates.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the contractual repayments owed by the customer. Early repayment/refinance assumptions, when allowed, are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by project and by completion status.

The COVID-19 pandemic did not have a significant impact on the collectability of the Group's trade receivables in 2021 and 2020. Considering the evolving nature of this pandemic, the Group will continue to monitor the situation. Uncertainties in market trends and economic conditions may persist due to the COVID-19 pandemic, which may impact actual results and differ materially from the estimates of ECLs.

General Approach for Cash and Cash Equivalents. The Group recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group uses external credit rating approach to calculate ECLs for cash and cash equivalents, accounts receivable and receivable from ultimate parent. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. This information is widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Simplified Approach for Installment Contracts Receivable. The Group uses vintage analysis to calculate ECLs for installment contracts receivable. The PD rates using vintage analysis are based on default counts of contract issuances in a given period for groupings of various customer segments that have similar loss patterns (i.e., individual, and corporate).

The vintage analysis is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., CPI) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate 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 relationship 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.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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 ECLs.

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.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past one year and three months. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Grouping of Instruments for Losses Measured on Collective Basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. In performing this grouping, there must be sufficient information for the Group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The Group grouped its installment contracts receivable for collective measurement into (i) individuals and (ii) corporate customers. No impairment losses were recognized for installment contracts receivable, recognized as trade receivables, in 2021 and 2020.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECLs. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group in accordance with externally available ratings.

Fair Value of Financial Assets, Investment Properties and Financial Liabilities. Entities are required to disclose for each class of financial assets and liabilities and investment properties the fair value of that class of assets and liabilities in a way that permits it to be compared with the corresponding carrying amount in the consolidated statements of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would affect the disclosures made by management. The fair values of the Group's financial assets, investment properties and financial liabilities are set out in Note 31.

Evaluation of Net Realizable Value of Real Estate Inventories. Real estate inventories are carried at the lower of cost or NRV. The carrying value of real estate inventories are adjusted when the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell.

The COVID-19 pandemic did not have a significant impact on the Group's inventory valuation. Although the Group suspended its operations during the implementation of community quarantine, it has resumed its operations after the lifting of the restrictions.

Real estate inventories, stated at cost, amounted to ₱17,243.9 million and ₱13,154.5 million as at December 31, 2021 and 2020, respectively (see Note 9).

Estimating Useful Lives of Investment Properties and Property and Equipment. The useful life of each of the Group's investment properties and property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, 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 changes in the factors mentioned above. A reduction in the estimated useful life of any items of property and equipment, and investment properties would increase the recorded depreciation expense and decrease investment properties and property and equipment accounts.

There were no changes in the estimated useful lives of investment properties and property and equipment in 2021, 2020 and 2019.

Investment properties, net of accumulated depreciation, (excluding land and investment properties in progress) amounted to ₱11,181.9 million and ₱10,941.1 million as at December 31, 2021 and 2020, respectively (see Note 11).

Property and equipment, net of accumulated depreciation and amortization, (excluding land and construction in progress) amounted to ₱1,264.0 million and ₱1,042.0 million as at December 31, 2021 and 2020, respectively (see Note 12).

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Determining the recoverable amounts of investment properties, investment in joint venture and associate and property and equipment, which requires 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 investment properties, investment in joint venture and property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial position 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 charges under PFRS.

Noncurrent assets that are subject to impairment testing when impairment indicators are present are as follows:

	2021	2020
Investment properties (see Note 11)	**₱14,634,096**	₱14,485,925
Property and equipment (see Note 12)	**2,962,617**	5,282,747
Investments in joint venture and associate (see Note 13)	**3,527,714**	2,829,216
Advances to contractors (see Notes 9, 11 and 12)	**135,927**	299,067

The fair value of the investment properties amounted to ₱28.3 billion and ₱26.4 billion as at December 31, 2021 and 2020, respectively (see Note 11).

The Group has considered the impact of the COVID-19 pandemic and assessed that the Group's nonfinancial assets are not impaired. As at December 31, 2021 and 2020, no other impairment indicators were identified for the Group's nonfinancial assets.

No impairment loss was recognized in 2021, 2020 and 2019.

Deferred Tax Assets. Management uses judgment in reviewing the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets recognized in the consolidated statements of financial position amounted to ₱93.5 million and ₱75.9 million as at December 31, 2021 and 2020, respectively. Unrecognized deferred tax assets amounted to ₱4.4 million and ₱41.4 million as at December 31, 2021 and 2020, respectively (see Note 26).

Pension Costs and Other Employee Benefits. The determination of the Group's obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 and include, among others, discount rate and expected rate of salary increase. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability and other employee benefits amounted to ₱241.8 million and ₱294.9 million as at December 31, 2021 and 2020, respectively. Since there is no minimum funding requirement, the resulting net asset or net liability recognized in the consolidated statements of financial position was determined as the lower of the surplus of the plan and the present value of the future service cost to the Group (see Note 25).

6. Business Combination and Non-controlling Interests

a. RCDC

On August 8, 2018, the Parent Company entered into a Joint Venture Agreement with San Ramon Holdings, Inc., CVY Property Holdings, Inc. and various individuals (collectively "Carmelray shareholders") to develop the residential project in Canlubang, Laguna called "Rockwell South at Carmelray". Pursuant to the Agreement, RCDC was designated by the Parent Company and the Carmelray shareholders to handle the development of "Rockwell South at Carmelray" project. As at December 31, 2018, the Parent Company held 14.7% interest in RCDC, equivalent to 450,000 common shares (eventually converted into 44.1 million Class A redeemable preferred shares and 900,000 common shares on May 27, 2019), and was accounted for as an investment in associate (see Note 13).

On November 20, 2019, the Parent Company subscribed to an additional 240.9 million Class A redeemable preferred shares, representing 37.6% of the total issued and outstanding shares of RCDC, for a total purchase price of ₱2,409.0 million, subject to SEC approval of RCDC's increase in authorized capital stock. On December 18, 2019, the SEC approval has been obtained and RCDC became Rockwell Land's subsidiary.

As a result, the Parent Company's ownership interest in RCDC increased from 14.7% to 52.3% and the transaction was accounted for as a business combination using the acquisition method. Accordingly, the Parent Company's previously held interest of 14.7% was remeasured at acquisition date resulting in recognition of gain on remeasurement of ₱58.5 million in the 2019 consolidated statement of comprehensive income.

The identifiable net assets included in the December 31, 2019 consolidated statement of financial position were based on a provisional assessment of their fair value while the Group sought an independent valuation for the real estate inventories of RCDC.

The receivables and contract assets have not been impaired and it is expected that the full contractual amounts can be collected.

The non-controlling interests were recognized as a proportion of the fair value of the identifiable net assets acquired.

As the final purchase price allocation resulted to immaterial adjustments to the provisional amounts recognized as at December 31, 2019, no restatement has been made in the consolidated financial statements as at and for the year ended December 31, 2019.

Accordingly, the final fair values and the corresponding carrying amounts of the identifiable assets and liabilities of RCDC at acquisition date follows:

	Fair Value	Carrying Value
Cash and cash equivalents	₱1,080,634	₱1,080,634
Receivables and contract assets	2,215,644	2,215,644
Real estate inventories	3,120,964	2,543,464
Other current assets	126,271	126,271
Trade and other payables	440,701	440,701
Deferred tax liability (asset) – net	133,410	(39,840)
Net assets	5,969,402	5,565,152
Non-controlling interests (47.7% of fair value of net assets acquired)	(2,845,954)	
Fair value of previously held interest	(523,379)	
Gain on bargain purchase	(191,069)	
Consideration transferred	₱2,409,000	

RCDC did not contribute any revenues and net income to the 2019 consolidated revenues and consolidated net income of the Group. If the acquisition had taken place at the beginning of the year, RCDC's contributions to the 2019 consolidated revenue and consolidated net income would have been ₱363.3 million and ₱151.8 million, respectively. Transaction costs incurred for the acquisition amounted to ₱24.1 million which were recorded as part of "Taxes and licenses" included under "General and administrative expenses" account in the 2019 consolidated statement of comprehensive income (see Note 23).

The gain on bargain purchase was the result of the higher increase in the fair value of RCDC's real estate inventories as compared to the consideration transferred by the Parent Company.

RCDC's summarized financial information follows:

	2021	2020
Current assets	**₱4,894,180**	₱5,732,752
Noncurrent assets	**1,656,727**	709,404
Current liabilities	**723,244**	575,932
Noncurrent liabilities	**588,166**	215,639
Revenues	**3,443,582**	1,986,981
Total comprehensive income	**1,277,572**	736,301

	2021	2020
Cash flows:		
Operating	**16,759**	247,129
Financing	**(388,660)**	(647,587)

In 2021, RCDC redeemed voting preferred shares of non-controlling interest holder which resulted to 63.1% ownership interest by RLC, and paid dividends to non-controlling interest holder amounting to ₱676.3 million and ₱234.3 million, respectively. Non-controlling interest in RCDC amounted to ₱2,218.6 million and ₱2,622.0 million as at December 31, 2021 and 2020, respectively.

b. Rock MFA

On July 14, 2017, the Parent Company entered into a Joint Venture Agreement with Mitsui Fudosan (Asia) Pte. Ltd. (Mitsui) to develop the residential component of its project in Quezon City called "The Arton by Rockwell". In accordance with the Agreement, Rock MFA was incorporated on August 22, 2017 by the Parent Company and Mitsui through SEAI Metro Manila One, Inc. (MFAP) to handle the development of "The Arton by Rockwell". As at December 31, 2021 and 2020, the Parent Company owns 80% interest in Rock MFA.

Non-controlling interest in Rock MFA amounted to ₱379.3 million, ₱312.7 million and ₱292.6 million as at December 31, 2021, 2020 and 2019, respectively.

c. Rockwell Primaries South

On December 22, 2014, Rockwell Primaries entered into a Memorandum of Agreement with ATR Holdings, Inc. and Dragon Eagle International Limited for the joint and collective investment in and acquisition of all of the outstanding common shares of Maybank ATR Kim Eng Capital Partners, Inc. (Maybank ATR) in Rockwell Primaries South, the developer of East Bay Residences (East Bay) project. Rockwell Primaries acquired 1,860,000 common shares, equivalent to 60% ownership interest, through a Deed of Absolute Sale for a consideration of ₱591.1 million (initial consideration of ₱561.6 million plus payment of indemnity premium of ₱29.5 million). Initial payment representing 25% of the purchase price was made at closing date and the remaining 75% is payable over five years with 5% interest per annum (see Notes 5 and 9). The note payable was paid in full in 2019 (see Note 16).

On July 29, 2019, Rockwell Primaries, ATR Holdings, Inc. and Dragon Eagle International Limited entered into a Share Sale and Purchase Agreement wherein Rockwell Primaries will purchase the 1,240,000 common shares held by ATR Holdings, Inc. and Dragon Eagle International Limited, equivalent to 40% ownership interest, for a total consideration of ₱208.0 million. As a result, Rockwell Primaries South became a wholly owned subsidiary of Rockwell Primaries effective July 2019 and non-controlling interests was reduced by ₱249.2 million, representing the carrying value of non-controlling interests as of the date of additional acquisition, with a credit of ₱249.2 million to other equity adjustment. The total consideration was paid in full in 2019.

Non-controlling interest in Rockwell Primaries South amounted to ₱260.3 million as at December 31, 2018.

7. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and in banks	**₱1,145,888**	₱1,367,806
Short-term investments	**1,638,976**	1,837,216
	₱2,784,864	₱3,205,022

Cash in banks earn interest at the respective bank deposit rates. Short-term investments consist of peso and dollar-denominated placements made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱6.3 million, ₱10.9 million and ₱26.0 million in 2021, 2020 and 2019 respectively (see Note 22).

8. Trade and Other Receivables and Contract Assets

Trade and other receivables consist of:

	2021	2020
Trade receivables from:		
Sale of real estate (see Note 21)	**₱5,027,193**	₱3,465,017
Lease	**580,915**	443,608
Advances to officers and employees (see Note 28)	**47,555**	53,720
Others	**373,377**	164,617
	6,029,040	4,126,962
Less: Allowance for ECLs	**(34,523)**	(16,992)
	₱5,994,517	₱4,109,970

Trade receivables from sale of real estate lots consist of installment contract receivables from real estate customers. Installment contract receivables are collectible in equal monthly installments with terms typically up to five years for high-rise projects and up to three years for horizontal projects. These are noninterest-bearing and are carried at amortized cost. The fair value at initial recognition is derived using discounted cash flow model.

As of December 31, contract assets consist of:

	2021	2020
Current	**₱8,458,512**	₱12,081,855
Noncurrent	**4,112,047**	2,117,064
	₱12,570,559	₱14,198,919

In 2021 and 2020, the Group entered into loan financing agreements with financial institutions whereby the Group assigned its installment contracts receivables on a with recourse basis. These receivables are used as collateral to secure the corresponding loans payable obtained. The Group still retains the assigned receivables in the trade receivables account and recognizes the proceeds from the loan availment as loans payable. As at December 31, 2021, the carrying value of installment contracts receivables and contract assets, and the corresponding loans payable amounted to

₱1,020.0 million and ₱1,262.5 million, respectively (see Note 16). As at December 31, 2020, the carrying value of installment contracts receivables and contract assets, and the corresponding loans payable amounted to ₱2,179.7 million and ₱3,077.7 million, respectively (see Note 16).

Contract assets represent excess of recognized revenues from contracts with real estate customers determined based on percentage of completion against amounts billed to customers. As at December 31, 2021, the movement in contract assets comprises the reclassifications to installment contracts receivables from sale of real estate, and unbilled revenues recognized for the year amounting to ₱5,027.0 million and ₱3,399.0 million, respectively. As at December 31, 2020, the movement in contract assets comprises of the reclassifications to installment contracts receivables from sale of real estate, and unbilled revenues recognized for the year amounting to ₱3,465.0 million and ₱14,198.9 million, respectively (see Note 21).

Interest income earned from sale of real estate amounted to ₱1.4 billion, ₱1.7 billion and ₱1.7 billion in 2021, 2020 and 2019, respectively (see Note 22). Unamortized unearned interest on these receivables and contract assets amounted to ₱3.34 billion and ₱2.82 billion as at December 31, 2021 and 2020, respectively.

Movements of unearned interest on trade receivables from sale of real estate and contract assets follow:

	2021	2020
Trade receivables/contract assets at nominal amount	**₱20,934,624**	₱20,485,639
Less unearned interest:		
Balance at beginning of year	**2,821,703**	2,474,993
Unearned interest	**1,944,708**	2,033,522
Amortization (see Note 22)	**(1,429,539)**	(1,686,812)
Balance at end of year	**3,336,872**	2,821,703
Trade receivables/contract assets at discounted amount	**₱17,597,752**	₱17,663,936

Trade receivables from lease represent short-term receivables from the "Power Plant" Mall tenants and from other commercial establishments on properties held for lease within the Rockwell Center, The Grove, The Rockwell Business Center (RBC) Sheridan, Santolan Town Plaza, 53 Benitez, The Arton Strip, The Vantage Gallery and East Bay Retail Row which are normally collectible within 30 days from billing date.

Advances to officers and employees mainly representing cash advances to be used for operations are noninterest-bearing and will be liquidated within one year.

Other receivables mainly consist of claims from contractors and receivable from various third parties. These are noninterest-bearing and are due and demandable.

The movements of the allowance for ECLs, determined on a collective basis using ECL model (trade receivables) and specific identification (other receivables), follows:

	2021		2020	
	Trade Receivables from Lease	**Others**	Trade Receivables from Lease	Others
Balance at beginning of year	**₱5,113**	**₱11,879**	₱1,549	₱2,013
Provision for ECLs (Note 23)	**–**	**17,531**	3,564	9,866
Balance at end of year	**₱5,113**	**₱29,410**	₱5,113	₱11,879

9. Real Estate Inventories

This account consists of:

	2021	2020
Land and development costs:		
Balmori Suites	**₱1,871,116**	₱–
Rockwell South	**1,679,540**	2,608,858
The Arton	**1,651,994**	1,512,428
East Bay Residences (see Note 6)	**1,391,218**	1,133,197
Proscenium (see Note 17)	**1,022,826**	673,620
Mactan	**1,004,810**	890,888
8 Benitez Suites	**577,950**	553,499
Stonewell	**421,411**	194,369
Terreno South	**221,218**	567,270
Bacolod	**213,109**	429,583
32 Sanson	**145,424**	140,561
The Vantage	**83,770**	120,367
Edades Suites	**–**	203
Land held for future development and other developments costs	**5,886,964**	3,142,417
Condominium units for sale	**1,072,578**	1,187,245
	₱17,243,928	₱13,154,505

In 2021, the Group repurposed the Aruga Hotel Makati to The Balmori Suites, a highly exclusive residential project located at the Rockwell Center. Consequently, project development cost incurred for Aruga Hotel Makati amounting to ₱2,554.6 million was reclassified from property and equipment to real estate inventories (see Note 12).

The rollforward analysis of this account follows:

	2021	2020
At January 1	**₱13,154,505**	₱12,017,060
Cost of real estate sold (shown as part of "Cost of real estate" account in the consolidated statements of comprehensive income)	**(5,977,401)**	(4,991,811)
Construction/development costs incurred (see Note 29)	**5,125,600**	4,172,083
Land acquired	**2,534,821**	663,673
Transfers (to) from property and equipment (see Note 12)	**2,158,444**	1,293,500
Transfers (to) from investment properties (see Note 11)	**247,959**	–
Balance at end of year	**₱17,243,928**	₱13,154,505

Details related to on-going projects as at December 31 are as follows:

Project	Structure and Location	Expected Completion Date	Construction Stage*	Estimated Cost to Complete 2021	2020
The Arton:					
West	Highrise condominium, Quezon City	2022	Superstructure	**₱245,373**	₱951,617
North	Highrise condominium, Quezon City	2023	Superstructure	**1,653,875**	2,040,006
East	Highrise condominium, Quezon City	2025	Substructure	**3,142,701**	–
East Bay Residences:					
Fordham	Midrise condominium, Muntinlupa City	2022	Superstructure	**208,515**	287,970
Larsen	Midrise condominium, Muntinlupa City	2025	Substructure	**1,157,755**	1,403,234
Rockwell South:					
Cluster 1	Residential lots, Laguna	2022	Land development	**728,849**	973,764
Cluster 2	Residential lots, Laguna	2023	Land development	**213,818**	334,476
Cluster 3	Residential lots, Laguna	2024	Site development	**263,749**	–
32 Sanson Sillion	Midrise condominium, Cebu City	2024	Site development	**537,913**	–
32 Sanson Solihiya	Midrise condominium, Cebu City	2022	Superstructure	**42,455**	121,195
The Proscenium Residences	Highrise condominium, Makati	2022	Superstructure	**766,637**	1,418,664
The Vantage					
West	Highrise condominium, Pasig City	2022	Superstructure	**85,990**	152,939
East	Highrise condominium, Pasig City	2022	Superstructure	**227,849**	253,735
Stonewell:					
Mahogany	Residential house and lots, Batangas	2022	Superstructure	**9,459**	104,117
Royal Palms	Residential house and lots, Batangas	2023	Superstructure	**74,719**	134,387
Balmori Suites	Highrise condominium, Rockwell Center	2023	Superstructure	**927,614**	–
8 Benitez	Midrise condominium, New Manila	2024	Substructure	**926,647**	–
Terreno South					
Phase 1	Residential lots, Batangas	2021	Land development	**–**	68,694
Phase 2	Residential lots, Batangas	2021	Land development	**–**	148,301
Phase 3	Residential lots, Batangas	2024	Land development	**177,814**	–
Edades Suites	Highrise condominium, Rockwell Center	2021	Superstructure	**–**	455,087
Aruga Residences	Highrise condominium, Mactan	2027	Superstructure	**3,561,465**	3,706,053
Mactan Villas Phase 1	Villa, Mactan	2023	Superstructure	**287,162**	–
Nara Residences					–
One Nara	Midrise condominium, Bacolod	2023	Superstructure	**504,742**	–
Two Nara	Midrise condominium, Bacolod	2024	Site development	**253,693**	–
Nara Lots	Residential lots, Bacolod	2024	Site development	**1,652,109**	–
				₱17,650,903	₱12,554,239

**Construction stage as at December 31, 2021.*

As at December 31, 2021 and 2020, land held for future development and other development costs mainly pertain to land acquisitions in Manila and certain provinces.

As at December 31, 2021 and 2020, condominium units for sale pertains to unsold units of various completed projects.

As at December 31, 2021 and 2020, advances to contractors, shown separately in the consolidated statements of financial position, mainly pertain to advances related to the development of various projects.

The cost of real estate inventories (i.e., land and development costs and condominium units for sale) consists of the costs of land and direct development costs.

10. **Other Current Assets**

This account consists of:

	2021	2020
Creditable withholding tax	**₱1,496,954**	₱955,989
Input VAT	**719,139**	701,486
Prepaid costs (see Notes 17 and 21)	**406,587**	449,805
Refundable deposits	**88,066**	71,506
Supplies	**18,424**	20,793
Restricted cash	**9,649**	15,416
Others	**56,021**	36,354
	₱2,794,840	₱2,251,349

Prepaid costs primarily pertain to costs to obtain a contract which consist of sales commission pertaining to real estate sold capitalized as deferred selling expense (see Note 21).

Refundable deposits mainly consist of security deposits and advance rent in accordance with lease agreement.

As at December 31, 2021, restricted cash represents funds set aside to cover the application with DHSUD for a certificate of registration and license to sell for a project development. The fund will be released on 2nd quarter of 2022. As at December 31, 2020, restricted cash represents funds in escrow intended for the payment of land acquired in 2019 which was released to seller last January 2021.

11. **Investment Properties**

The rollforward analysis of this account follows:

	2021				
	Land	**Buildings and Improvements**	**Right-of-use Assets**	**Investment Properties in Progress**	**Total**
At January 1, 2021, net of accumulated depreciation and amortization	**₱2,777,154**	**₱10,447,175**	**₱493,950**	**₱767,646**	**₱14,485,925**
Additions to construction (see Note 29)	**107,218**	**375,754**	–	**48,143**	**531,115**
Transfers (to) from real estate inventories (see Note 9)	**46,276**	–	–	**(294,235)**	**(247,959)**
Transfers (to) from property and equipment (see Note 12)	–	**369,815**	–	–	**369,815**
Depreciation and amortization (see Note 23)	–	**(489,532)**	**(15,268)**	–	**(504,800)**
At December 31, 2021, net of accumulated depreciation and amortization	**₱2,930,648**	**₱10,703,212**	**₱478,682**	**₱521,554**	**₱14,634,096**

	2021				
	Land	**Buildings and Improvements**	**Right-of-use Assets**	**Investment Properties in Progress**	**Total**
At January 1, 2021:					
Cost	**₱2,777,154**	**₱13,932,141**	**₱524,486**	**₱767,646**	**₱18,001,427**
Accumulated depreciation and amortization	**–**	**(3,484,966)**	**(30,536)**	**–**	**(3,515,502)**
Net carrying amount	**₱2,777,154**	**₱10,447,175**	**₱493,950**	**₱767,646**	**₱14,485,925**
At December 31, 2021:					
Cost	**₱2,930,648**	**₱14,677,710**	**₱524,486**	**₱521,554**	**₱18,654,398**
Accumulated depreciation and amortization	**–**	**(3,974,498)**	**(45,804)**	**–**	**(4,020,302)**
Net carrying amount	**₱2,930,648**	**₱10,703,212**	**₱478,682**	**₱521,554**	**₱14,634,096**

	2020				
	Land	Buildings and Improvements	Right-of-use Assets	Investment Properties in Progress	Total
At January 1, 2020, net of accumulated depreciation and amortization	₱2,777,154	₱10,905,029	₱509,218	₱220,862	₱14,412,263
Additions to construction (see Note 29)	–	–	–	546,784	546,784
Depreciation and amortization (see Note 23)	–	(457,854)	(15,268)	–	(473,122)
At December 31, 2020, net of accumulated depreciation and amortization	₱2,777,154	₱10,447,175	₱493,950	₱767,646	₱14,485,925

	2020				
	Land	Buildings and Improvements	Right-of-use Assets	Investment Properties in Progress	Total
At January 1, 2020:					
Cost	₱2,777,154	₱13,932,141	₱524,486	₱220,862	₱17,454,643
Accumulated depreciation and amortization	–	(3,027,112)	(15,268)	–	(3,042,380)
Net carrying amount	₱2,777,154	₱10,905,029	₱509,218	₱220,862	₱14,412,263
At December 31, 2020:					
Cost	₱2,777,154	₱13,932,141	₱524,486	₱767,646	₱18,001,427
Accumulated depreciation and amortization	–	(3,484,966)	(30,536)	–	(3,515,502)
Net carrying amount	₱2,777,154	₱10,447,175	₱493,950	₱767,646	₱14,485,925

Investment properties are carried at cost. Investment properties consist of the "Power Plant" Mall (₱3.6 billion and ₱3.5 billion as at December 31, 2021 and 2020), other investment properties held for lease within the Rockwell Center, The Grove, Santolan Town Plaza, 53 Benitez, RBC Sheridan, East Bay Retail Row and The Arton Strip (₱7.3 billion and ₱10.7 billion as at December 31, 2021 and 2020, respectively) and land held for appreciation (₱682.1 million and ₱771.5 million as at December 31, 2021 and 2020, respectively).

Investment properties in progress include costs incurred for the construction of One Proscenium which started in 2019. General borrowing costs capitalized as part of investment properties amounted to ₱20.4 million and ₱33.8 million in 2021 and 2020, respectively (see Note 16). Average capitalization rates used for all ongoing projects are 4.99% and 5.37% in 2021 and 2020, respectively.

Accretion of interest expense on installment payable, capitalized as part of construction costs, amounted to nil and ₱0.9 million in 2021 and 2020, respectively (see Note 17).

Amortization of discount on retention payable, capitalized as part of construction costs, amounted to nil and ₱4.1 million in 2021 and 2020, respectively (see Note 18).

As at December 31, 2021 and 2020, advances to contractors, included under “Other noncurrent assets” account in the consolidated statements of financial position, amounting to ₱135.9 million and ₱209.1 million, respectively, primarily pertain to advances related to the development of “One Proscenium” projects and “Mall Expansion”.

Lease income earned from investment properties amounted to ₱1,227.8 million, ₱1,149.9 million and ₱1,845.2 million in 2021, 2020 and 2019, respectively. Direct operating expenses incurred amounted to ₱399.5 million, ₱430.1 million and ₱641.5 million in 2021, 2020 and 2019, respectively.

As a consequence of the COVID-19 pandemic, the Group provided certain rent concessions to its tenants of commercial spaces in the form of lease payment holidays and lease reduction from March to December 31, 2021. The Group accounted for the rent concessions as not a lease modification. The rent concessions resulted to reduction in rental income amounted to ₱456.5 million and ₱512.0 million in 2021 and 2020, respectively.

The aggregate fair value of the Group’s Power Plant Mall amounted to ₱12.9 billion and ₱12.5 billion as at December 31, 2021 and 2020, respectively. The aggregate fair value of other investment properties held for lease within the Rockwell Center, The Grove, RBC Sheridan, 8 Rockwell, Santolan Town Plaza, East Bay Retail Row, The Arton Strip, The Vantage Gallery and land held for appreciation amounted to ₱15.4 billion and ₱13.9 billion as at December 31, 2021 and 2020, respectively.

The fair value as at December 31, 2021 and 2020 was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm’s length transaction at the date of valuation.

The fair value of the mall and investment properties held for lease within the Rockwell Center, The Grove, RBC Sheridan, 8 Rockwell, Santolan Town Plaza, East Bay Retail Row, The Vantage Gallery and The Arton Strip was arrived at through the use of the “Income Approach,” particularly the “Discounted Cash Flow Analysis” which is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property being valued. In an operating property, periodic cash flow is typically estimated as gross revenue less operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. This is included under Level 3 in the fair value hierarchy (see Note 31).

The fair value of land held for appreciation and land component of assets under construction was arrived at through the use of the “Market Data Approach.” “Market Data Approach” is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. This approach is primarily based on sales and listings, which are adjusted for time of sale, location, and general characteristics of comparable lots in the neighborhood where the subject lot is situated. This is included under Level 2 in the fair value hierarchy (see Note 31).

The fair value of assets recently completed and undergoing construction was arrived at through the use of the “Cost Approach”. “Cost Approach” is based on the amount required to replace the service capacity of an asset (frequently referred to as current replacement cost). This approach is applied by estimating the amount that currently would be required to construct a substitute software asset of comparable utility. This is included under Level 3 in the fair value hierarchy (see Note 31).

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

12. Property and Equipment

The rollforward analysis of this account follows:

	2021					
	Land	**Buildings and Improvements**	**Office Furniture and Other Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
At January 1	**₱515,032**	**₱1,772,482**	**₱1,981,859**	**₱372,106**	**₱3,725,718**	**₱8,367,197**
Additions	–	**194,129**	**177,233**	**11,024**	**83,698**	**466,084**
Transfers (to) from real estate inventories (see Note 9)	**264,363**	**(90)**	–	–	**(2,422,717)**	**(2,158,444)**
Transfers (to) from investment properties (see Note 11)	–	**(369,815)**	–	–	–	**(369,815)**
Reclassification	–	**467,511**	–	–	**(467,511)**	–
At December 31	**779,395**	**2,064,217**	**2,159,092**	**383,130**	**919,188**	**6,305,022**
Accumulated Depreciation and Amortization						
At January 1	–	**1,056,319**	**1,709,687**	**318,444**	–	**3,084,450**
Depreciation and amortization (see Note 23)	–	**120,885**	**123,427**	**13,643**	–	**257,955**
At December 31	–	**1,177,204**	**1,833,114**	**332,087**	–	**3,342,405**
Net Book Value at December 31	**₱779,395**	**₱887,013**	**₱325,978**	**₱51,043**	**₱919,188**	**₱2,962,617**

	2020					
	Land	Buildings and Improvements	Office Furniture and Other Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
At January 1	₱1,232,168	₱2,470,985	₱1,921,266	₱368,501	₱2,497,494	₱8,490,414
Additions	–	–	60,593	3,605	1,228,224	1,292,422
Transfers to real estate inventories (see Note 9)	(717,136)	(698,503)	–	–	–	(1,415,639)
At December 31	515,032	1,772,482	1,981,859	372,106	3,725,718	8,367,197
Accumulated Depreciation and Amortization						
At January 1	–	1,021,824	1,558,478	291,770	–	2,872,072
Depreciation and amortization (see Note 23)	–	156,634	151,209	26,674	–	334,517
Transfers to real estate inventories	–	(122,139)	–	–	–	(122,139)
At December 31	–	1,056,319	1,709,687	318,444	–	3,084,450
Net Book Value at December 31	₱515,032	₱716,163	₱272,172	₱53,662	₱3,725,718	₱5,282,747

In 2021 and 2020, construction in progress pertains to the ongoing construction of Mactan Hotel, Rockwell Performing Arts Theater and Aruga Hotel Makati (in 2020).

Borrowing costs capitalized as part of property and equipment amounted to ₱16.1 million and ₱105.9 million in 2021 and 2020, respectively (see Note 16). Average capitalization rates used are 4.99% and 5.37% in 2021 and 2020, respectively.

As at December 31, 2021 and 2020, advances to contractors, included under "Other noncurrent assets" account in the consolidated statements of financial position, amounting to nil and ₱90.0 million, respectively, primarily pertain to advances related to the development of "Mactan Hotel" and "Aruga Hotel Makati" (in 2020).

In 2021, the Group repurposed the Aruga Hotel Makati to The Balmori Suites, a highly exclusive residential project located at the Rockwell Center. Consequently, project development cost incurred for Aruga Hotel Makati amounting to ₱2,554.6 million was reclassified from property and equipment to real estate inventories (see Note 9).

13. **Investments in Joint Venture and Associate**

This account consists of:

	2021	2020
Investment in:		
Joint venture	**₱2,776,037**	₱2,073,066
Associate	**751,677**	756,150
	₱3,527,714	₱2,829,216

Investments in Joint Venture

a. 8 Promoveo Land, Inc. (PLI)

In December 2021, Rockwell Land entered into a Joint Venture Agreement (JVA) with International Pharmaceuticals, Inc. (IPI) to jointly develop parcels of land in Cebu into residential condominiums and commercial, retail and office components (the Project) through PLI (JV Co.), and with the view of jointly preserving and continuing IPI's long-standing legacy in the market and Rockwell Land's brand of creating communities of unparalleled quality. Under the terms of the JVA, each of Rockwell and IPI shall at all times hold 50% of the total subscribed shares, except in certain circumstances provided for in the JVA. Pursuant to the JVA, Rockwell Land shall subscribe to 3,148,410,000 common and redeemable preferred shares out of the unissued authorized shares of PLI in the following manner:

a. *First Subscription:* On the execution date of the JVA Agreement, Rockwell Land shall execute a Subscription Agreement to subscribe to 1,019,205,000 common shares and 1,500,795,000 redeemable preferred shares – Tier 1.

b. *Second Subscription:* Upon SEC approval of the increase in capital stock, Rockwell Land shall execute a second Subscription Agreement to subscribe to the additional 628,410,000 redeemable preferred shares – Tier 1 to complete its subscription for the shares comprising its Tier 1 capital contribution.

In December 2021, Rockwell Land contributed ₱630.0 million in cash to the JV Co. as partial payment for Rockwell Land's subscription. On the same period, PLI filed its application with the SEC for the increase in authorized capital stock. The corresponding shares of Rockwell Land's first subscription shall be issued out of the said increase in authorized capital stock. Accordingly, the aforementioned partial subscription payment is treated as deposits for stock subscription as at December 31, 2021 presented as part of investments in joint ventures. As at April 1, 2022, the SEC approval is still pending.

b. RBC

On March 25, 2008, the Parent Company entered into a 25-year JV Agreement with Meralco to form an unincorporated and registered JV (70% for the Parent Company and 30% for Meralco), referred to as "unincorporated JV." Under the JV Agreement, the parties agreed to pool their allocated areas in the first two towers of the BPO Building, including the right to use the land, and to operate and manage the combined properties for lease or any similar arrangements to third parties under a common property management and administration. Consequently, the Parent Company's contribution to the unincorporated JV is presented as "Investment in joint venture" account in the consolidated statements of financial position. The unincorporated JV started commercial operations in July 2009.

In accordance with the terms of the JV Agreement, the Parent Company acts as the Property Manager of the unincorporated JV. Management fees recognized by the Parent Company, which is shown as part of "Others" account in the consolidated statements of comprehensive income, amounted to ₱4.5 million, ₱6.6 million and ₱6.8 million in 2021, 2020 and 2019, respectively (see Note 28). The unincorporated JV will be managed and operated in accordance with the terms of the JV Agreement and with the Property Management Plan provided for in the JV Agreement. The principal place of business of the unincorporated JV is at Meralco Compound, Ortigas Center, Pasig City.

On November 25, 2009, Meralco and the Parent Company agreed to revise the sharing of earnings before depreciation and amortization to 80% for the Parent Company and 20% for Meralco until 2014 or until certain operational indicators are reached, whichever comes first. Sharing of depreciation and amortization is proportionate to their contribution.

On December 6, 2013, Meralco and the Parent Company entered into a Supplemental Agreement to the JV Agreement to include their respective additional rights and obligations, including the development and construction of the third tower of the BPO Building. Under the Supplemental Agreement, Meralco shall contribute the corresponding use of the land where the third BPO Building will be constructed while the Parent Company shall provide the additional funds necessary to cover the construction costs. Construction of the third tower was completed in December 2014.

The joint venture's statements of financial position include the following:

	2021	2020
Current assets	**₱1,020,898**	₱1,011,256
Noncurrent assets	**2,456,096**	2,644,733
Current liabilities	**62,154**	378,849
Noncurrent liabilities	**349,073**	315,617
Cash and cash equivalents	**671,297**	672,994
Current financial liabilities (excluding trade and other payables and provisions)	**56,502**	108,517
Noncurrent financial liabilities (excluding trade and other payables and provisions)	**203,175**	191,916

The joint venture's statements of comprehensive income include the following:

	2021	2020	2019
Revenue	**₱980,377**	₱782,659	₱738,588
General and administrative expenses	**124,952**	(9,025)*	4,278
Depreciation and amortization expense	**212,191**	175,609	184,499
Interest income	**2,047**	9,827	19,788
Provision for income tax	**112,788**	141,886	129,789
Total comprehensive income/net income	**532,493**	484,016	439,810

**Excess of collections on reimbursable charges over general and administrative expenses incurred.*

The carrying value of the Parent Company's investment in joint venture consists of:

	2021	2020
Cost	**₱1,661,215**	₱2,536,691
Return of investment*	**4,446**	(875,476)
	1,665,661	1,661,215
Accumulated share in net income:		
Balance at beginning of year	**411,851**	406,890
Share in net income**	**372,745**	338,811
Dividend distribution	**(304,220)**	(333,850)
Balance at end of year	**480,376**	411,851
Carrying value	**₱2,146,037**	₱2,073,066

**Represents excess cash of the joint venture distributed as return of capital as agreed by the joint venture partners.*
***Shown as part of "Share in net income of joint venture and associate" account in the consolidated statements of comprehensive income.*

In 2020, the Parent Company and Meralco have agreed that effective January 1, 2020, all income sharing distribution in excess of the JV's retained earnings shall be treated as return of capital. Consequently, accumulated distributions as at December 31, 2019 initially recorded as due to a related party under "Trade and other payables" account was adjusted against Investment in JV as a return of capital (see Note 15).

Below is the reconciliation of the summarized financial information of the unincorporated JV to the carrying amount of the Parent Company's investment therein:

	2021	2020
Net assets of the unincorporated JV	**₱3,065,767**	₱2,961,523
Interest of the Parent Company in the net asset of the unincorporated JV	**70%**	70%
Carrying amount of investment in joint venture	**₱2,146,037**	₱2,073,066

As at December 31, 2021 and 2020, the unincorporated JV has no commitments and contingencies.

Investment in Associates

a. RNDC

On August 17, 2020, the Parent Company entered into a Joint Venture Agreement with T.G.N. Realty Corporation to develop parcels of land in Pampanga, through RNDC. The final shareholdings shall be 40%-60% between Rockwell Land and T.G.N. Realty Corporation, respectively.

On November 6, 2020, the Parent Company subscribed to 746,698,125 redeemable preference shares and 9,451,878 common shares of RNDC, equivalent to 40% of RNDC's outstanding capital stock, for a total consideration of ₱756.2 million. As at December 31, 2020, the Parent Company made partial payment of the subscription price amounting to ₱72.0 million and accounted for such investment as an associate. As at December 31, 2021, the Parent Company made a partial payment of the subscription price amounting to ₱200.0 million, while the remaining unpaid subscription of the Parent Company in RNDC amounting to ₱484.2 million is recognized as subscription payable in the consolidated financial position (see Note 13).

The purchase price allocation resulted to recognition of RNDC's assets and liabilities at fair value, with land as the primary asset, and embedded goodwill amounting to ₱51.0 million.

As at December 31, 2021 and 2020, the Group's investment in RNDC amounted to ₱751.7 million and ₱756.2 million, respectively. Share in net loss of RNDC amounted to ₱4.5 million in 2021.

The Parent Company's share in the profit or loss/total comprehensive income of RNDC in 2021 is reported under share in net income of joint venture and associate. The Parent Company's share in the profit or loss/total comprehensive income of RNDC in 2020 is not material to the consolidated financial statements.

b. RCDC

On August 8, 2018, the Parent Company entered into a JV Agreement with Carmelray shareholders, through RCDC (formerly Carmelray Property Holdings, Inc.) (JV Co.), a newly incorporated entity, to jointly develop lots, house and lots, townhouses, and midrise condominium in Calamba, Laguna.

As at December 31, 2018, Rockwell Land contributed ₱450.0 million to the JV Co. in exchange for 450,000 common shares (eventually converted into 44.1 million Class A redeemable preferred shares and 900,000 common shares on May 27, 2019) for a total ownership of 14.7%. An escrow account was initially established for the purpose of the contribution (see Note 10).

The Parent Company and Carmelray shareholders will eventually own 70% and 30% of JV Co., respectively. The shareholding of the shareholders shall be adjusted to approximate the actual capital contribution in the JV Co.

The Parent Company assessed that it has significant influence over the JV Co. as at December 31, 2018 and accounted for its investment as an associate.

On November 20, 2019, the Parent Company infused ₱602.3 million in RCDC for subscription to an additional 240,900,000 Class A redeemable preferred shares at an aggregate amount of ₱2,409.0 million, subject to SEC approval of RCDC's increase in authorized capital stock. On December 18, 2019, the SEC approval has been obtained and RCDC became Rockwell Land's subsidiary. Accordingly, the investment in associate was reclassified to investment in subsidiary and the additional subscription was accounted for as a business combination (see Note 6).

The Parent Company's share in the profit or loss/total comprehensive income of the associate in 2019 prior to additional subscription amounting to ₱14.9 million is presented as part of the "Share in net income of joint venture and associate" account in the 2019 consolidated statement of comprehensive income. The Parent Company's share in the profit or loss/total comprehensive income of RCDC in 2018 is not material to the consolidated financial statements.

14. Investment in Equity Instruments at FVOCI

As at December 31, this account consists of:

	2021	2020
Quoted	**₱28,460**	₱28,460
Unquoted	**1,918**	3,288
	₱30,378	₱31,748

Quoted Equity Shares
This primarily consists of investment in Manila Polo Club shares. Movement in the balance follows:

	2021	2020
Balance at beginning of year	**₱28,460**	₱38,211
Disposal	–	(7,251)
Unrealized loss on fair value adjustments	–	(2,500)
Balance at end of year	**₱28,460**	₱28,460

Unquoted Equity Shares
Unquoted equity securities consist of investments in Meralco preferred shares which were issued to the Parent Company when Meralco meters were connected and will only be disposed of upon termination of service. These shares have no quoted market price and any fair value gain or loss on these investments is not material to the consolidated financial statements. As at financial reporting date, the Parent Company has no plans of disposing these unquoted equity securities.

15. Trade and Other Payables

This account consists of:

	2021	2020
Trade	**₱1,042,349**	₱1,177,575
Accrued expenses:		
Project costs	**998,757**	758,056
Taxes and licenses	**131,970**	484,385
Selling, marketing and promotions	**367,474**	293,577
Interest	**157,449**	119,137
Utilities	**61,475**	67,452
Repairs and maintenance	**73,848**	31,064
Producers' share	**5,888**	11,295
Employee benefits (see Note 25)	**106,121**	98,600
Others	**108,534**	132,813
Deferred output VAT	**1,141,909**	1,475,268
Contract liabilities:		
Excess of collections over recognized receivables (see Notes 18 and 21)	**907,211**	986,081
Deposits from pre-selling of condominium units (see Notes 18 and 21)	**274,853**	19,937
Advance payments from members and customers (see Note 21)	**11,467**	10,951

(Forward)

	2021	2020
Current portions of:		
Security deposits (see Note 18)	**313,817**	249,734
Retention payable (see Note 18)	**801,387**	891,079
Deferred lease income (see Note 18)	**183,561**	158,430
Lease liabilities (see Note 29)	**29,021**	30,242
Output VAT	**170,460**	185,342
Due to related party (see Note 28)	**3,954**	–
Others	**111,872**	146,784
	₱7,003,377	₱7,327,802

Trade payables and accrued project costs are noninterest-bearing and are normally settled on a 30-day term.

Accrued taxes mainly consist of transfer fees payable and taxes payable other than income tax.

Accrued expenses are normally settled within 12 months.

Deposits from pre-selling of condominium units represent cash received from buyers of certain projects with pending recognition of revenue. The current portion of these deposits are expected to be applied against receivable from sale of condominium units the following year (see Notes 9 and 21).

Advance payments from members and customers mainly include membership dues received but are not yet due as at reporting period.

16. Interest-bearing Loans and Borrowings

This account consists of:

	Effective Interest Rate	2021	2020
Current			
Bonds payable	5.25% fixed	**₱–**	₱3,313,400
CTS loans	5.7%, 5.6%, 5.5%, 5.6%, 5.3%, 6.6%, 6.7%, 5.4%	**1,262,475**	2,638,417
Term loan	5.6%, 4.7%, 2.7% floating, 6.1%, 5.7%, 4.5%, 5.5%, 5.8%, 5.2%, 4.5% floating, 3.6%, 3.1%, 3.9%,	**2,413,680**	627,923
Short-term loans	3.0%, 2.8%	**700,000**	800,000
Corporate notes	5.1%, 4.8%, 4.7% fixed	**–**	–
		4,376,155	7,379,740
Less unamortized loan transaction costs		**28,920**	25,105
		₱4,347,235	₱7,354,635
Noncurrent			
Term loan	5.6%, 4.7%, 2.7% floating, 6.1%, 5.7%, 4.5%, 5.5%, 5.8%, 5.2%, 4.5%	**₱22,549,290**	₱17,039,371
CTS loans	5.7%, 5.6%, 5.5%, 5.6%, 5.3%, 6.6%, 6.7%, 5.4%	**–**	439,282
Bonds payable	5.3% fixed	**–**	–
		22,549,290	17,478,653
Less unamortized loan transaction costs		**108,560**	75,273
		₱22,440,730	₱17,403,380

Bonds Payable
On November 15, 2013, the Parent Company issued ₱5.0 billion unsecured fixed rate retail peso bonds. The bonds have a term of seven (7) years and one (1) quarter from the issue date, with fixed interest rate equivalent to 5.0932% per annum. Interest on the bonds is payable quarterly in arrears commencing on February 15, 2014.

The bonds were offered to the public at face value and were issued in scripless form, with the Philippine Depository & Trust Corporation maintaining the Electronic Registry of Bondholders, as the Registrar of the Bonds. On issue date, the bonds were listed in Philippine Dealing & Exchange Corporation to facilitate secondary trading.

The bonds shall be redeemed at par (or 100% of face value) on February 15, 2021, its maturity date, unless the Parent Company exercises its early redemption option in accordance with certain conditions. The embedded early redemption is clearly and closely related to the host debt contract; thus, not required to be bifurcated and accounted for separately from the host contract.

In June 2020, the Parent Company underwent a Consent Solicitation exercise for the amendment of its Bond Trust Indenture to remove the Debt Service Coverage Ratio (DSCR) requirement and to provide an option to Consenting bondholders to sell their bonds to the Parent Company.

Consenting bondholders who did not opt to sell their bonds received an incentive fee of ₱1.25 for each ₱1,000 of the principal amount of the bonds while Consenting bondholders who opted to sell their bonds back to the Parent Company received proceeds equivalent to 101% of the outstanding principal amount of the bonds and any accrued interest on the payment date.

The Parent Company was able to purchase bonds with a total principal amount of ₱1,686.6 million. The Group incurred transaction costs related to the buyback of bonds such as broker's commission and PDTC fees.

Accordingly, management accounted for the buyback of bonds as extinguishment of debt, derecognizing the carrying value of the bonds and recognizing a loss on bond redemption amounting to ₱18.5 million in the 2020 consolidated statement of comprehensive income. The Parent Company likewise recognized the incentive fee paid to consenting bondholders as part of other expense under general and administrative expense amounting to ₱2.9 million.

The outstanding balance of the bonds payable, net of unamortized loan transaction costs, amounted to nil and ₱3,312.7 million as of December 31, 2021 and 2020, respectively.

Contracts to Sell (CTS) Loan Financing
In 2021 and 2020, the Group entered into loan financing agreements with financial institutions to fund the ongoing construction of its projects whereby the Group assigned its installment contracts receivables under its CTS on a with recourse basis. These receivables are used as collateral to secure the corresponding loans obtained (see Note 8).

The CTS loans bear fixed interest rates ranging from 5.0% to 6.0%. Principal payments on the loan amounting to ₱2,424.0 million and ₱2,457.2 million were made in 2021 and 2020, respectively.

Schedule of drawdowns are set out below:

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	March 2018	3 years	Jun 2018	12	₱0.54
2	March 2018	2 years	Mar 2018	2	0.57
3	March 2018	2 years	Mar 2018	22	0.32
4	April 2018	3 years	Jul 2018	12	0.29
5	April 2018	2 years	Apr 2019	2	0.43
6	May 2018	3 years	Jun 2018	36	0.53
7	June 2018	3 years	Jul 2018	36	0.47
8	July 2018	3 years	Oct 2018	12	0.16
9	August 2018	3 years	Sep 2018	40	0.22
10	August 2018	3 years	–	Lumpsum	0.42
11	August 2018	3 years	Sep 2018	36	0.36
12	September 2018	3 years	–	Lumpsum	0.21
13	October 2018	3 years	–	Lumpsum	0.33
14	March 2019	3 years	Apr 2019	39	0.50
15	June 2019	3 years	Jul 2019	39	0.42
16	June 2019	3 years	Jul 2019	29	0.56
17	September 2019	2 years	–	Lumpsum	0.28
18	September 2019	2 years	–	Lumpsum	0.12
19	September 2019	2 years	–	Lumpsum	0.12
20	March 2021	1 year	–	Lumpsum	0.10
21	June 2021	1 year	–	Lumpsum	0.15
22	July 2021	1 year	–	Lumpsum	0.02
					₱7.12

The outstanding balance of the CTS loans, net of unamortized loan transaction costs, amounted to ₱1,252.5 million and ₱3,070.9 million as of December 31, 2021 and 2020, respectively.

Term Loan
PNB. On May 25, 2016, December 19, 2019 and September 13, 2021, the Parent Company entered into unsecured credit facilities with PNB each amounting to ₱5.0 billion, for a total of ₱15.0 billion. The Parent Company will pay 70% of the loan amounts quarterly over the term of the loans and the balance upon maturity. Details of drawdowns are as follows:

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	May 2016	10 years	August 2018	32	1.0
2	August 2017	7 years	August 2019	20	1.0
3	September 2017	7 years	September 2019	20	1.0
4	October 2017	7 years	October 2019	20	1.0
5	December 2017	7 years	December 2019	20	1.0
6	December 2019	7 years	December 2021	20	1.0
7	January 2020	7 years	April 2022	20	1.0
8	December 2020	7 years	March 2023	20	1.0
9	February 2021	7 years	May 2022	24	2.0
10	October 2021	7 years	January 2024	20	1.0
					₱11.0

MBTC. On November 18, 2019, the Parent Company entered into an unsecured credit facility with MBTC amounting to ₱5.0 billion. The Parent Company will pay 50% of the loan amount quarterly over the term of the loan and the balance upon maturity.

Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	November 2019	7 years	February 2022	20	₱2.0
2	December 2019	7 years	February 2022	20	1.0
3	March 2020	7 years	June 2022	20	1.0
4	August 2020	7 years	November 2022	20	1.0
					₱5.0

As at December 31, 2020, the credit facility with MBTC has been fully utilized.

On June 14, 2016, the Parent Company entered into a credit facility with MBTC amounting to ₱4.0 billion. The Parent Company will pay 70% of the loan amount quarterly over the term of the loan and the balance upon maturity. Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarter Payments	Amount (in billions)
1	June 2016	7 years	September 2018	20	₱1.0
2	June 2016	10 years	September 2018	32	1.0
3	September 2016	7 years	December 2018	20	0.5
4	June 2017	10 years	September 2018	32	1.0
5	October 2017	10 years	September 2018	32	0.5
					₱4.0

On June 14, 2016, Retailscapes entered into a credit facility with MBTC amounting to ₱1.0 billion to finance the development of Santolan Town Plaza. Retailscapes will pay 70% of the loan amount quarterly over the term of the loan and the balance upon maturity.

Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	June 2016	10 years	September 2018	32	₱0.5
2	May 2017	10 years	September 2018	32	0.5
					₱1.0

BDO. On January 20, 2020, the Parent Company entered into an unsecured credit facility with BDO amounting to ₱10.0 billion. The Parent Company will pay 48% of the loan amount quarterly over the term of the loan and the balance upon maturity.

Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarter Payments	Amount (in billions)
1	February 2020	10 years	May 2022	32	₱1.0
2	April 2020	10 years	July 2022	32	1.0
3	July 2020	10 years	October 2022	32	2.0
4	September 2020	10 years	December 2022	32	1.0
5	April 2021	7 years	May 2022	32	1.0
6	June 2021	10 years	May 2022	32	1.0
7	August 2021	9 years	May 2022	32	1.0
8	September 2021	10 years	May 2022	32	1.0
9	October 2021	10 years	May 2022	32	1.0
					₱10.0

As at December 31, 2021, the credit facility with BDO has been fully utilized.

Shareholder Loan. On June 5, 2018, Rockwell MFA entered into a shareholder loan agreement with the Parent Company and Mitsui, through SEAI Metro Manila One, Inc., for the purpose of funding "The Arton by Rockwell" project.

As at December 31, 2021 and 2020, the loan proceeds received by Rockwell MFA from SEAI Metro Manila One, Inc. amounted to ₱196.0 million and ₱215.6 million, respectively.

The loan bears an interest rate equal to the base rate plus the applicable spread of 150 bps. The base rate may be any benchmark rate relevant to the currency and term of the loan. The outstanding loan drawdowns in 2018 and 2019 shall be payable in lumpsum on December 31, 2022 while the loan drawdowns in 2020 shall be payable on December 31, 2023.

In 2020, the Group opted to pre-terminate or accelerate payment of certain Term and CTS loans resulting to loan modification upon notice of pre-termination to the banks. Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities. As a result, the Group recognized a loss on loans modification in the 2020 consolidated statement of comprehensive income amounting to ₱19.6 million.

Consequently, the Parent Company made acceleration payment to PNB of the loan principal amounting to ₱3,557.9 million, subject to 1% penalty resulting to a loss on prepayment of loan amounting to ₱35.6 million.

The outstanding balance of the term loans, net of unamortized loan transaction costs, amounted to ₱24,835.4 million and ₱17,574.4 million as of December 31, 2021 and 2020, respectively.

<u>Short-term Loans</u>
In 2021 and 2020, the Parent Company obtained short-term loans from various financial institutions bearing interest rates ranging from 2.5% to 3.00% with terms of four to six months and ranging from 3.5% to 6.1% with terms of two months up to one year, respectively. As at December 31, 2021 and 2020, outstanding short-term loans amounted to ₱700.0 million and ₱800.0 million, respectively.

Corporate Notes
On November 27, 2012, the Parent Company entered into a Fixed Rate Corporate Notes Facility Agreement (“the Notes”) with First Metro Investment Corporation (FMIC), PNB Capital and Investment Corporation, Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group, and Philippine National Bank (PNB) - Trust Banking Group for the ₱10.0 billion Notes for the purpose of refinancing the existing ₱4.0 billion fixed rate corporate notes and to finance the Parent Company’s capital expenditures and land acquisitions.

Details of the drawdown is as follows:

Drawdown	Drawdown Date	Amount (in billions)
1	January 7, 2013	₱4.0
2	March 7, 2013	2.0
3	May 2013	1.0
4	July 26, 2013	1.5
5	August 27, 2013	1.5
		₱10.0

Interest is fixed up to maturity at 75 to 90 bps over the seven-year or ten-year PDST-F, grossed-up for gross receipts tax. The Notes contain a negative pledge.

The Notes are payable in 22 quarterly payments which started in October 2014. A portion of Tranche 2 amounting to ₱1.2 billion is paid annually at 1% of the principal amount from the issue date for six (6) years while the remaining 94% of the principal amount is paid in 2020.

Notes Payable
On December 22, 2014, Rockwell Primaries issued promissory notes to Maybank ATRKE Capital for the remaining unpaid balance of the acquisition cost of 60% interest in Rockwell Primaries South amounting to ₱421.2 million (see Note 6). Said notes are payable over five years and bear interest of 5% per annum and are not secured by collateral.

In 2019, Rockwell Primaries principal payments and interest expense incurred and paid on the loan amounted to ₱92.7 million and ₱4.6 million, respectively (see Note 23). The note payable was paid in full in 2019.

On December 23, 2014, Rockwell Primaries South obtained a loan from Maybank ATRKE Capital in the aggregate principal amount of ₱112.7 million to pay off its obligations to a third party pursuant to the termination of the existing Joint Venture Agreement. Said notes are payable over five years and bear interest of 5% per annum and are not secured by collateral.

In 2019, Rockwell Primaries South principal payments and interest expense incurred and paid on the loan amounted to ₱24.7 million and ₱1.2 million, respectively (see Note 23). The note payable was paid in full in 2019.

Loan Transaction Costs. As at December 31, 2021 and 2020, loan transaction costs consisting of documentary stamp tax and underwriting fees on the corporate notes and bonds were capitalized and presented as a deduction from the related loan balance.

The movement in the balance of the capitalized loan transaction costs are as follows:

	2021	2020
Balance at beginning of year	**₱100,378**	₱76,836
Additions	**60,000**	68,425
Amortization (see Note 23)	**(22,898)**	(44,883)
Balance at end of year	**₱137,480**	₱100,378

Interest expense. Interest expense on interest-bearing loans and borrowings amounted to ₱1,024.3 million, ₱1,105.6 million and ₱1,238.1 million in 2021, 2020 and 2019, respectively (see Note 23). Interest expense capitalized as part of investment properties amounted to ₱20.4 million and ₱33.8 million in 2021 and 2020, respectively (see Note 11). Interest expense capitalized as part of property and equipment amounted to ₱16.1 million and ₱105.9 million in 2021 and 2020, respectively (see Note 12).

Principal Repayments. The principal repayments of all loans and borrowings based on existing terms are scheduled as follows:

Year	Amount
2022	₱4,376,155
2023	2,706,010
2024	2,388,379
2025	2,388,379
2026 and onwards	15,066,522
	₱26,925,445

Covenants. The loan contains, among others, covenants regarding incurring additional long-term debt and paying out dividends, to the extent that such will result in a breach of the required debt-to-equity ratio, current ratio and debt service covenant ratio (only for 2019). As at December 31, 2021 and 2020, the Group has complied with these covenants (see Note 30).

17. Installment Payable

In November 2011, the Parent Company entered into a Deed of Sale with Futura Realty, Inc. for the purchase of land for development adjacent to the Rockwell Center. This is the location where the "Proscenium" Project of the Parent Company is being constructed (see Note 9).

Under the Deed of Sale, the Parent Company will pay for the cost of the property in installment until 2015 and a one-time payment in 2020. The outstanding balance of installment payable was fully paid in 2020.

The installment payable and the corresponding land held for development were recorded at present value using the discount rate of 8%. Accretion of interest expense on installment payable, capitalized as part of investment properties in the consolidated statements of financial position, amounted to nil and ₱0.9 million in 2021 and 2020, respectively (see Note 11). Accretion of interest expense amounting to nil and ₱54.9 million, ₱25.2 million in 2021, 2020 and 2019, respectively, was recognized as part of the "Interest expense" account in the consolidated statements of comprehensive income (see Note 23).

Installment payable is secured by Stand-By Letters of Credit (SBLC) from MBTC and FMIC totaling ₱2.4 billion until 2020. These SBLC provides for a cross default provision wherein the SBLC shall automatically be due and payable in the event the Parent Company's other obligation is not paid when due or a default in any other agreement shall have occurred, entitling the holder of the obligation to cause such obligation to become due prior to its stated maturity.

18. Deposits and Other Liabilities

This account consists of:

	2021	2020
Retention payable - net of current portion of ₱801.4 million in 2021 and ₱891.1 million in 2020 (see Note 15)	**₱742,438**	₱540,965
Security deposits - net of current portion of ₱313.8 million in 2021 and ₱249.7 million in 2020 (see Note 15)	**220,892**	327,703
Deferred lease income - net of current portion of ₱183.6 million in 2021 and ₱158.4 million in 2020 (see Note 15)	**198,983**	159,430
Contract liabilities:		
Deposits from pre-selling of condominium units - net of current portion of ₱274.9 million in 2021 and ₱19.9 million in 2020 (see Notes 15 and 21)	**347,177**	56,492
Excess of collections over recognized receivables - net of current portion of ₱907.2 million in 2021 and ₱986.1 million in 2020 (see Notes 15 and 21)	**115,886**	563,179
Condominium and utility deposits	**133,583**	128,450
Others (see Notes 15 and 25)	**234,243**	10,271
	₱1,993,202	₱1,786,490

Retention payable is the portion of the amount billed by contractors that is being withheld as security in case the Parent Company incurs costs during the defects and liability period, which is one year after a project's completion. This is subsequently released to the contractors after the said period.

As discussed in Note 4, the Group uses discounted cash flow analysis to measure the fair value of retention payable. The resulting difference between the transaction price and fair value at initial recognition is recognized in the consolidated statements of financial position as a reduction from "Real estate inventories". The retention payable is carried at amortized cost using effective interest method. The amortization of discount on retention payable is expensed as part of the "Interest expense" account in the consolidated statements of comprehensive income (see Note 23).

The following table shows a reconciliation of unamortized discount on retention payable as at year-end.

	2021	2020
Balance at beginning of year	**₱17,720**	₱27,991
Additions	**59,293**	7,768
Amortization (see Notes 11 and 23)	**(44,556)**	(18,039)
Balance at end of year	**₱32,457**	₱17,720

Security deposits mainly consist of the four months deposits paid by mall tenants at the beginning of the lease term, to be refunded at the end of the contract.

Deferred lease income pertains to two months advance rent included in the initial billing to mall tenants, which shall be applied to the monthly rental at the end of the lease term.

Other liabilities consist of reservation payments from tenants and noncurrent portion of deferred output VAT.

19. Share-based Payment Plans

The Parent Company has an Employee Stock Option Plan (ESOP) that was approved by the BOD and stockholders on May 2, 2012 and August 3, 2012, respectively. The ESOP is offered to all regular employees of the Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock or 192,630,881 common shares of the Parent Company on a fully diluted basis and may be issued upon the exercise by the eligible participants of the stock option plans. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested. The ESOP was approved by the SEC on December 6, 2012 and was communicated to the employees on January 3, 2013.

The terms of the ESOP include, among others, a limit as to the number of shares a qualified regular employee of the Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include may purchase. Options are expected to be granted annually over a period of 5 years. Options granted are vested after one year. All qualified participants are given until 10th year of the grant date to exercise the stock option.

The primary terms of the grants follow:

Grant date	January 3, 2013
Number of options granted	63,918,000
Offer price per share	1.46
Option value per share	1.43

The fair value of equity-settled share options granted is estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the option grants:

Expected volatility (%)	36.94
Exercise price (₱)	1.46
Spot price (₱)	2.52
Risk-free interest rate (%)	4.19
Term to maturity (years)	10.0
Dividend yield (%)	1.91

The expected volatility reflects the average historical volatility of peer companies based on a lookback period consistent with the term to maturity of the option. This may likewise not necessarily be the actual volatility outcome. The effects of expected early exercise, including the impact of the vesting period and blackout periods, are captured in the binomial model. No other features of the option grants were incorporated into the measurement of the fair value of the options.

On April 25, 2019, the Parent Company's BOD approved the extension of plan expiry date of ESOP shares from December 31, 2022 to December 31, 2025.

There were no share options granted or exercised in 2021, 2020 and 2019.

As at December 31, 2021 and 2020, the outstanding ESOP shares are as follows:

	2021	2020
Number of grants	**63,918,000**	63,918,000
Cancellations	**(4,027,000)**	(3,799,000)
Exercised	**(15,000,000)**	(15,000,000)
Remaining shares	**44,891,000**	45,119,000

As at December 31, 2021 and 2020, total share-based payment transactions, net of applicable tax, amounting to ₱69.7 million are presented as "Share-based payments" account under the equity section of the consolidated statements of financial position.

20. **Equity**

a. Capital Stock

As at December 31, 2021 and 2020, capital stock consists of:

	Number of Shares	Amount
Authorized		
Common - ₱1 par value	8,890,000,000	₱8,890,000
Preferred - ₱0.01 par value	11,000,000,000	110,000
	19,890,000,000	₱9,000,000

	Number of Shares	Amount
Issued		
Common - ₱1 par value	6,243,382,344	₱6,243,382
Preferred - ₱0.01 par value	2,750,000,000	27,500
	8,993,382,344	₱6,270,882

The preferred shares are of equal rank, preference and priority with the common shares and are identical in all respects regardless of series, except as to the issue value which may be specified by the BOD from time to time. It has voting rights and are non-participating in any other or further dividends beyond that specifically on such preferred shares. Each preferred share shall not be convertible to common shares. Other features of the preferred shares shall be at the discretion of the BOD at the time of such issuance. All preferred shares currently outstanding earn 6% cumulative dividend per annum. On January 31, 2012, the Parent Company fully redeemed these preferred shares at par value, including dividends in arrears of ₱4.1 million. On February 28, 2012, the BOD authorized the reissuance of these preferred shares at a later date. On April 10, 2012, the Parent Company issued to FPHC all preferred shares at par value.

Below is the track record of issuance of the Parent Company's common stock:

Date of SEC Approval	Authorized Capital Stock	New Subscriptions/ Issuances	Issue/ Offer Price
May 2012, listing by way of introduction	8,890,000,000	6,228,382,344	₱1.46
Exercise of ESOP shares (see Note 19)	–	15,000,000	
	8,890,000,000	6,243,382,344	

As of December 31, 2021, and 2020, the Parent Company has total shareholders of 46,019 and 46,195, respectively, on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

b. Other Equity Adjustments

This account represents the difference between the consideration received from the sale of the proprietary shares and the carrying value of the related interest amounting to ₱540.3 million as at December 31, 2021 and 2020.

c. Treasury Shares

In May 2012, Rockwell Land acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from property dividend distribution made by Meralco, at ₱1.4637 per share (see Note 1).

d. Retained Earnings

As at December 31, 2021 and 2020, the unappropriated consolidated retained earnings include undistributed net earnings of subsidiaries amounting to ₱1,895.5 million and ₱915.52 million, respectively. Such undistributed net earnings are not currently available for dividend distribution unless declared by the BOD of the subsidiaries. Retained earnings are further restricted to the extent of the cost of treasury shares.

On April 1, 2022, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱9.0 billion (after reversal of ₱9.0 billion appropriation) out of the total retained earnings as of December 31, 2021 to partially fund capital expenditure of the Parent Company from 2022 to 2023.

On February 3, 2020, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱9.0 billion (after reversal of ₱7.0 billion appropriation) out of the total retained earnings as of December 31, 2019 to partially fund capital expenditure of the Parent Company from 2020 to 2021.

On March 12, 2020, RPDC's BOD approved the appropriation of its retained earnings amounting to ₱700.0 million out of its total retained earnings as of December 31, 2019 to partially fund capital expenditure of RPDC.

As at December 31, 2021 and 2020, appropriated retained earnings amounted to ₱9.7 billion.

e. Dividends

On October 6, 2021, the Parent Company's BOD approved the declaration of a regular cash dividend of 0.0353 per share to all common shareholders of record as at October 21, 2021 amounting to ₱217.6 million and 6% per annum cumulative cash dividend from July 1, 2020 to June 30, 2021 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on November 17, 2021.

On September 30, 2020, the Parent Company's BOD approved the declaration of a regular cash dividend of ₱0.0483 per share to all common shareholders of record as at October 15, 2020 amounting to ₱295.4 million and 6% per annum cumulative cash dividend from July 1, 2019 to June 30, 2020 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on November 10, 2020.

On July 19, 2019, the Parent Company's BOD approved the declaration of a regular cash dividend of ₱0.0831 per share to all common shareholders of record as at August 2, 2019 amounting to ₱503.3 million and 6% per annum cumulative cash dividend from July 1, 2018 to June 30, 2019 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on August 29, 2019.

As at December 31, 2021 and 2020, unpaid cumulative dividends on preferred shares amounted to ₱0.8 million for each year.

21. **Revenue from Contracts with Customers**

Disaggregated Revenue Information
The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types and in geographical locations within the Philippines.

The Group's disaggregation of revenue from contracts with customers by primary geographical market and major products/service lines and the reconciliation of the disaggregated revenue with the Group's two strategic divisions are presented below (excluding interest and lease income):

	2021	
	Residential Development	**Commercial Development**
Primary geographical markets		
National Capital Region	**₱4,715,160**	**₱1,171,906**
Laguna	**3,143,608**	**–**
Cebu	**526,284**	**–**
Batangas	**456,576**	**–**
	₱8,841,628	**₱1,171,906**
Major product/service lines		
Sale of high-end residential condominium units	**₱4,847,062**	**₱–**
Sale of residential lots	**3,143,608**	**–**
Sale of affordable housing units	**456,576**	**–**
Sale of office spaces	**–**	**478,749**
Room revenue	**–**	**63,654**
Cinema revenue	**–**	**8,986**
Others	**394,382**	**620,517**
	₱8,841,628	**₱1,171,906**
Timing of revenue recognition		
Transferred over time	**₱8,447,246**	**₱478,749**
Transferred at a point in time	**394,382**	**693,157**
	₱8,841,628	**₱1,171,906**

	2020	
	Residential Development	Commercial Development
Primary geographical markets		
National Capital Region	₱3,979,646	₱1,183,488
Cebu	1,048,644	–
Laguna	1,746,959	–
Batangas	309,517	–
	₱7,084,766	₱1,183,488
Major product/service lines		
Sale of high-end residential condominium units	₱4,786,604	₱–
Sale of residential lots	1,817,180	–
Sale of affordable housing units	239,296	–
Sale of office spaces	–	370,016
Room revenue	–	55,321
Cinema revenue	–	30,888
Others	241,686	727,263
	₱7,084,766	₱1,183,488

(Forward)

	2020	
	Residential Development	Residential Development
Timing of revenue recognition		
Transferred over time	₱6,843,080	₱370,016
Transferred at a point in time	241,686	813,472
	₱7,084,766	₱1,183,488

	2019	
	Residential Development	Commercial Development
Primary geographical markets		
National Capital Region	₱9,774,466	₱1,747,962
Cebu	729,233	–
Laguna	318,302	–
Batangas	190,244	–
	₱11,012,245	₱1,747,962
Major product/service lines		
Sale of high-end residential condominium units	₱10,009,150	₱–
Sale of residential lots	393,337	–
Sale of affordable housing units	115,209	–
Sale of office spaces	–	307,571
Room revenue	–	221,326
Cinema revenue	–	278,410
Others	494,549	940,655
	₱11,012,245	₱1,747,962
Timing of revenue recognition		
Transferred over time	₱10,517,696	₱307,571
Transferred at a point in time	494,549	1,440,391
	₱11,012,245	₱1,747,962

Contract Balances

The table below shows the contract balances arising from revenue from contracts with customers as at December 31.

	2021	2020
Trade receivables* (see Note 8)	**₱5,027,193**	₱3,465,017
Contract assets (see Note 8)	**12,570,559**	14,198,919
Deposits from pre-selling of condominium units** (see Notes 15 and 18)	**622,030**	76,429
Excess of collections over recognized receivables** (see Note 15 and 18)	**1,023,097**	1,549,260
Advances payments from members and customers** (see Note 15)	**11,467**	10,951

**Included under "Trade and other receivables" account*
***Included under "Trade and other payables" and "Deposits and other liabilities" accounts*

Trade receivables consist of installment contract receivables from sale of condominium units, house and lot and residential lots. Installment contracts receivables arising from real estate sales are collectible in equal monthly installments with various terms up to a maximum of five years. These are recognized at amortized cost using the effective interest method. The corresponding titles to the residential units sold under this arrangement are transferred to the customers only upon full payment of the contract price. The movement in installment contracts receivables is mainly due to billings to customers during the year. Trade receivables arising from room revenue, cinema revenue and other service income are noninterest-bearing and are generally on terms of 30 days.

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as installment contracts receivable. This is reclassified as installment contracts receivable when the monthly amortization of the customer is already due for collection. In 2021 and 2020, the movement in contract assets is mainly due to revenue recognized relative to the increase in percentage of completion of certain projects and the collection of outstanding receivables of completed residential condominium units.

No allowance for expected credit losses related to trade receivables from sale of real estate and contract assets was recognized as at December 31, 2021 and 2020.

Contract liabilities consist of deposits from pre-selling of condominium units (i.e., collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition, excess of collections over recognized receivables (i.e., excess of collections over the goods and services transferred by Group based on percentage of completion) and advance payments from members and customers (membership dues received but are not yet due as at reporting period). In 2021, the movement in contract liabilities is mainly due to additional deposits received from pre-selling of condominium units in the “Larsen” and "Mactan Villa" projects, excess of collections over revenue recognized of certain projects and the collection of outstanding receivables of completed residential condominium units of certain projects. In 2020, the movement in contract liabilities is mainly due to additional deposits received from pre-selling of condominium units in the “Nara Residences” project, excess of collections over revenue recognized of certain projects and the collection of outstanding receivables of completed residential condominium units of certain projects.

Revenue recognized from amounts included in contract liabilities at the beginning of 2021 and 2020 amounted to ₱1,466.7 million and ₱1,069.6 million, respectively.

<u>Performance Obligations</u>
Information about the Group’s performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover either the (i) house and lot; (ii) condominium unit and parking lot; and (iii) residential lot, and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 5% or 10% of the contract price spread over a period of one year at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to five (5) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Group provides one year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31 follows:

	2021	2020
Within one year	**₱6,824,304**	₱7,134,401
More than one year	**6,293,262**	10,704,240
	₱13,117,566	₱17,838,641

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units and house and lots are expected to be completed within three to four years from start of construction while residential lots are expected to be completed within two years from start of construction.

Room, cinema and other revenues
The performance obligation is satisfied as the related services are rendered.

Costs to Obtain Contract and Contract Fulfillment Assets
The Group pays sales commission to its brokers and sales agents for each contract that they obtain from real estate customers. This sales commission is considered incremental costs of obtaining the contract and has been capitalized in accordance with PFRS 15 since the Group expects that sales commission is recoverable.

As at December 31, 2021 and 2020, sales commission pertaining to real estate sold capitalized as deferred selling expense as part of "Prepaid costs" included under "Other current assets" in the consolidated statements of financial position amounted to ₱123.5 million and ₱211.5 million, respectively (see Note 10). For the year ended December 31, 2021 and 2020, the amortization related to incremental costs to obtain a contract recorded under "Selling expenses" account in the consolidated statements of comprehensive income amounted to ₱459.9 million and ₱176.1 million, respectively (see Note 23). No impairment loss was recognized in the consolidated statements of comprehensive income for the year ended December 31, 2021 and 2020 related to the Group's incremental costs to obtain a contract.

The Group considers land as contract fulfillment asset. Additions to land are disclosed in Note 9 to the consolidated financial statements. No impairment on contract fulfillment assets was recognized for the years ended December 31, 2021, 2020 and 2019.

In preparing the consolidated financial statements, the Group undertook a comprehensive review of its major contracts to identify indicators of impairment of contract fulfilment assets. The Group determined whether or not the contract fulfilment assets were impaired by comparing the carrying amount of the asset 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 used the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price were removed for the impairment test.

In line with the Group's accounting policy, as set out in Note 4, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

22. Interest Income

This account consists of:

	2021	2020	2019
Interest income from:			
Amortization of unearned interest (see Note 8)	**₱1,429,539**	₱1,686,812	₱1,652,032
Penalty charges	**38,426**	42,031	40,453
In-house financing	**8,080**	1,082	2,296
Cash and cash equivalents (see Note 7)	**6,336**	10,860	25,995
	₱1,482,381	₱1,740,785	₱1,720,776

23. Expenses

Depreciation and Amortization
Depreciation and amortization expense included in the consolidated statements of comprehensive income is as follows:

	2021	2020	2019
Included in:			
Cost of real estate (see Note 11)	**₱500,069**	₱455,977	₱395,649
General and administrative expenses (see Notes 11 and 12)	**262,686**	351,662	506,442
	₱762,755	₱807,639	₱902,091

General and Administrative Expenses
General and administrative expenses are comprised of:

	2021	2020	2019
Personnel (see Notes 24 and 25)	**₱428,925**	₱470,373	₱395,767
Taxes and licenses (see Note 6)	**354,717**	421,297	400,079
Depreciation and amortization (see Notes 11 and 12)	**262,686**	351,662	506,442
Repairs and maintenance	**82,390**	98,779	101,705
Utilities	**76,498**	76,592	128,244
Professional fees	**73,457**	54,879	62,027
Dues and subscriptions	**51,885**	68,802	65,768
Entertainment, amusement and recreation	**46,653**	57,027	62,775

(Forward)

	2021	2020	2019
Fuel and oil	**40,354**	30,286	32,629
Contracted services	**33,517**	43,306	54,645
Rental expense	**25,718**	11,203	10,673
Marketing and promotions	**20,764**	22,677	29,603
Insurance	**19,053**	24,325	17,884
Provision for ECLs (see Note 8)	**17,531**	13,430	–
Security services	**14,009**	23,843	20,186
Office supplies	**9,687**	11,701	12,240
Provision for disallowance of claim for refund	**8,500**	95,600	–
Transportation and travel	**5,952**	6,001	4,938
Bank charges	**4,198**	13,727	6,774
Producers' share	**2,736**	14,303	107,238
Snack bar	**1,360**	6,203	23,040
Amusement tax	**513**	2,040	19,105
Accommodations	**–**	3,880	14,276
Others	**87,674**	94,332	36,599
	₱1,668,777	₱2,016,268	₱2,112,637

The Group recognized provision for disallowance of claim for input VAT refund amounting to ₱8.5 million and ₱95.6 million in 2021 and 2020, respectively. As at December 31, 2021 and 2020, input VAT being claimed for refund, recognized under "Other noncurrent assets" in the consolidated statements of financial position, amounted to ₱17.5 million and ₱27.7 million, respectively.

Selling expenses
Selling expenses are comprised of:

	2021	2020	2019
Commissions and amortization of prepaid costs (see Notes 4 and 10)	**₱459,856**	₱176,089	₱497,104
Marketing and promotions	**308,130**	260,936	365,339
Personnel (see Notes 24 and 25)	**76,639**	78,607	111,376
Entertainment, amusement and recreation	**24,314**	23,484	21,367
Contracted services	**8,162**	7,781	14,583
Utilities	**4,303**	13,809	13,958
Usufruct	**1,148**	2,767	4,176
Others	**49,354**	24,458	35,289
	₱931,906	₱587,931	₱1,063,192

Interest Expense
Interest expense is comprised of:

	2021	2020	2019
Interest expense on interest-bearing loans and borrowings (see Note 16)	**₱1,024,258**	₱1,105,602	₱1,238,145
Interest expense on lease liabilities (see Note 29)	**49,740**	48,723	43,759
Amortization of:			
Discount on retention payable (see Note 18)	**44,556**	13,908	13,359
Loan transaction costs (see Note 16)	**22,898**	44,883	36,818
Discount on installment payable (see Note 17)	**–**	54,860	25,220
	₱1,141,452	₱1,267,976	₱1,357,301

24. **Personnel Expenses**

Personnel expenses included in general and administrative expenses and selling expenses are comprised of:

	2021	2020	2019
Salaries and wages and other employee benefits (see Notes 23 and 25)	**₱423,885**	₱472,083	₱455,344
Pension costs (see Notes 23 and 25)	**81,679**	76,897	51,799
	₱505,564	₱548,980	₱507,143

25. **Pension Costs and Other Employee Benefits**

a. Pension Costs

The Group has a funded, noncontributory defined benefit pension plan covering all qualified and permanent employees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group's retirement plan meets the minimum retirement benefit specified under Republic Act 7541.

The following tables summarize the components of the net pension costs recognized in the consolidated statements of comprehensive income and the fund status and amounts recognized in the consolidated statements of financial position for the plan:

Net Pension Costs

	2021	2020	2019
Current service cost	**₱70,946**	₱68,764	₱48,065
Interest cost	**10,733**	8,133	3,734
Net pension cost	**₱81,679**	₱76,897	₱51,799

Net Pension Liability

	2021	2020
Present value of benefit obligation	**₱695,850**	₱684,883
Fair value of plan assets	**(454,006)**	(389,952)
Net pension liability	**₱241,844**	₱294,931

The changes in the present value of benefit obligation are as follows:

	2021	2020
Defined benefit obligation at beginning of year	**₱684,883**	₱869,851
Current service cost	**70,946**	68,764
Interest cost	**26,758**	34,720
Actuarial loss (gain) in other comprehensive income/loss due to:		
Experience adjustments	**33,100**	(71,451)
Change in assumptions	**(119,837)**	88,650
Benefits paid	**–**	(305,651)
Defined benefit obligation at end of year	**₱695,850**	₱684,883

The changes in the fair values of plan assets of the Group are as follows:

	2021	2020
Fair values of plan assets at beginning of year	**₱389,952**	₱658,386
Interest income included in net interest cost	**16,025**	26,587
Actual contributions	**59,408**	73,417
Gain (loss) on return on plan assets in other comprehensive income/loss	**(11,379)**	(62,787)
Benefits paid	**–**	(305,651)
Fair values of plan assets at end of year	**₱454,006**	₱389,952

The Group expects to contribute ₱82.0 million to its pension plan in 2022.

The major categories of plan assets as percentage of the fair value of total plan assets are as follows:

	2021	2020
Investments in:		
Government securities	**40.13%**	39.18%
Loans and debt instruments	**2.37%**	2.50%
Other securities	**57.50%**	58.32%
	100.00%	100.00%

The principal assumptions used as at December 31, 2021 and 2020 in determining pension cost obligation for the Group's plans are as follows:

	2021	2020
Discount rate	**5.16-5.18%**	4.00%-4.18%
Future salary rate increases	**10%**	10.00%

The plan assets of the Group are maintained by the trustee banks, BDO Unibank, Inc. (BDO) and MBTC.

As at December 31, the carrying values of the plan approximate their fair values:

	2021	2020
Cash in banks:		
MBTC	**₱1,299**	₱3,653
BDO	**26**	6
Receivables - net of payables:		
MBTC	**1,080**	3,536
BDO	**387**	443
Investments held for trading:		
MBTC	**282,829**	216,335
BDO	**168,385**	165,979
	₱454,006	₱389,952

Cash in banks are composed of current account, savings deposits and special savings deposits.

Receivables - net of payables are composed of loans receivables, interest receivables and accrued trust fees.

Investments held for trading are investments in government securities, corporate bonds and stocks.

i. Government securities' maturities range from 1 to 20 years with interest rates ranging from 3.00% to 10.125%.
ii. The Corporate bonds are certificates of indebtedness issued by top and usually listed corporations exhibiting sound financial performance and enjoying good credit from reputable/accredited agencies. Maturity dates range from 1 to 5 years with interest rates ranging from 4.41% to 7.06%.
iii. Investment in stocks represents equity securities of companies listed in the PSE.

The Retirement Plan has investment in shares of stock of the Parent Company amounting to ₱85.3 million and ₱63.4 million as at December 31, 2021 and 2020, respectively.

The Group's retirement fund is exposed to a short term risk since 42% of it is in equities. On the long term, should there be any major corrections in the local equities market, the correction should have a positive impact of the fund since historically the equities market have always out-performed the fixed income market in the long term.

There are no outstanding balances arising from transactions between the Retirement Plan and the Group as at December 31, 2021 and 2020. Except as stated above, there were no other transactions entered into during the year by the Retirement Plan relating to the Group.

In 2021, the sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	2021		2020	
	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
Discount rate	**+100**	**(₱86,886)**	+100	(₱93,212)
	-100	**105,955**	-100	114,817
Future salary increases	**+100**	**103,221**	+100	110,299
	-100	**(86,726)**	-100	(91,972)

The Group does not currently employ any asset-liability matching.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

Year	**2021**	2020
Less than 1 year	**₱56,222**	₱39,019
More than 1 year to 5 years	**61,444**	48,442
More than 5 years to 10 years	**305,515**	307,745
More than 10 years to 15 years	**402,314**	323,515
More than 15 years to 20 years	**663,504**	583,922
More than 20 years	**3,975,174**	3,452,626

b. Other Employee Benefits

Other employee benefits consist of accumulated employee vacation and sick leave benefit amounting to ₱4.8 million, ₱13.2 million and ₱12.1 million in 2021, 2020 and 2019, respectively (see Notes 23 and 24).

The present value of the defined benefit obligation of other employee benefits amounted to ₱106.1 million and ₱98.6 million as at December 31, 2021 and 2020, respectively (see Note 15).

26. **Income Taxes**

The components of provision for income tax for the years ended December 31 follow:

	2021	2020	2019
Current	**₱183,491**	₱601,274	₱644,398
Deferred	**73,959**	(188,770)	374,544
	₱257,450	₱412,504	₱1,018,942

The provision for income current tax represents the RCIT / MCIT of the Parent Company and certain subsidiaries.

For income tax purposes on sale of real estate, full revenue recognition is applied when greater than 25% of the selling price has been collected in the year of sale, otherwise, the installment method is applied.

The components of the Group's deferred tax assets and liabilities shown in the consolidated statements of financial position are as follows:

	2021	2020
Deferred tax liabilities:		
Unrealized gain on real estate	**₱2,412,026**	₱2,429,411
Excess of fair value over carrying value of asset acquired in a business combination	**126,573**	169,831
Capitalized interest	**62,252**	71,223
Deferred selling expense	**34,675**	29,488
Collections after the ITH period on low-cost housing project (Stonewell)	**6,708**	–
Unrealized foreign exchange gain and others	**5,477**	–
Unrealized gain on investment in equity instruments at FVOCI	**2,096**	2,516
	2,649,807	2,702,469
Deferred tax assets:		
Capitalized interest	**615,679**	715,936
NOLCO	**94,603**	72,351
Unfunded pension costs	**85,800**	93,494
Deferred lease income	**73,969**	84,154
Lease liabilities, net of right-of-use assets	**48,739**	47,976
Unrealized loss on real estate	**38,518**	40,664
Other employee benefits	**26,650**	29,789
Share-based payment	**18,812**	22,574
Allowance for ECLs and others	**15,158**	20,912
Unamortized past service cost	**14,649**	20,106
MCIT	**9,408**	12,901
Unrealized foreign exchange loss and others	**4,325**	551
Collections after the ITH period on low-cost housing project (Stonewell)	–	15,846
	1,046,310	1,177,254
	₱1,603,497	₱1,525,215

The above components of deferred tax assets and liabilities are presented in the consolidated statements of financial position as follows:

	2021	2020
Deferred tax assets – net	**₱93,539**	₱75,903
Deferred tax liabilities - net	**(1,697,036)**	(1,601,118)
	(₱1,603,497)	(₱1,525,215)

The details of the subsidiaries' deductible temporary differences, NOLCO and MCIT for which no deferred tax assets are recognized since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized are as follows:

	2021	2020
NOLCO	**₱2,574**	₱33,519
Lease liability	**1,673**	5,935
MCIT	**149**	71
Advances from members	**–**	1,860
	₱4,396	₱41,385

As at December 31, 2021, MCIT of subsidiaries which can be claimed as deduction from regular taxable income due as follows:

Year Paid	Expiry Year	Amount
2019	2022	₱5,988
2020	2025	3,736
2021	2026	2,095
		₱11,819

MCIT amounting to ₱3.2 million, ₱1.5 million and ₱1.2 million expired in 2021, 2020 and 2019, respectively.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2021, NOLCO of certain subsidiaries can be carried forward and claimed as deduction against regular taxable income as follows:

Year Incurred	Expiry Date	Amount
2019	2022	₱24,001
2020	2025	154,579
2021	2026	72,528
		₱251,108

The reconciliation of the statutory income tax rate to effective income tax rate as shown in the consolidated statements of comprehensive income is summarized as follows:

	2021	2020	2019
Statutory income tax rate	**25.0%**	30.0%	30.0%
Additions to (deductions from) income tax resulting from:			
Share in net income of joint venture and associate	**(1.4%)**	(5.9%)	(2.4%)
Nontaxable income and others	**(0.9%)**	(0.7%)	(0.6%)
Effective income tax rate	**22.7%**	23.4%	27.0%

Revenue Memorandum Circular (RMC) No. 35-2012
On August 3, 2012, RMC No. 35-2012 was issued to clarify the taxability of clubs organized and operated exclusively for pleasure, creation and non-profit purposes.

In accordance with this RMC, Rockwell Club pays output VAT under protest starting August 3, 2012 and income tax effective January 1, 2013.

On August 13, 2019, the Supreme Court declared that membership fees, assessment dues and fees of similar nature collected by recreational clubs, which are organized and operated exclusively for pleasure, recreation and other nonprofit purposes, are not necessarily subject to income tax as well VAT. Accordingly, Rockwell Club ceased paying output VAT and income tax from its membership dues prospectively starting from August 2019.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act 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 Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 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%.

- 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.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Bill was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. Accordingly, current and deferred taxes as at 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 have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. Below are the impact of the CREATE Act had they been adjusted retrospectively beginning July 1, 2020:

	Balance as reported in the consolidated financial statements	Impact of the CREATE Act	Balance had the impact of CREATE Act has been adjusted retrospectively
As at and for the year ended December 31, 2020:			
Provision for income tax – current	₱601,274	(₱43,283)	₱557,991
Provision for income tax – deferred	(188,770)	(247,140)	(435,910)

The impact of the CREATE Act as of and for the year ended December 31, 2020 is reflected in the 2021 consolidated financial statements for financial reporting purposes.

27. Registration with the Board of Investments

On June 6, 2013, the Board of Investments approved the Parent Company's registration as new operator of Tourist Accommodation Facility for its Edades Serviced Apartments in accordance with the provisions of Omnibus Investments Code of 1987 with entitlement to Income Tax Holiday (ITH) of four years reckoning on February 2014.

On May 27, 2014, the BOI approved the amendments of specific terms and conditions under the Certificate of Registration particularly the registered capacity to cover 94 serviced apartment units and the corresponding change in projections.

Commercial operations of Edades Serviced Apartments started on July 1, 2014. ITH incentive enjoyed by the Parent Company amounted to ₱1.2 million and ₱18.4 million in 2020 and 2019, respectively (see Note 26).

On January 8, 2015, the Parent Company requested for amendments of investment and project timetable and sales revenue projection under the above mentioned BOI certification due to unforeseen circumstances affecting the construction and changes from projected launch. The request was approved on April 13, 2015.

On June 24, 2015, request for status upgrade of said BOI registration from Non-pioneer to Pioneer status was made. The Parent Company's request for status upgrade for its Edades Serviced Apartments, under BOI Certificate of Registration No 2013-121, was approved on November 4, 2015. Consequently, the ITH period was also amended from 4 years (February 2014-January 2016) to 6 years (February 2014-January 2020).

28. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following table summarizes these significant transactions with related parties:

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties	Terms	Conditions
Rockwell - Meralco BPO	Joint venture	Advances (see Note 15)	**2021**	**(₱19,873)**	**(₱3,954)**	90-day; noninterest-bearing	Unsecured
			2020	(785,980)	–		
			2019	(123,043)	(488,808)		
		Management fee (see Note 13)	**2021**	**4,355**	**4,355**	On demand; non-interest-bearing	Unsecured, no impairment
			2020	6,633	28,992		
			2019	6,765	–		
SEAI Metro Manila One, Inc.	Non-controlling shareholder	Loan payable (see Note 16): Principal	**2021**	**196,000**	**(411,600)**	Payable on December 31, 2022; interest-bearing	Unsecured
			2020	110,000	(215,600)		
			2019	64,600	(105,600)		
		Interest	**2021**	**15,086**	**–**		
			2020	8,113	–		
			2019	5,024	–		
Carmelray shareholders	Non-controlling shareholders	Advances (included under "Other noncurrent assets" account in the consolidated statement of financial position)	**2021**	**–**	**300,000**	3 years from the launch of the Phase 1 of the "Rockwell South" project; noninterest-bearing	Unsecured
			2020	–	400,000		
			2019	–	–		
RNDC	Non-Controlling Shareholder	Project Management Fee	**2021**	**390**	**233**	On demand; non-interest-bearing	Unsecured
			2020	–	–		
			2019	–	–		
		Marketing Fee	**2021**	**20,662**	**6,503**	On demand; non-interest-bearing	Unsecured
			2020	–	–		
			2019	–	–		
		Sales Commission	**2021**	**56,846**	**24,247**	On demand; non-interest-bearing	Unsecured
			2020	–	–		
			2019	–	–		
		Construction Management Fee	**2021**	**3,023**	**1,053**	On demand; non-interest-bearing	Unsecured
			2020	–	–		
			2019	–	–		
		Reimbursement	**2021**	**178,179**	**–**	On demand; non-interest-bearing	Unsecured
			2020	–	–		
			2019	–	–		
Advances to officers and employees		Advances (see Note 8)	**2021**	**–**	**47,555**	30-day; noninterest-bearing	Unsecured; no impairment
			2020	8,984	53,720		
			2019	3,894	44,736		

Other transactions with related parties pertain to the Project Development and JV Agreement with Meralco (see Note 15).

<u>Terms and Conditions of Transactions with Related Parties</u>
Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2021, 2020 and 2019, the Group has not made any provision for expected credit losses relating to amounts owed by related parties. This assessment is undertaken at each

financial year through examination of the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel of the Group

	2021	2020	2019
Short-term employee benefits	**₱110,230**	₱94,429	₱102,213
Post-employment pension and other benefits (Note 25)	**40,010**	49,714	37,927
Total compensation attributable to key management personnel	**₱150,240**	₱144,143	₱140,140

29. **Commitments and Contingencies**

Lease Commitments

The Group has entered into agreements for the lease of land to be used for various commercial projects. These noncancelable leases have remaining terms of twenty-one years and are automatically renewable for additional ten to twenty-five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The Group also has certain leases of machinery and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the amounts recognized in the consolidated statements of comprehensive income:

	2021	2020
Depreciation expense of right-of-use assets included in investment properties (see Notes 11 and 23)	**₱15,268**	₱15,268
Interest expense on lease liabilities (see Note 23)	**49,740**	48,723
Expenses relating to short-term leases and low-value assets (included under "General and administrative expenses" account) (see Note 23)	**25,718**	11,203
	₱90,726	₱75,194

The rollforward analysis of lease liabilities follows:

	2021	2020
At January 1	**₱651,010**	₱637,759
Interest expense (see Note 23)	**49,740**	48,723
Payments	**(36,401)**	(35,472)
As at December 31	**664,349**	651,010
Less current portion (see Note 15)	**29,021**	30,242
Noncurrent portion	**₱635,328**	₱620,768

Future minimum undiscounted lease payments are as follows:

Year	2021	2020
Within one year	**₱37,661**	₱36,401
Year 2	**38,986**	37,661
Year 3	**40,379**	38,986
Year 4	**42,398**	40,379
Year 5 and beyond	**1,956,868**	1,996,475
	₱2,116,292	₱2,149,902

Capital Commitment
The Group entered into contracts covering construction works related to various projects with different contractors and suppliers. The contract sum awarded amounted to ₱15.5 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. As at December 31, 2021 and 2020, ₱13.8 billion and ₱13.7 billion, respectively, has been incurred.

Contingencies
The Group is contingently liable for lawsuits or claims filed by third parties, which are either pending decision by the courts or under negotiations, the outcomes of which are not presently determinable. It is the opinion of management and its outside legal counsel that it is possible, but not probable that the lawsuits and claims will be settled. Accordingly, no provision for any liability has been made in the consolidated financial statements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, investment in equity instruments at FVOCI, and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, refundable deposits, trade and other payables, installment payable, retention payable and security deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Cash Flow Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of the changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at December 31, 2021 and 2020, approximately 95% of the Group's borrowings are at a fixed rate of interest.

The following tables set out the principal amounts, by maturity, of the Group's interest-bearing financial instruments.

	2021				
	Within 1 Year	**1–2 Years**	**2–3 Years**	**More than 3 Years**	**Total**
Fixed Rate					
Interest-bearing loans and borrowings	**₱3,473,955**	**₱2,263,110**	**₱2,043,579**	**₱15,199,901**	**₱22,980,545**
Floating Rate					
Interest-bearing loans and borrowings	**629,800**	**442,900**	**406,000**	**2,466,200**	**3,944,900**
Short-term investments	**1,638,976**	**–**	**–**	**–**	**1,638,976**

	2020				
	Within 1 Year	1–2 Years	2–3 Years	More than 3 Years	Total
Fixed Rate					
Interest-bearing loans and borrowings	₱7,215,590	₱1,785,532	₱1,592,427	₱13,155,794	₱23,749,343
Floating Rate					
Interest-bearing loans and borrowings	164,150	164,200	164,250	616,450	1,109,050
Short-term investments	1,837,216	–	–	–	1,837,216

Interest on financial instruments is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

	2021 Effect on income before income tax increase (decrease)	
Change in basis points	**+100 basis points**	**-100 basis points**
Floating rate borrowings	**(39,449)**	**39,449**

	2020 Effect on income before income tax increase (decrease)	
Change in basis points	+100 basis points	-100 basis points
Floating rate borrowings	(10,326)	10,326

Credit Risk

Credit risk is the risk that a counterparty will meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily from trade receivables and loans) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Default or delinquency on the part of buyers of condominium units are being monitored on an ongoing basis to enable the Group to determine the appropriate action, usually cancelling the sale and holding the units open for sale. Lease receivables are closely monitored based on aging of the accounts. Accounts determined to be uncollectible are recommended for write off. With regard to the other financial assets of the Group, these are also monitored regularly with the result that the Group's exposure to bad debts is not significant.

Trade receivables from sale of condominium units are secured with pre-completed condominium units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. For other receivables, since the Group trades only with recognized third parties, there is no requirement for collateral.

The table below summarizes the maximum exposure to credit risk of each class of financial assets.

	2021		
	Gross Maximum Exposure	**Net Exposure**	**Financial Effect of Collateral or Credit Enhancement**
Cash and cash equivalents*	**₱2,784,024**	**₱2,748,754**	**₱35,270**
Trade receivables from:			
Sale of real estate	**5,027,193**	**622,392**	**4,404,801**
Lease	**580,915**	**–**	**580,915**
Advances to officers and employees	**47,555**	**47,512**	**43**
Other receivables	**373,377**	**373,377**	**–**
Refundable deposits**	**88,066**	**88,066**	**–**
Restricted cash**	**9,649**	**9,149**	**500**
	₱8,910,779	**₱3,889,250**	**₱5,021,529**

	2020		
	Gross Maximum Exposure	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Cash and cash equivalents*	₱3,203,371	₱3,187,840	₱15,531
Trade receivables from:			
Sale of real estate	3,465,017	250,211	3,214,806
Lease	443,608	5,113	438,495
Advances to officers and employees	53,720	53,720	–
Other receivables	164,617	164,617	–
Refundable deposits**	71,506	71,506	–
Restricted cash**	15,416	14,916	500
	₱7,417,255	₱3,747,923	₱3,669,332

**Excluding cash on hand amounting to ₱840 and ₱1,651 as at December 31, 2021 and 2020, respectively.*
***Presented as part of "Other current assets" account in the consolidated statements of financial position.*

There are no significant concentrations of credit risk because the Group trades with various third parties.

The tables below show the credit quality by class of financial asset based on the Group's credit rating system.

	2021		
	A Rating	**B Rating**	**Total**
Cash and cash equivalents	**₱2,784,024**	**₱–**	**₱2,784,024**
Trade receivables from:			
Sale of real estate	**4,998,722**	**28,471**	**5,027,193**
Lease	**466,302**	**114,613**	**580,915**
Advances to officers and employees	**47,555**	**–**	**47,555**
Other receivables	**373,377**	**–**	**373,377**
Refundable deposits	**88,066**	**–**	**88,066**
Restricted cash	**9,649**	**–**	**9,649**
	₱8,767,695	**₱143,084**	**₱8,910,779**

	2020		
	A Rating	B Rating	Total
Cash and cash equivalents	₱3,203,371	₱–	₱3,205,022
Trade receivables from:			
Sale of real estate	3,116,090	348,927	3,465,017
Lease	229,286	214,322	443,608
Advances to officers and employees	53,720	–	53,720
Other receivables	152,738	11,879	164,617
Refundable deposits	71,506	–	71,506
Restricted cash	15,416	–	15,416
	₱6,842,127	₱575,128	₱7,417,255

For trade receivables from sale of real estate, customers who have no history of delayed payment are classified as having a credit rating of "A" while customers who have history of delayed payment but is currently updated are given a credit rating of "B".

Trade receivables from lease are classified as having a credit rating of "A" when tenants pay within the discount period and "B" when tenants pay on or before due date.

As at December 31, 2021 and 2020, the analyses of the age of financial assets are as follows:

	2021						
	Current	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**More than 90 Days**	**Impaired Financial Assets**	**Total**
Cash and cash equivalents	**₱2,784,024**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,784,024**
Trade receivables from:							
Sale of real estate	**4,863,867**	**23,377**	**10,172**	**6,908**	**122,869**	**–**	**5,069,106**
Lease	**374,455**	**128,605**	**49,833**	**21,591**	**6,431**	**–**	**580,915**
Advances to officers and employees	**47,555**	**–**	**–**	**–**	**–**	**–**	**47,512**
Other receivables	**373,377**	**–**	**–**	**–**	**–**	**–**	**331,507**
Refundable deposits	**88,066**	**–**	**–**	**–**	**–**	**–**	**88,066**
Restricted cash	**9,649**	**–**	**–**	**–**	**–**	**–**	**9,649**
	₱8,540,993	**₱151,982**	**₱60,005**	**₱28,499**	**₱129,300**	**₱–**	**₱8,910,779**

	2020						
	Current	Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days	Impaired Financial Assets	Total
Cash and cash equivalents	₱3,203,371	₱–	₱–	₱–	₱–	₱–	₱3,203,371
Trade receivables from:							
Sale of real estate	3,214,806	23,422	41,663	32,929	152,197	–	3,465,017
Lease	308,100	48,938	31,252	20,533	29,672	5,113	443,608
Advances to officers and employees	53,720	–	–	–	–	–	53,720
Other receivables	152,738	–	–	–	–	11,879	164,617
Refundable deposits	27,546	3,223	36,495	53	4,189	–	71,506
Restricted cash	15,416	–	–	–	–	–	15,416
	₱6,975,697	₱75,583	₱109,410	₱53,515	₱186,058	₱16,992	₱7,417,255

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate and club shares are recoverable since the legal title and ownership of the real estate and club shares will only be transferred to the customers upon full payment of the contract price. In case of cancellation, the real estate and club shares become available for sale. The fair value of the real estate amounted to ₱51.4 billion and ₱50.7 billion as at December 31, 2021 and 2020, respectively. The fair value of the club shares amounted to ₱0.2 million as at December 31, 2021 and 2020.

Past due accounts pertaining to lease are recoverable because security deposits and advance rent paid by the tenants are sufficient to cover the balance in case of default or delinquency of tenants.

The changes in the gross carrying amount of receivables and unbilled revenue from sale of real estate and the impact of COVID-19 pandemic in 2021 and 2020 did not materially affect the allowance for ECLs.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets in 2021 and 2020:

	2021		
	Trade receivables from sale of real estate and lease		
	High-end	**Affordable**	**Lease**
ECL rate	0.0%	0.0%	1.3%
Estimated total gross carrying amount at default	**₱17,107,262**	**₱490,490**	**₱580,915**

	2020		
	Trade receivables from sale of real estate and lease		
	High-end	Affordable	Lease
ECL rate	0.0%	0.0%	1.2%
Estimated total gross carrying amount at default	₱17,394,062	₱269,874	₱443,608

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. As at December 31, 2021 and 2020, 15% and 30% of the Group's debt will mature in less than one year as at December 31, 2021 and 2020, respectively.

The liquidity risk of the Group arises from their financial liabilities. The tables below summarized the maturity profile of the Group's financial liabilities at December 31, 2021 and 2020 based on contractual undiscounted payments.

	2021				
	On Demand	**Due Within 3 Months**	**Due Between 3 and 12 Months**	**Due After 12 Months**	**Total**
Trade and other payables*	**₱–**	**₱3,364,719**	**₱–**	**₱–**	**₱3,364,719**
Interest-bearing loans and borrowings					
Principal	–	**1,281,533**	**3,094,622**	**22,549,290**	**26,925,445**
Interest**	–	**305,267**	**859,870**	**4,368,670**	**5,533,807**
Lease liabilities	–	**9,025**	**28,636**	**2,078,631**	**2,116,292**
Retention payable***	–	**62,098**	**757,027**	**726,880**	**1,546,005**
Security deposits***	–	**130,592**	**183,225**	**220,892**	**534,709**
Due to related party	–	**3,954**	–	–	**3,954**
	₱–	**₱5,157,188**	**₱4,923,380**	**₱29,944,363**	**₱40,024,931**

	2020				
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due After 12 Months	Total
Trade and other payables*	₱–	₱2,354,410	₱1,135,709	₱–	₱3,490,119
Interest-bearing loans and borrowings					
Principal	–	4,929,985	2,449,755	17,478,653	24,858,393
Interest**	–	4,530,883	797,744	2,280,424	7,609,051
Lease liabilities	–	8,728	27,673	2,113,501	2,149,902
Retention payable***	–	–	891,079	540,965	1,432,044
Security deposits***	–	–	249,734	327,703	577,437
	₱–	₱11,824,006	₱5,551,694	₱22,741,246	₱40,116,946

**Excluding the current portion of retention payable and security deposits, lease liability, deposits from pre-selling of condominium units and excess of collections over recognized receivables and other statutory payables.*
***Future interest payments.*
****Presented as part of "Trade and other payables" and "Deposits and other liabilities" accounts in the consolidated statements of financial position.*

Maturity Profile of Financial Assets and Contract Assets Held for Liquidity Purposes
The table below shows the maturity profile of the Group's financial assets and contract assets based on contractual undiscounted cash flows as at December 31:

	2021					
	On Demand	**Within 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Total**
Cash and cash equivalents	**₱1,145,048**	**₱1,638,976**	**₱–**	**₱–**	**₱–**	**₱2,784,024**
Trade receivables from:						
Sale of real estate	**–**	**4,929,158**	**10,172**	**6,908**	**80,955**	**5,027,193**
Lease	**374,456**	**128,605**	**49,833**	**21,591**	**6,430**	**580,915**
Contract assets		**50,062**	**26,411**	**19,997**	**12,474,089**	**12,570,559**
Investment in equity instruments at FVOCI	**–**	**–**	**–**	**–**	**30,378**	**30,378**
	₱1,519,504	**₱6,746,801**	**₱86,416**	**₱48,496**	**₱12,591,852**	**₱20,993,069**

	2020					
	On Demand	Within 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Cash and cash equivalents	₱1,366,155	₱1,837,216	₱–	₱–	₱–	₱3,203,371
Trade receivables from:						
Sale of real estate	–	3,369,048	12,512	10,664	72,793	3,465,017
Lease	308,100	48,938	31,252	20,533	34,785	443,608
Contract assets	–	1,719,166	418,824	258,234	11,802,695	14,198,919
Investment in equity instruments at FVOCI	–	–	–	–	31,748	31,748
	₱1,674,255	₱6,974,368	₱462,588	₱289,431	₱11,942,021	₱21,342,663

As at December 31, 2021 and 2020, the COVID-19 pandemic has no significant impact on the Group's liquidity risk.

Capital Management Policy
The primary objective of the Group's capital management is to maximize shareholder value by maintaining a healthy balance between debt and equity (capital) financing in support of its business requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and 2020.

The Group monitors its capital adequacy using the net debt-to-equity ratio, which is interest-bearing loans and borrowings less cash and cash equivalents divided by equity. The Group's policy is to limit the net debt-to-equity ratio to 1.0x.

The Group is required to maintain debt-to-equity ratio as set forth in the Fixed Rate Corporate Notes Facility Agreement and Bonds. The Agreement provides for a higher debt to equity ratio than the internal limit set by the Group (see Note 16).

	2021	2020
Interest-bearing loans and borrowings	**₱26,787,965**	₱24,758,015
Less cash and cash equivalents	**2,784,864**	3,205,022
Net debt	**24,003,101**	21,552,993
Equity	**25,981,173**	24,861,768
Net debt-to-equity ratio	**0.92**	0.87

31. Fair Value Measurement

Set out below is a comparison by class of carrying values and fair values of the Group's assets and liabilities for which fair values are determined for measurement and/or disclosure as at December 31, 2021 and 2020.

			2021		
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Investment properties	**₱14,634,096**	**₱28,350,887**	**₱–**	**₱1,834,887**	**₱26,516,000**
Due from related parties	**300,000**	**289,676**	**–**	**–**	**289,676**
Investment in equity instruments at FVOCI	**30,378**	**30,378**	**27,090**	**–**	**3,288**
	₱14,964,474	**₱28,670,941**	**₱27,090**	**₱1,834,887**	**₱26,808,964**
Liabilities					
Interest-bearing loans and borrowings (including noncurrent portion)	**₱26,787,965**	**₱26,608,425**	**₱–**	**₱–**	**₱26,608,425**
Retention payable (including noncurrent portion)	**1,543,825**	**1,372,935**	**–**	**–**	**1,372,935**
Security deposits (including noncurrent portion)	**534,709**	**658,489**	**–**	**–**	**658,489**
	₱28,866,499	**28,639,849**	**₱–**	**₱–**	**₱28,639,849**

			2020		
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Investment properties	₱14,485,925	₱26,432,916	₱–	₱1,734,916	₱24,698,000
Due from related parties	400,000	377,626	–	–	377,626
Investment in equity instruments at FVOCI	31,748	31,748	28,460	–	3,288
	₱14,917,673	₱26,842,290	₱28,460	₱1,734,916	₱25,078,914
Liabilities					
Interest-bearing loans and borrowings (including noncurrent portion)	₱24,758,015	₱25,931,512	₱–	₱–	₱25,931,512
Retention payable (including noncurrent portion)	1,432,044	1,366,475	–	–	1,366,475
Security deposits (including noncurrent portion)	577,437	562,801	–	–	562,801
	₱26,767,496	₱27,860,788	₱–	₱–	₱27,860,788

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade Receivables from Sale of Real Estate, Trade Receivables from Lease, Other Receivables, Restricted Cash, Refundable Deposits and Trade and Other Payables. Due to the short-term nature of transactions, the carrying values of these instruments approximate the fair values as at financial reporting period.

Investments in Equity Securities. The fair values of quoted equity securities were determined by reference to published two-way quotes of brokers as at financial reporting date. Unquoted equity securities for which no other reliable basis for fair value measurement is available were valued at cost as the difference between the carrying value and fair value of these unquoted equity securities is not material to the consolidated financial statements.

Due from Related Parties. The fair value was calculated by discounting the expected future cash flows at prevailing credit adjusted BVAL interest rate of 3.82% as at December 31, 2019.

Interest-bearing Loans and Borrowings. The fair values of fixed rate loans were calculated by discounting the expected future cash flows at prevailing credit adjusted BVAL interest rates ranging 1.01% to 4.82% as at December 31, 2021 and 0.99% to 3.95% as at December 31, 2020.

Installment Payable. The fair value of installment payable were calculated by discounting the expected cash flows at prevailing credit adjusted BVAL interest rates ranging 3.1% to 5.2% as at December 31, 2019.

Retention Payable and Security Deposits. The fair values were calculated by discounting the expected future cash flows at prevailing credit adjusted BVAL interest rates ranging 1.01% to 4.82% as at December 31, 2021 and 0.99% to 3.95% as at December 31, 2020.

For the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

32. Basic/Diluted Earnings Per Share Computation

	2021	2020	2019
	(In Thousands, Except Numbers of Shares and Per Share Data)		
Net income attributable to equity holders of the Parent Company	**₱1,640,936**	₱1,078,756	₱2,956,553
Dividends on preferred shares	**(1,650)**	(1,650)	(1,650)
Net income attributable to common shares (a)	**1,639,286**	1,077,106	2,954,903
Common shares at beginning of year	**6,116,762,198**	6,116,762,198	6,116,762,198
Weighted average number of common shares - basic (b)	**6,116,762,198**	6,116,762,198	6,116,762,198
Dilutive potential common shares under the ESOP	**1,575,521**	3,492,624	14,626,489
Weighted average number of common shares - diluted (c)	**6,118,337,719**	6,120,254,822	6,131,388,687
Per share amounts:			
Basic (a/b)	**₱0.2680**	₱0.1761	₱0.4831
Diluted (a/c)	**₱0.2679**	₱0.1760	₱0.4819

33. Segment Information

PFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments is determined to be business segments as the risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group manages its operations under the following business segments:

- *Residential Development* is engaged in the development, selling, and property management of all residential projects of the Group. It also includes the operations of the Rockwell Club.

- *Commercial Development* is engaged in the sale, leasing and other related operations in the course of the management of commercial buildings or spaces used for retail and office leasing, including cinema, hotel and resort operations.

The Group does not have any customers which constitutes 10% or more of the Group's revenue.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Performance is evaluated based on net income for the year and earnings before interest, taxes and depreciation and amortization, or *EBITDA*. Net income for the year is measured consistent with consolidated net income in the consolidated financial statements. *EBITDA* is measured as net income excluding depreciation and amortization, interest expense and provision for income tax. *EBITDA* is a non-GAAP measure.

The Group centrally manages cash and its financing requirements, income taxes and resource allocation. Resource allocation are measured against profitability among potential investments and made in view of the Group's existing business portfolio.

The President, the Group's chief operating decision maker, monitors operating results of its business segments separately for the purpose of performance assessment and making recommendations to the Board about resource allocation. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

Disclosure of the geographical information regarding the Group's revenues from external customers and total assets have not been provided since all of the Group's consolidated revenues are derived from operations within the Philippines.

Business Segments

The following tables present information regarding the Group's residential development and commercial development business segments:

	2021		
	Residential Development	**Commercial Development**	**Total**
Revenue	**₱10,300,361**	**₱2,423,342**	**₱12,723,703**
Costs and expenses	**(7,681,839)**	**(1,052,159)**	**(8,733,998)**
Share in net income of joint venture and associate	**(4,472)**	**372,745**	**368,273**
Other income - net	**12,312**	**–**	**12,312**
EBITDA	**2,626,362**	**1,743,928**	**4,370,290**
Depreciation and amortization			**(762,755)**
Interest expense			**(1,141,452)**
Provision for income tax			**(257,450)**
Consolidated net income			**₱2,208,633**
Assets and Liabilities			
Segment assets	**₱40,379,167**	**₱3,226,942**	**₱43,606,109**
Investment properties	**2,243,590**	**12,390,506**	**14,634,096**
Investment in joint venture and associate	**1,100,379**	**2,427,335**	**3,527,714**
Deferred tax assets - net	**93,539**	**–**	**93,539**
Property and equipment	**2,722,233**	**240,384**	**2,962,617**
Total assets	**₱46,538,908**	**₱18,285,167**	**₱64,824,075**
Segment liabilities	**₱26,155,334**	**₱10,990,532**	**₱37,145,866**
Deferred tax liabilities - net	**1,697,036**	**–**	**1,697,036**
Total liabilities	**₱27,852,370**	**₱10,990,532**	**₱38,842,902**

	2020		
	Residential Development	Commercial Development	Total
Revenue	₱8,816,221	₱2,342,686	₱11,158,907
Costs and expenses	(6,579,210)	(1,086,709)	(7,665,919)
Share in net income of joint venture and associate	–	338,811	338,811
Other income - net	(9,082)	82	(9,000)
EBITDA	2,227,929	1,594,870	3,822,799
Depreciation and amortization			(807,639)
Interest expense			(1,267,976)
Loss on prepayments of loan			(35,579)
Loss on loan modification			(19,596)
Loss on bond redemption			(18,528)
Provision for income tax			(412,504)
Consolidated net income			₱1,260,977
Assets and Liabilities			
Segment assets	₱33,223,263	₱6,037,988	₱39,261,251
Investment properties	2,780,649	11,705,276	14,485,925
Investment in joint venture and associate	–	2,829,216	2,829,216
Deferred tax assets - net	75,903	–	75,903
Property and equipment	2,914,214	2,368,533	5,282,747
Total assets	₱38,994,029	₱22,941,013	₱61,935,042
Segment liabilities	₱31,676,865	₱3,795,291	₱35,472,156
Deferred tax liabilities - net	1,601,118	–	1,601,118
Total liabilities	₱33,277,983	₱3,795,291	₱37,073,274

	2019		
	Residential Development	Commercial Development	Total
Revenue	₱12,937,628	₱3,388,559	₱16,326,187
Costs and expenses	(9,177,936)	(1,435,221)	(10,613,157)
Share in net income of joint venture and associate	14,870	307,867	322,737
Other income - net	33	(195)	(162)
EBITDA	3,774,595	2,261,010	6,035,605
Depreciation and amortization			(902,091)
Interest expense			(1,357,301)
Gain on bargain purchase			191,069
Gain on remeasurement			58,509
Provision for income tax			(1,018,942)
Consolidated net income			₱3,006,849
Assets and Liabilities			
Segment assets	₱39,520,849	₱963,959	₱40,484,808
Investment properties	–	14,412,263	14,412,263
Investment in joint venture and associate	–	2,943,581	2,943,581
Deferred tax assets - net	45,862	–	45,862
Property and equipment	3,105,179	2,513,163	5,618,342
Total assets	₱42,671,890	₱20,832,966	₱63,504,856
Segment liabilities	₱33,675,553	₱3,744,658	₱37,420,211
Deferred tax liabilities - net	1,735,851	–	1,735,851
Total liabilities	₱35,411,404	₱3,744,658	₱39,156,062

34. Supplemental Disclosure of Cash Flow Information

a. The changes in the Group’s liabilities arising from financing activities are as follows:

	January 1, 2021	**Cash Flows**	**Reclassification from Noncurrent to Current**	**Interest Expense/Discount Amortization**	**December 31, 2021**
Current portion of interest-bearing loans and borrowings	**₱7,354,635**	**(₱7,354,635)**	**₱4,347,235**	**₱–**	**₱4,347,235**
Interest-bearing loans and borrowings - net of current portion	**17,403,380**	**9,361,687**	**(₱4,347,235)**	**22,898**	**22,440,730**
Lease liabilities	**651,010**	**(36,401)**	**–**	**49,740**	**664,349**
Total liabilities from financing activities	**₱25,409,025**	**₱1,970,651**	**₱–**	**₱72,638**	**₱27,452,314**

	January 1, 2020	Cash Flows	Reclassification from Noncurrent to Current	Interest Expense/Discount Amortization	December 31, 2020
Current portion of interest-bearing loans and borrowings	₱5,238,844	(₱5,238,844)	₱7,354,635	₱–	₱7,354,635
Interest-bearing loans and borrowings - net of current portion	20,496,901	4,216,231	(7,354,635)	44,883	17,403,380
Lease liabilities	637,759	(35,472)	–	48,723	651,010
Installment payable	599,975	(655,799)	–	55,824	–
Total liabilities from financing activities	₱26,973,479	(₱1,713,884)	₱–	₱149,430	₱25,409,025

b. The Group's material non-cash investing activities include the investment in an associate with unpaid subscription amounting to ₱484.2 million and 684.2 million as at December 31, 2021 and 2020, respectively and the return of investment in a joint venture previously recorded as advances to partners amounting to nil and ₱875.5 million as at December 31, 2021 and 2020, respectively (see Note 13).

35. **Other Matter**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. On March 13, 2020, the Office of the President of the Philippines issued a directive imposing stringent social distancing measures in the National Capital Region effective March 15, 2020. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, 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 until May 15, 2020. On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 – August 1, 2020
Modified enhanced community quarantine	August 2 – 18, 2020
General community quarantine	August 19, 2020 – March 27, 2021
Enhanced community quarantine	March 28, 2021 – April 11, 2021
Modified enhanced community quarantine	April 12, 2021 – May 31, 2021
General community quarantine	June 1, 2021 – July 31, 2021
Modified enhanced community quarantine	August 1, 2021 – August 5, 2021
Enhanced community quarantine	August 6, 2021 – August 20, 2021
Modified enhanced community quarantine	August 21, 2021 – September 7, 2021
General community quarantine	September 8, 2021 – September 30, 2021
Alert level 4	October 1, 2021 – October 15, 2021
Alert level 3	October 16, 2021 – November 4, 2021
Alert level 2	November 5, 2021 – January 2, 2022
Alert level 3	January 3, 2022 – January 30, 2022
Alert level 2	February 1, 2022 – February 28, 2022
Alert level 1	March 1, 2022 – March 31, 2022

These measures have caused disruptions to most businesses and significant increase in economic uncertainty. However, with the Group's nature of business, these measures did not have significant impact on its financial position and performance as at and for the year ended December 31, 2021 and 2020 despite the slowdown in the sales activities. The Group will continue to monitor the situation.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	8	9	3						

COMPANY NAME

ROCKWELL LAND CORPORATION

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

2F 8 Rockwell, Hidalgo Drive,
Rockwell Center, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
IR@rockwell.com.ph	02-7793-0088	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
46,019	May 25	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
Ms. Ellen V. Almodiel	ellena@rockwell.com.ph	02-7793-0088	N/A

CONTACT PERSON's ADDRESS

**Ground Floor, East Podium, Joya Lofts & Towers,
28 Plaza Drive, Rockwell Center, Makati City 1200**

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*

ROCKWELL LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ROCKWELL LAND CORPORATION** is responsible for the preparation and fair presentation of the parent financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

MANUEL M. LOPEZ	**NESTOR J. PADILLA**	**ELLEN V. ALMODIEL**
Chairman of the Board	Chief Executive Officer	Chief Financial Officer

Signed this **1st** day of April 2022.

SUBSCRIBED AND SWORN to before me this day 01 April 2022 at Makati City, affiant exhibiting to me his/her Passport as follows:

NAME	PASSPORT NO.	DATE ISSUED	PLACE ISSUED
Manuel M. Lopez	P1793181B	30 May 2019	DFA Manila
Nestor J. Padilla	P7155127B	08 July 2021	DFA Manila
Ellen V. Almodiel	P2373847B	29 June 2019	DFA NCR East

Doc No. 158;
Page No. 33;
Book No. XXVIII;
Series of 2022.

MA. FE CAROLYN GO-PINOY
NOTARY PUBLIC
ROLL NO. 39698
MAKATI CITY, PHILIPPINES

MA. FE CAROLYN GO-PINOY
Appointment No. M-250 until December 31, 2022
Roll of Attorneys No. 39698
IBP Lifetime No. 014554 / ZAMBASULTA
PTR No. 8852418 / 1.4.2022 / Makati City
MCLE Compliance No. VII-0008406
8 Rockwell, Hidalgo Drive, Makati City

ROCKWELL LAND

Lysa Mae Atian <lysaa@rockwell.com.ph>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, May 13, 2022 at 10:24 AM
To: RLCTAX@rockwell.com.ph
Cc: HAZELP@rockwell.com.ph

Hi ROCKWELL LAND CORPORATION,

Valid files

- EAFS004710062AFSTY122021.pdf
- EAFS004710062ITRTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-AF8L7CB60M14SVZ14QV1V3Z1Q0323VXVVX**
Submission Date/Time: **May 13, 2022 10:24 AM**
Company TIN: **004-710-062**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Rockwell Land Corporation
2F 8 Rockwell
Hidalgo Drive, Rockwell Center
Makati City

Opinion

We have audited the parent company financial statements of Rockwell Land Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Notes 2 and 3 to the parent company financial statements.

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 Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

Emphasis of Matter

We draw attention to Notes 2 and 3 to the parent company financial statements which indicates that the parent company financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 parent company financial statements are discussed in detail in Note 3. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Notes 2 and 3 to the parent company financial statements, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent company Financial Statements

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

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

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

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

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Notes 2 and 3 to the parent company financial statements.

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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 36 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Rockwell Land Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

April 1, 2022

ROCKWELL LAND CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	**₱1,870,273**	₱1,934,906
Trade and other receivables (Notes 7, 16, 21, 28, 30 and 31)	**6,556,449**	5,857,456
Contract assets (Notes 7, 21 and 30)	**2,384,726**	6,654,824
Real estate inventories (Notes 8, 11 and 12)	**12,438,546**	7,779,655
Advances to contractors (Note 8)	**844,222**	732,468
Other current assets (Notes 9, 17, 21, 30 and 31)	**1,555,034**	1,183,778
Total Current Assets	**25,649,250**	24,143,087
Noncurrent Assets		
Investment properties (Notes 8, 11, 12 and 16)	**12,592,643**	12,558,142
Property and equipment (Notes 8, 11, 12 and 16)	**2,673,131**	4,965,428
Investments in joint venture and associate (Note 13)	**3,440,740**	2,806,294
Contract assets - net of current portion (Notes 7, 21 and 30)	**1,322,513**	1,624,263
Investments in subsidiaries (Note 14)	**5,246,663**	5,246,663
Loans receivable from subsidiaries (Notes 28, 30 and 31)	**3,981,280**	2,892,280
Investment in equity instruments at FVOCI (Notes 10, 30 and 31)	**26,808**	26,808
Other noncurrent assets (Notes 11, 12, 17 and 23)	**153,470**	326,811
Total Noncurrent Assets	**29,437,248**	30,446,689
	₱55,086,498	₱54,589,776
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 8, 15, 18, 21, 25, 28, 30 and 31)	**₱4,685,119**	₱5,508,770
Current portion of interest-bearing loans and borrowings (Notes 7, 8, 11, 12, 16, 30 and 31)	**3,226,599**	6,682,729
Subscription payable (Notes 13 and 14)	**990,900**	2,490,900
Total Current Liabilities	**8,902,618**	14,682,399
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 7, 8, 11, 12, 16, 30 and 31)	**21,975,265**	16,511,722
Deferred tax liabilities - net (Note 26)	**658,253**	935,385
Lease liability - net of current portion (Notes 15, 29, 30 and 31)	**485,413**	472,331
Pension liability - net (Note 25)	**215,781**	278,962
Deposits and other liabilities (Notes 18, 25, 30 and 31)	**1,311,923**	1,307,031
Total Noncurrent Liabilities	**24,646,635**	19,505,431
Total Liabilities	**₱33,549,253**	₱34,187,830

(Forward)

	December 31	
	2021	2020
Equity		
Capital stock (Notes 19 and 20)	**₱6,270,882**	₱6,270,882
Additional paid-in capital	**28,350**	28,350
Share-based payments (Note 19)	**69,700**	69,700
Other comprehensive income (Note 10)	**14,218**	14,218
Retained earnings (Note 20):		
Appropriated	**9,000,000**	9,000,000
Unappropriated	**6,339,429**	5,204,130
	21,722,579	20,587,280
Less cost of treasury shares (Notes 1 and 20)	**185,334**	185,334
Total Equity	**21,537,245**	20,401,946
	₱55,086,498	₱54,589,776

See accompanying Notes to Parent Company Financial Statements.

ROCKWELL LAND CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31	
	2021	2020 (As restated – Note 3)
REVENUE		
Revenue from sale of real estate (Note 21)	**₱3,368,808**	₱3,752,795
Interest income (Notes 6, 7 and 22)	**944,961**	1,067,300
Lease income (Note 11)	**1,140,981**	1,063,340
Others (Notes 13, 14, 21 and 28)	**2,689,856**	2,052,103
	8,144,606	7,935,538
EXPENSES		
Cost of real estate (Notes 8, 11 and 23)	**3,661,203**	3,231,166
General and administrative expenses (Notes 3, 10, 11, 12, 23, 24 and 25)	**1,439,586**	1,803,873
Selling expenses (Notes 23 and 24)	**870,549**	552,261
	5,971,338	5,587,300
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**2,173,268**	2,348,238
OTHER INCOME (EXPENSES)		
Interest expense (Notes 16, 23 and 29)	**(1,016,209)**	(1,164,591)
Foreign exchange gain (loss) - net	**8,610**	(8,996)
Loss on:		
Prepayment of loan (Note 16)	–	(35,579)
Loan modification (Note 16)	–	(19,596)
Bond redemption (Note 16)	–	(18,528)
	(1,007,599)	(1,247,290)
INCOME BEFORE INCOME TAX	**1,165,669**	1,100,948
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)	**(153,735)**	103,120
NET INCOME	**1,319,404**	997,828
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on employee benefits (Note 25)	**68,392**	(79,986)
Net loss on equity instruments designated at FVOCI (Note 10)	–	(2,500)
Income tax effect	**(34,925)**	23,996
	33,467	(58,490)
TOTAL COMPREHENSIVE INCOME	**₱1,352,871**	₱939,338
Earnings Per Share Attributable to Equity Holders (Note 32)		
Basic	**₱0.2154**	₱0.1629
Diluted	**₱0.2154**	₱0.1628

See accompanying Notes to Parent Company Financial Statements.

ROCKWELL LAND CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Thousands)

	Capital Stock (Notes 19 and 20)	**Additional Paid-in Capital**	**Share-based Payments** (Note 19)	**Other Comprehensive Income** (Note 10)	**Retained Earnings** (Note 20)		**Treasury Shares** (Notes 1 and 20)	**Total**
					Appropriated	**Unappropriated**		
Balance at December 31, 2020	**₱6,270,882**	**₱28,350**	**₱69,700**	**₱14,218**	**₱9,000,000**	**₱5,204,130**	**(₱185,334)**	**₱20,401,946**
Net income	**–**	**–**	**–**	**–**	**–**	**1,319,404**	**–**	**1,319,404**
Other comprehensive income (Notes 14 and 25)	**–**	**–**	**–**	**–**	**–**	**33,467**	**–**	**33,467**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**1,352,871**	**–**	**1,352,871**
Cash dividends (Note 20)	**–**	**–**	**–**	**–**	**–**	**(217,572)**	**–**	**(217,572)**
Balance at December 31, 2021	**₱6,270,882**	**₱28,350**	**₱69,700**	**₱14,218**	**₱9,000,000**	**₱6,339,429**	**(₱185,334)**	**₱21,537,245**
Balance at December 31, 2019	₱6,270,882	₱28,350	₱69,700	₱16,718	₱7,000,000	₱6,559,382	(₱185,334)	₱19,759,698
Net income	–	–	–	–	–	997,828	–	997,828
Other comprehensive loss (Notes 14 and 25)	–	–	–	(2,500)	–	(55,990)	–	(58,490)
Total comprehensive income	–	–	–	(2,500)	–	941,838	–	939,338
Net appropriations (Note 20)	–	–	–	–	2,000,000	(2,000,000)	–	–
Cash dividends (Note 20)	–	–	–	–	–	(297,090)	–	(297,090)
Balance at December 31, 2020	₱6,270,882	₱28,350	₱69,700	₱14,218	₱9,000,000	₱5,204,130	(₱185,334)	₱20,401,946

See accompanying Notes to Parent Company Financial Statements.

ROCKWELL LAND CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,165,669**	₱1,100,948
Adjustments for:		
Dividend income (Notes 13 and 14)	**(1,082,317)**	(630,210)
Interest expense (Notes 3, 16, 17, 18, 23 and 29)	**1,016,209**	1,164,591
Interest income (Notes 6, 7, 22 and 28)	**(944,961)**	(1,067,300)
Depreciation and amortization (Notes 11, 12 and 23)	**628,581**	661,193
Unrealized foreign exchange loss – net	**(8,610)**	8,996
Provision for disallowance of claim for refund (Note 23)	**8,500**	95,600
Pension expense, net of contributions (Note 25)	**5,211**	8,583
Loss on:		
Prepayments of loan (Note 16)	**–**	35,579
Loan modification (Note 16)	**–**	19,596
Bond redemption (Note 16)	**–**	18,531
Operating income before working capital changes	**788,282**	1,416,107
Decrease (increase) in:		
Trade and other receivables	**196,762**	1,459,418
Contract assets	**4,571,848**	840,323
Real estate inventories	**(2,252,578)**	(465,834)
Advances to contractors	**(111,754)**	114,660
Other current assets	**(371,256)**	31,876
Decrease (increase) in:		
Trade and other payables	**(855,426)**	622,209
Deposits and other liabilities	**(26,918)**	(842,694)
Net cash generated from operations	**1,938,960**	3,176,065
Income taxes paid	**(158,322)**	(372,896)
Interest received	**49,206**	37,809
Net cash provided by operating activities	**1,829,844**	2,840,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investments in joint venture and associate (Notes 13 and 14)	**(634,446)**	(72,000)
Property and equipment (Note 12)	**(448,389)**	(1,232,999)
Investment properties (Note 11)	**(328,709)**	(534,888)
Dividends received (Notes 13 and 14)	**1,082,317**	630,210
Additions to:		
Loans receivable from subsidiaries (Note 28)	**(1,089,000)**	(699,880)
Other noncurrent assets	**164,841**	154,453
Net cash used in investing activities	**(1,253,386)**	(1,755,104)

(Forward)

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of loans and borrowings (Note 16)	**₱11,400,000**	₱9,800,000
Payments of:		
Bank loans (Note 16)	**(9,360,514)**	(10,729,375)
Subscription payable (Notes 13 and 14)	**(1,500,000)**	–
Interest (Notes 16 and 23)	**(890,102)**	(1,091,403)
Dividends (Note 20)	**(213,831)**	(292,522)
Net debt issue costs (Note 16)	**(60,000)**	(67,500)
Lease liability (Note 29)	**(25,254)**	(24,050)
Installment payable (Note 17)	**–**	(655,799)
Net cash used in financing activities	**(649,701)**	(3,060,649)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**8,610**	(8,996)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(64,633)**	(1,983,771)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,934,906**	3,918,677
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,870,273**	₱1,934,906

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

Rockwell Land Corporation (the Company) is incorporated in the Philippines and is engaged in real estate development and sale or lease of condominium and commercial units and lots.

The Company became a public company in 2012 following the declaration of 51% ownership by Manila Electric Company (Meralco) as property dividend in favor of common stockholders, except for foreign common shareholders who were paid the cash equivalent of the property dividend (see Note 20).

As at December 31, 2021 and 2020, First Philippine Holdings Corporation (FPHC) owns 86.58% of Rockwell Land and the rest by the public. Lopez, Inc. is the ultimate parent company.

The Company's principal office address is 2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

The accompanying parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 1, 2022.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The accompanying parent company financial statements have been prepared on a historical cost basis, except for investment in equity instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The parent company financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency, and all values are rounded to the nearest thousands, except when otherwise indicated.

The Company also prepares and issues consolidated company financial statements for the same period as the parent company financial statements in compliance with Philippine Financial Reporting Standards (PFRSs). These consolidated company financial statements may be obtained at the Company's registered office address.

Statement of Compliance
The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

The Company has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of certain provisions of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

SEC MC No. 4-2020 deferring the adoption of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost (the IFRIC Agenda Decision on Borrowing Cost) and is not applicable to the Company as it is already in full compliance with the requirements of the IFRIC Agenda Decision.

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

PFRSs also includes Philippine Accounting Standards (PAS), including Philippine Interpretations based on equivalent interpretations of IFRIC issued by the Financial Reporting Standards Council (FRSC).

3. Changes in Accounting Policies and Disclosures

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective as at January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these new pronouncements did not have any impact on the parent company financial statements unless otherwise indicated.

- Adoption of PIC Q&A 2018-12-H, *Accounting for Common Usage Service Area (CUSA) Charges*

  In 2021, the Company adopted the provision of PFRS 15, *Revenue from Contracts with Customers*, covered by PIC Q&A 2018-12-E on the accounting for CUSA charges under the full retrospective approach. Upon adoption, there is no impact on opening retained earnings and the related balance sheet accounts as the Company previously presented the related revenue net of costs and expenses.

  The Company assessed itself as principal for CUSA and air-conditioning charges and electricity and water usage. Accordingly, the Company presented the revenue from recoveries and its related costs on a gross basis as part of “Others” under revenue and “Cost of real estate”, respectively, in the parent company statements of comprehensive income.

  Total CUSA adjustments recognized amounted to ₱371.0 million in 2021 and ₱369.9 million in 2020.

- Adoption 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 FRSC which was November 11, 2020.

The adoption of this PIC Q&A did not impact the parent company financial statements of the Company since it has previously adopted approach 3 in its accounting for sales cancellation which records the repossessed inventory at cost.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The amendment is not applicable as there are no rent concessions granted to the Company as a lessee.

- Amendments to PFRS 9, PAS 39, 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 Company 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 Company adopted the amendments beginning January 1, 2021.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

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 on the Company.

- 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 Company 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 on the Company.

  - 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 Company 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 on the Company.

  - 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 Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023.

  Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, 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 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 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
a.	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
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

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

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.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

The Company availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the Company assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Company has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.

b. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The Company has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

PIC Q&A 2018-12-E (treatment of land in the determination of POC) and PIC Q&A 2020-02 (additional guidance on determining which uninstalled materials should not be included in calculating the POC) do not have an impact on the financial statements since the Company does not include land and uninstalled materials in the determination of POC.

4. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Company measures financial instruments at fair value at each financial reporting date. The fair value information of certain financial and nonfinancial assets and liabilities are also required to be disclosed in the parent company financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company 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 above.

Day 1 Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the difference between the transaction price and fair value (a Day 1 profit) is recognized in the parent company statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the parent company statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 profit amount. The Company has determined that the discounted cash flow analysis using credit-adjusted Philippine Dealing and Exchange Corporation (PDEx) interest rates is appropriate in determining the fair value of retention payable, with the Day 1 profit treated as a reduction from "Real estate inventories" as these are directly related to project development.

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 maturity of three months or less from date of acquisition and are subject to an insignificant risk of change in value.

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

Financial Assets

- *Initial Recognition*

  Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

  The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or which the Company has applied the practical expedient are measured at transaction price determined under PFRS 15. Refer to the accounting policy in section *"Revenue"*.

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

  The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

  Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

- *Subsequent Measurement*

  For purposes of subsequent measurement, financial assets are classified in four categories:
  - Financial assets at amortized cost (debt instruments)
  - Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
  - Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
  - Financial assets at FVPL

The Company has no financial assets at financial assets at FVOCI with recycling of cumulative gains and losses, and financial assets at FVPL as at December 31, 2021 and 2020.

- *Financial Assets at Amortized Cost (Debt Instruments).* This category is most relevant to the Company. The Company 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 (EIR) method and are subject to impairment. Gains and losses are recognized in the parent company statements of comprehensive income when the asset is derecognized, modified or impaired.

  The Company's financial assets at amortized cost includes cash and cash equivalents, trade receivables from sale of real estate and lease, other receivables, restricted cash and refundable deposits as at December 31, 2021 and 2020.

- *Financial Assets Designated at FVOCI (Equity Instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the parent company statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

  The Company elected to classify irrevocably its quoted and unquoted equity securities under this category as at December 31, 2021 and 2020.

- *Impairment of Financial Assets*

  PFRS 9 introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

  The Company recognizes expected credit losses (ECL) for the following financial assets that are not measured at FVTPL:
  - debt instruments that are measured at amortized cost;
  - loan commitments; and
  - financial guarantee contracts.

  ECLs are measured in a way that reflects the following:
  - an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECLs
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECLs – not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECLs – credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss Allowances
Loss allowances are recognized based on 12-month ECLs for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:
- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The loss allowance recognized in the period is impacted by a variety of factors, as described below:
- Transfers between Stage 1 and Stage 2 and 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECLs.
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECLs due to changes in PDs, LGDs and EADs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to passage of time, as ECLs are measured on a present value basis;
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The Company 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'.

Determining the Stage for Impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECLs 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 ECLs.

General Approach. Under the general approach, at each reporting date, the Company recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company has leveraged on available market data for cash and cash equivalents to calculate the ECLs.

Simplified Approach. The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECLs, is applied to installment contracts receivable and accounts receivable. The Company has established a provision matrix for accounts receivable and a vintage analysis for installment contracts receivable that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are over 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. Financial Liabilities

- *Initial Recognition and Measurement.*

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

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

  The Company's financial liabilities include trade and other payables (excluding statutory payables), subscription payable, lease liability, interest-bearing loans and borrowings, retention payable and security deposits as at December 31, 2021 and 2020.

- *Subsequent Measurement.*

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the parent company statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of Financial Instruments
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 right to receive cash flows from the asset has expired;
- the Company 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 Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Exchange or Modification of Financial Liabilities
The Company 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).

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. 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 in the parent company statement of comprehensive income.

When the exchange or modification of the existing financial liability is not considered as substantial, the Company 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.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as a liability if it provides for a contractual obligation to:
- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts; and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Company 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 Company and all of the counterparties.

Real Estate Inventories
Real estate inventories consist of condominium units and residential house and lots for sale. These properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Amounts paid to contractors for construction; and
- Planning and design costs, costs of site preparation, professional fees for legal services, property and transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less specifically identifiable estimated costs of completion and the estimated costs of sale. The carrying amount of inventories is reduced through e 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-rata based on the relative size of the property sold

Advances to Contractors
Advances to contractors represent advance payments on services to be incurred in connection with the Company's operations. These are capitalized to projects under "Real estate inventories", "Investment properties" and "Property and equipment" accounts in the parent company statement of financial position. These are considered as nonfinancial instruments as these will be applied against future billings from contractors normally within one year.

Investment Properties
Investment properties represent land, building, structures and improvements of the mall (the "Power Plant"), 8 Rockwell, other structures held for lease within the Rockwell Center, The Grove, Rockwell Business Center Sheridan, The Arton Strip and land held for appreciation. These are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties, except land, are stated at cost, less accumulated depreciation and amortization and impairment value, if any. Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of investment properties, except for land. Investment properties are estimated to have a useful life of 3 to 35 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the parent company statement of comprehensive income in the period of derecognition.

The investment properties' estimated useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

When each major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investment properties in progress pertain to projects under construction and are stated at cost which includes cost of construction and other direct costs. Investment properties in progress are not depreciated until such time that the relevant assets are completed and become available for operational use.

Investments in Joint Venture and Associate

Investment in a joint venture and associate is accounted for at cost less any impairment in value from the date of acquisition. The Company determines whether it is necessary to recognize an impairment loss.

The Company has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement (the "JV Agreement") requires unanimous agreement for financial and operating decisions among the venturers.

The associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company.

The Company recognizes income from the investments only up to the extent that the Company receives distributions from accumulated profits of the joint venture and associate arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, net of accumulated depreciation and/or impairment in value, if any. Such cost includes the cost of replacing part of such property and equipment, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the parent company statement of comprehensive income as incurred.

Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value.

Depreciation and amortization is calculated for each significant item or part of an item of property and equipment on a straight-line basis over the following estimated useful lives:

Buildings and improvements	3-35 years
Office furniture and other equipment	3-5 years
Transportation equipment	5 years

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the parent company statement of comprehensive income in the year the asset is derecognized.

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed at each financial year end, and adjusted prospectively if appropriate.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Construction in progress pertains to serviced apartments under construction and is stated at cost which includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and become available for operational use. Upon completion, it will be depreciated over a period of 15 to 35 years.

Investments in Subsidiaries

Investments in subsidiaries are carried at cost. A subsidiary is an entity in which the Company has control. Control is achieved when the Company 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.

The Company recognizes income from investments in subsidiaries only to the extent that the Company receives distribution from accumulated profits from the subsidiaries arising after the date of acquisition.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that a nonfinancial asset (e.g., investment properties, investment in joint venture and property and equipment) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. Those budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amounts, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income.

Revenue from Contract with Customers

The Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5 to the parent company financial statements.

Real estate sales. The Company 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 Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date/ milestones reached/ time elapsed. This is based on the monthly project accomplishment report prepared by the project inspector as approved by the project manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

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 and is allocated between cost of real estate sold and real estate inventories.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under "Trade and other receivables" account, is included in the "Contract assets" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the contract liabilities under "Trade and other payables" account in the liabilities section of the parent company statement of financial position.

Room Revenue (presented under Other Revenue). Room revenue is recognized when services are performed. Deposits received from customers in advance on rooms or other services are recorded as liabilities until services are provided to the customers.

Cinema, Mall and Other Revenues (presented under Other Revenue). Revenue is recognized when services are rendered.

Interest Income. Revenue is recognized using the effective interest, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Unearned discount is recognized as income over the terms of the related financial assets at amortized cost (i.e., loans and receivables) using the effective interest method and is shown as deduction to the related financial assets.

Cost of real estate sales. The Company 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 Company 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.

Contract Balances

Trade Receivables. Trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

The contract liabilities also include payments received by the Company from the customers for which revenue recognition has not yet commenced.

Costs to Obtain Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company 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 the parent company statement of comprehensive income.

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

Contract Fulfillment Assets. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, De-recognition and Impairment of Contract Fulfillment Assets and Capitalized Costs to Obtain a Contract

The Company amortizes contract fulfillment assets and 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 under cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company 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.

Interest Income
Revenue is recognized using the effective interest, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Unearned discount is recognized as income over the terms of the related financial assets at amortized cost (i.e., loans and receivables) using the effective interest method and is shown as deduction to the related financial assets.

Leases
Right-of-use assets. The Company 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 re-measurement of lease liabilities. The costs of right-of-use assets include the amount of lease liability recognized, and lease payments made at or before the commencement date. Right-of-use asset are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 35 years. If ownership of the leased asset transfers to the Company at the end of the lease term or the

cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of investment properties and are subject to impairment. Refer to the accounting policies in impairment of non-financial assets section.

The Company 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.

As a Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms or based on the terms of the lease, as applicable.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

As a Lessee

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

Lease Liabilities. At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases with Low-value Assets. The Company applies the short-term lease recognition exemption to its short-term leases of equipment (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 lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. 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.

Equity

When the Company issues its par value shares, the proceeds shall be credited to the “Capital stock” account in the parent company statement of financial position to the extent of the par value, with any excess being reflected as “Additional paid-in-capital” account in the parent company statement of financial position. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings represent the Company’s accumulated earnings, net of dividends declared.

Treasury Shares

Acquisitions of treasury shares are recorded at cost. Own equity instruments which are reacquired are deducted from equity. No gain or loss is recognized in the parent company statement of comprehensive income on the purchase, sale, issuance or the cancellation of the Company’s own equity instruments.

Share-based Payment Transactions

Employees (including directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions. The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date the option is granted. The fair value is determined using Binomial Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than the conditions linked to the price of the shares of the Company (“market conditions”), if applicable.

The cost of equity-settled transactions is recognized in profit or loss with a corresponding increase in “Share-based payments” account in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest at that date. The cost of share-based payment is recognized in the parent company statement of comprehensive income as part of “Personnel expenses” account under “General and administrative expenses” account.

No expense is recognized for awards that do not ultimately vest.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled with payment, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 32).

Pension Costs and Other Employee Benefits
The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of general and administrative and selling expenses in the parent company statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under general and administrative expenses in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in other comprehensive income are closed to retained earnings at the end of every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. Employee entitlements beyond 12 months are recognized as part of the noncurrent portion of other employee benefits liability.

<u>Income Tax</u>

Current Income Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the financial reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred tax assets and liabilities, however, are not recognized when the deductible and taxable temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each financial reporting date 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 reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax on share-based payments is recognized directly in equity.

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

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except: where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from and payable to the tax authority is included as part of "Other current assets" and "Trade and other payables" accounts in the parent company statement of financial position. Deferred output VAT, however, is shown separately under "Trade and other payables" account in the parent company statement of financial position.

Deferred input VAT relating to the unpaid portion of the acquisition cost of the asset expected to be settled beyond the succeeding year is recognized under "Other noncurrent assets" account in the parent company statement of financial position.

Foreign Currency-Denominated Transactions
The parent company financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets (included in "Property and equipment" and "Investment properties" accounts in the parent company statement of financial position). All other borrowing costs are expensed in the period in which they occur. 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 Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is

virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. They are disclosed in the notes to parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in notes to the parent company 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 Company's financial position at the financial reporting date (adjusting events) are reflected in the parent company financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

Basic/Diluted Earnings Per Share
Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding.

Diluted earnings per share attributable to equity holders of the Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of convertible stock options. Outstanding convertible stock options will have a dilutive effect only when the average market price of the underlying common shares during the year exceeds the exercise price of the option. Where the outstanding convertible stock options have no dilutive effect, diluted earnings per share is the same as basic earnings per share attributable to equity holders of the Company.

Segment Reporting
The Company's operating businesses are organized and managed separately into three business activities. Such business segments are the bases upon which the Company reports its operating segment information. The Company operates in one geographical area where it derives its revenue. Financial information on segment reporting is presented in Note 33.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying parent company financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the parent company financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the parent company financial statements:

Determination of Business Models. The Company determines its business model at the level that best reflects how it manages groupings of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Definition of Default and Credit-impaired Financial Assets. The Company 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*
  - Installment contracts receivable
    - For individual customers – upon issuance of Final Notice of Cancellation ("FNOC") when monthly payments are 90 days past due
    - For corporate customers – when monthly payments are 30 days past due, and upon issuance of FNOC.

- *Qualitative criteria*
  The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
  a. The customer is experiencing financial difficulty or is insolvent
  b. The customer is in breach of financial covenant(s)
  c. An active market for that financial assets has disappeared because of financial difficulties
  d. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty
  e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Company 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 Company's expected loss calculation.

Significant Increase in Credit Risk. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors.

The Company's cash and cash equivalents and accounts receivable are graded in the top investment category by globally recognized credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. It is the Company'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 Company uses the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not other otherwise be fully reflected in its quantitative analysis on a timely basis.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset falls below an investment grade; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Existence of a Contract. The Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotations sheets and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of customers' equity before commencing revenue recognition. Management assessed that the historical cancellations and back-outs, despite the pandemic, still supports the Company's current threshold of customer's equity.

Revenue Recognition Method and Timing of Revenue Recognition. The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right to payment for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company'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.

The Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the customers.

The Company concluded that rooms, cinema and other revenues are to be recognized at a point in time because the Company has a right to payment for the service once the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset in exchange.

Revenue from sale of real estate recognized over time amounted to ₱3,368.8 million and ₱3,752.8 million in 2021 and 2020, respectively. Revenue from room, cinema and other revenues recognized at a point in time amounted to ₱2,689.9 million and ₱2,052.1 million in 2021 and 2020, respectively (see Note 21).

Identifying Performance Obligation. The Company has contracts to sell covering the sale of house and lots, condominium unit and parking lot. The Company concluded that there is one performance obligation in these contracts because, the developer has the obligation to deliver the condominium unit and parking lot duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Company's service is to transfer the title of the real estate unit to the customer.

Operating Lease Commitments (As a Lessor). The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, which are leased out under operating lease arrangements.

Lease income earned from investment properties amounted to ₱1,141.0 million and ₱1,063.3 million in 2021 and 2020, respectively (see Note 11).

Determining whether Lease Concessions are Lease Modifications. As a consequence of the COVID-19 pandemic, the Company provided certain rent concessions to its tenants in the form of rent-free periods and discounts in 2021 and 2020. Management, in consultation with its external legal counsel, assessed that the grant of rent concession does not qualify as an amendment to the lease contract. The waiver of rent is pursuant to the provision in the lease contract. Accordingly, management recorded the negative variable lease payment at the time the concession was given.

The rent concessions resulted to reduction in rental income in 2021 and 2020 amounting to ₱419.9 million and ₱479.8 million, respectively (see Note 11).

Transfers of Property and Equipment. The Company has made transfers to real estate inventories and investment properties after determining that there is a change in use, evidenced by ending of owner-occupation. Transfers are made from property and equipment when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the property and equipment at the date of change in use.

Transfers made from property and equipment amounted to ₱2,158.4 million and ₱1,293.5 million in 2021 and 2020, respectively (see Notes 8, 11 and 12).

Interests in a Joint Venture. Management has assessed that it has joint control in its joint venture agreements and both parties have rights to the net assets of the arrangement. Under the Joint Venture Agreement, each party's share in any proceeds, profits, losses, and other economic value derived under the Joint Venture as well as any economic benefits and losses derived from the utilization of the access ways and open spaces of the joint venture property shall be proportional to the respective financial contributions made by each party (see Note 13).

Interest in an Associate. The Parent Company owns 41.21% and 40% of Rockwell Nepo Development Corporation (RNDC), formerly NepWell Property Management, Inc., as at December 31, 2021 and 2020, respectively. The contractual arrangement relative to the JV Agreement with T.G.N. Realty Corporation does not give two or more of those parties joint control over the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. However, considering the percentage shareholdings of each party to the JVA and the agreement on quorum and voting, multiple combinations of parties could collectively control the arrangement. the Parent Company's management has assessed that it has significant influence in its joint venture agreement with T.G.N. Realty Corporation shareholders as the Parent Company has representation in the BOD of RNDC, participation in the policy-making processes and provision of essential technical information as the sole project developer and marketing and sales agent (see Note 13).

Contingencies. The Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material effect on the financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 29). No provision for contingencies was recognized in 2021 and 2020.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue Recognition Method and Measure of Progress. The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue. This is generally driven by the buyer's commitment to pay and percentage of completion.

The Company's revenue from sale of real estate is recognized using the percentage-of-completion method. This is measured principally on the basis of the estimated completion of a physical proportion of the contract work. In view of the recent signs of increased market activity with the easing of community quarantines in key areas of the Philippines, the progress of the Company's performance obligation is directly affected which resulted to higher percentage of completion in the current period as compared to previous year.

The Company has set a certain percentage of collection over the total selling price in demonstrating the buyer's commitment to pay. The percentage is representative of the buyer's substantial investment that gives the buyer a stake in the project sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Company.

Revenue from sale of real estate recognized over time amounted to ₱3,368.8 million and ₱3,752.8 million in 2021 and 2020, respectively.

Measurement of ECLs. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

Except for installment contracts receivable, the Company uses low credit risk operational simplification to identify whether the credit risk of financial assets has significantly increased.

Inputs, Assumptions and Estimation Techniques. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *Probability of default*

  The PD represents the likelihood of a customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

  The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *Loss given default*

  Loss Given Default represents the Company's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

- *Exposure at default*

  EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. For example, for a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

  The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or the customer's borrowing rates.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the contractual repayments owed by the customer. Early repayment/refinance assumptions, when allowed, are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by project and by completion status.

The COVID-19 pandemic did not have a significant impact on the collectability of the Company's trade receivables in 2021 and 2020. Considering the evolving nature of this pandemic, the Company will continue to monitor the situation. Uncertainties in market trends and economic conditions may persist due to the COVID-19 pandemic, which may impact actual results and differ materially from the estimates of ECLs.

General Approach for Cash and Cash Equivalents. The Company recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company uses external credit rating approach to calculate ECL for cash and cash equivalents, accounts receivable and receivable from ultimate parent. This approach leverages on available market data (i.e., S&P and Moody's and Fitch credit ratings for default rates). S&P, Moody's, Fitch and Reuters are reliable market data sources that provide default and recovery rate data. These information are widely used by investors and stakeholders in decision-making in terms of investment, credit activities, etc.

Simplified Approach for Installment Contracts Receivable. The Company uses vintage analysis to calculate ECLs for installment contracts receivable. The PD rates using vintage analysis are based on default counts of contract issuances in a given period for groupings of various customer segments that have similar loss patterns (i.e., individual, and corporate).

The vintage analysis is initially based on the Company's historical observed default rates. The Company will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., CPI) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate 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 relationship between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of Forward-looking Information. The Company 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.

The Company 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 Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Company 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 Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Company 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.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past one year and three months. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Grouping of Instruments for Losses Measured on Collective Basis. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a Company are homogenous. In performing this Companying, there must be sufficient information for the Company to be statistically credible. Where sufficient information is not available internally, the Company has considered benchmarking internal/external supplementary data to use for modelling purposes.

The Company grouped its installment contracts receivable for collective measurement into (i) individuals and (ii) corporate customers. No impairment losses were recognized for installment contract receivable, recognized as trade receivables in 2021 and 2020.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Company in accordance with externally available ratings.

Fair Value of Financial Assets, Investment Properties and Financial Liabilities. Entities are required to disclose for each class of financial assets and liabilities and investment properties the fair value of that class of assets and liabilities in a way that permits it to be compared with the corresponding carrying amount in the parent company statement of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would affect the disclosures made by management. The fair values of the Company's financial assets and liabilities are set out in Note 31.

Evaluation of Net Realizable Value of Real Estate Inventories. Real estate inventories are carried at the lower of cost or NRV. The carrying value of real estate inventories for sale are adjusted when the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell.

The COVID-19 pandemic did not have a significant impact on the Company's inventory valuation. Although the Company suspended its operations during the implementation of community quarantine, it has resumed its operations after the lifting of the restrictions.

Real estate inventories (condominium units for sale), stated at cost, amounted to ₱12,438.5 million and ₱7,779.7 million as at December 31, 2021 and 2020, respectively (see Note 8).

Estimating Useful Lives of Investment Properties and Property and Equipment. The useful life of each of the Company's investment properties and property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, 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 changes in the factors mentioned above. A reduction in the estimated useful life of any items of property and equipment, and investment properties would increase the recorded depreciation expense and decrease investment properties and property and equipment accounts.

There were no changes in the estimated useful lives of investment properties and property and equipment in 2021 and 2020.

Investment properties, net of accumulated depreciation, (excluding land, right-of-use asset and investment properties in progress) amounted to ₱8.9 billion and ₱8.7 billion as at December 31, 2021 and 2020, respectively (see Note 11).

Property and equipment, net of accumulated depreciation and amortization, (excluding land and construction in progress) amounted to ₱1,206.2 million and ₱956.4 million as at December 31, 2021 and 2020, respectively (see Note 12).

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

Determining the recoverable amounts of investment properties, property and equipment, and investments in joint venture and associate, which requires 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 parent company financial statements. Future events could indicate that investment properties, investment in joint venture and property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations of the Company.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company 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 charges under PFRS.

Noncurrent assets that are subject to impairment testing when impairment indicators are present are as follows:

	2021	2020
Investment properties (see Note 11)	**₱12,592,643**	₱12,558,142
Property and equipment (see Note 12)	**2,673,131**	4,965,428
Investments in joint venture and associate (see Note 13)	**3,440,740**	2,806,294
Investment in subsidiaries (see Note 14)	**5,246,663**	5,246,663
Advances to contractors (see Notes 11 and 12)	**135,927**	299,067

The fair value of the investment properties amounted to ₱26.6 billion and ₱24.2 billion as at December 31, 2021 and 2020, respectively (see Note 11).

The Company has considered the impact of the COVID-19 pandemic and assessed that the Company's nonfinancial assets are not impaired. As at December 31, 2021 and 2020, no impairment indicators were identified for the Company's nonfinancial assets.

No impairment loss was recognized in 2021 and 2020.

Deferred Tax Assets. Management uses judgment in reviewing the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

Recognized deferred tax assets amounted to ₱833.6 million and ₱1,025.3 million as at December 31, 2021 and 2020, respectively (see Note 26).

Pension Costs and Other Employee Benefits. The determination of the Company's obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 and include, among others, discount rate and expected rate of salary increase. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability and other employee benefits amounted to ₱215.8 million and ₱279.0 million as at December 31, 2021 and 2020, respectively. Since there is no minimum funding requirement, the resulting net asset or net liability recognized in the parent company statements of financial position was determined as the lower of the surplus of the plan and the present value of the future service cost to the Company (see Note 25).

6. Cash and Cash Equivalents

This account consists:

	2021	2020
Cash on hand and in banks	**₱832,772**	₱905,522
Short-term investments	**1,037,501**	1,029,384
	₱1,870,273	₱1,934,906

Cash in banks earn interest at the respective bank deposit rates. Short-term investments consist of peso and dollar-denominated placements made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱3.8 million and ₱1.4 million in 2021 and 2020, respectively (see Note 22).

7. Trade and Other Receivables and Contract Assets

Trade and other receivables consist of:

	2021	2020
Trade receivables from:		
Sale of real estate (see Note 21)	**₱4,343,397**	₱3,177,822
Lease	**536,983**	413,735
Due from related parties (see Note 28)	**1,585,250**	2,200,137
Advances to officers and employees (see Note 28)	**44,853**	49,832
Others	**62,166**	22,293
	6,572,649	5,863,819
Less: Allowance for ECLs	**(16,200)**	(6,363)
	₱6,556,449	₱5,857,456

Trade receivables from sale of real estate consist of installment contract receivables from real estate customers. Installment contract receivables are collectible in equal monthly installments with terms typically up to five years for high-rise projects and up to three years for horizontal projects. These are noninterest-bearing and are carried at amortized cost. The fair value at initial recognition is derived using discounted cash flow model.

As of December 31, contract assets consist of:

	2021	2020
Current	**₱2,384,726**	₱6,654,824
Noncurrent	**1,322,513**	1,624,263
	₱3,707,239	₱8,279,087

Contract assets represent excess of recognized revenues from contracts with real estate customers determined based on percentage of completion against amounts billed to customers. As at December 31, 2021, the movement in contract assets comprises of the reclassifications to installment contracts receivables from sale of real estate and unbilled revenues recognized for the year amounting to ₱4,343.4 million and ₱228.5 million, respectively. As at December 31, 2020, the movement in contract assets comprises of the reclassifications to installment contracts receivables from sale of real estate and unbilled revenues recognized for the year amounting to ₱3,177.8 million and ₱8,279.1 million, respectively (see Note 21).

Interest income earned from sale of real estate amounted to ₱713.5 million and ₱880.3 million in 2021 and 2020, respectively (see Note 22). Unamortized unearned interest on these receivables amounted to ₱1,030.9 million and ₱1,238.5 million as at December 31, 2021 and 2020, respectively.

Movements in unearned interest on trade receivables from sale of real estate and contract assets are as follows:

	2021	2020
Trade receivables/contract assets at nominal amount	**₱9,081,539**	₱12,695,416
Less unearned interest:		
Balance at beginning of year	**1,238,507**	1,183,090
Unearned interest	**505,905**	935,675
Amortization (see Note 22)	**(713,509)**	(880,258)
Balance at end of year	**1,030,903**	1,238,507
Trade receivables/contract assets at discounted amount	**₱8,050,636**	₱11,456,909

Trade receivables from lease represent short-term receivables from the "Power Plant" Mall tenants and from other commercial establishments on properties held for lease within the Rockwell Center, The Grove, The Arton Strip and Rockwell Business Center (RBC) Sheridan which are normally collectible within 30 days from billing date.

In 2021 and 2020, the Company entered into loan financing agreements with financial institutions whereby the Company assigned its installment contracts receivables on a with recourse basis. These receivables are used as collateral to secure the corresponding loans payable obtained. The Company still retains the assigned receivables in the trade receivables account and recognizes the proceeds from the loan availment as loans payable. As at December 31, 2021 the carrying value of installment contracts receivables and the corresponding loans payable amounted to ₱808.2 million and ₱486.6 million, respectively (see Note 16). As at December 31, 2020 the carrying value of installment contracts receivables and the corresponding loans payable amounted to ₱2,179.7 million and ₱2,496.2 million, respectively (see Note 16).

Advances to officers and employees mainly representing cash advances to be used for operations are noninterest-bearing and will be liquidated within one year.

Terms and conditions relating to related party receivables are disclosed in Note 28.

Other receivables mainly consist of claims from contractors and receivable from various third parties. These are noninterest-bearing and are due and demandable.

The movements of the allowance for ECLs, determined on a collective basis using ECL model (trade receivables) and specific identification (other receivables), follows:

	2021		2020	
	Trade Receivables from Lease	**Others**	Trade Receivables from Lease	Others
Balance at beginning of year	**₱4,943**	**₱1,420**	₱1,549	₱1,420
Provisions (see Note 23)	**–**	**35,308**	3,394	–
Write-offs	**–**	**(25,471)**	–	–
Balance at end of year	**₱4,943**	**₱11,257**	₱4,943	₱1,420

8. Real Estate Inventories

This account consists of:

	2021	2020
Land and development costs:		
The Balmori Suites	**₱1,871,116**	₱–
Proscenium (see Note 17)	**1,022,826**	673,620
Mactan	**1,004,810**	890,888
8 Benitez Suites	**577,950**	553,499
Stonewell	**421,411**	194,369
Terreno South	**221,218**	567,270
Bacolod	**213,109**	429,583
32 Sanson	**145,424**	140,561
Edades Suites	**–**	203
Land held for future development and other developments costs:	**5,888,104**	3,142,417
Condominium units for sale	**1,072,578**	1,187,245
	₱12,438,546	₱7,779,655

In 2021, the Company repurposed the Aruga Hotel Makati to The Balmori Suites, a highly exclusive residential project located at the Rockwell Center. Consequently, project development cost incurred for Aruga Hotel Makati amounting to ₱2,554.6 million was reclassified from property and equipment to real estate inventories (see Note 12).

A summary of the movements in real estate inventories is set out below:

	2021	2020
At January 1	**₱7,779,655**	₱6,020,321
Cost of real estate sold (shown as part of "Cost of real estate" account in the parent company statements of comprehensive income)	**(2,878,907)**	(2,463,204)
Construction/development costs incurred	**2,596,664**	2,265,365
Land acquired	**2,534,821**	663,673
Transfers (to) from property and equipment (see Note 12)	**2,158,354**	1,293,500
Transfers (to) from investment properties (see Note 11)	**247,959**	–
Balance at end of year	**₱12,438,546**	₱7,779,655

Details related to on-going projects as at December 31 are as follows:

Project	Structure and Location	Expected Completion Date	Construction Stage*	Estimated Cost to Complete 2021	2020
The Proscenium Residences	Highrise condominium, Makati	2022	Superstructure	**₱766,637**	₱1,418,664
32 Sanson Solihiya	Midrise condominium, Cebu City	2022	Superstructure	**42,455**	121,195
32 Sanson Sillion	Midrise condominium, Cebu City	2024	Site development	**537,913**	–
Stonewell:					
Mahogany	Residential house and lots, Batangas	2022	Superstructure	**9,459**	104,117
Royal Palms	Residential house and lots, Batangas	2023	Superstructure	**74,719**	134,387

(Forward)

Project	Structure and Location	Expected Completion Date	Construction Stage*	Estimated Cost to Complete 2021	2020
Edades Suites	Highrise condominium, Rockwell Center	2021	Superstructure	**₱–**	₱455,087
Balmori Suites	Highrise condominium, Rockwell Center	2023	Superstructure	**927,614**	–
8 Benitez	Midrise condominium, New Manila	2024	Substructure	**926,647**	–
Terreno South					
Phase 1	Residential lots, Batangas	2021	Land development	**–**	68,694
Phase 2	Residential lots, Batangas	2021	Land development	**–**	148,301
Phase 3	Residential lots, Batangas	2024	Land development	**177,814**	–
Aruga Residences	Highrise condominium, Mactan	2027	Superstructure	**3,561,465**	3,706,053
Mactan Villas Phase 1	Villa, Mactan	2023	Superstructure	**287,162**	–
Nara Residences					
One Nara	Midrise condominium, Bacolod	2023	Superstructure	**504,742**	–
Two Nara	Midrise condominium, Bacolod	2024	Site development	**253,693**	–
Nara Lots	Residential lots, Bacolod	2024	Site development	**1,652,109**	–
				₱9,722,429	₱6,156,498

**Construction stage as at December 31, 2021.*

As at December 31, 2021 and 2020, land held for future development and other development costs mainly pertain to land acquisitions in Manila and certain provinces.

As at December 31, 2021, condominium units for sale primarily pertain to unsold units of various completed projects.

As at December 31, 2021 and 2020, advances to contractors, shown separately in the parent company statements of financial position, mainly pertain to advances related to the development of various projects.

The cost of real estate inventories (i.e., land and development costs and condominium units for sale) consists of the costs of land and direct development costs.

9. Other Current Assets

This account consists of:

	2021	2020
Creditable withholding tax	**₱1,222,792**	₱783,246
Prepaid costs (see Notes 17 and 21)	**210,463**	202,238
Refundable deposits	**59,980**	57,140
Input VAT	**33,088**	99,864
Supplies	**18,424**	18,950
Restricted cash	**9,649**	15,416
Others	**638**	6,924
	₱1,555,034	₱1,183,778

Prepaid costs primarily pertain to costs to obtain a contract which consist of sales commission pertaining to real estate sold capitalized as deferred selling expense (see Note 21).

Refundable deposits mainly consist of security deposits and advance rent in accordance with lease agreement.

As at December 31, 2021, restricted cash represents funds set aside to cover the application with DHSUD for a certificate of registration and license to sell for a project development. The fund will be released on 2nd quarter of 2022. As at December 31, 2020, restricted cash represents funds in escrow intended for the payment of land acquired in 2019 which was released to seller last January 2021.

10. Investment in Equity Instruments at FVOCI

As at December 31, this account consists of:

	2021	2020
Investment in equity instruments at FVOCI:		
Quoted	**₱23,500**	₱23,500
Unquoted	**3,308**	3,308
	₱26,808	₱26,808

Quoted Club Shares
This consists of investment in Manila Polo Club shares. Movement in the balance follows:

	2021	2020
Balance at beginning of year	**₱23,500**	₱26,000
Unrealized loss on fair value adjustments	**–**	(2,500)
Balance at end of year	**₱23,500**	₱23,500

Unquoted Equity Shares
Unquoted equity securities consist of investments in Meralco preferred shares which were issued to the Company when Meralco meters were connected and will only be disposed of upon termination of service. These shares have no quoted market price and any fair value gain or loss on these investments is not material to the parent company financial statements. As at financial reporting date, the Company has no plans of disposing these unquoted equity securities.

11. Investment Properties

The rollforward analysis of this account follows:

	2021				
	Land	**Buildings and Improvements**	**Right-of-use Asset**	**Investment Properties in Progress**	**Total**
At January 1, 2021, net of accumulated depreciation and amortization	**₱2,775,778**	**₱8,668,815**	**₱352,704**	**₱760,845**	**₱12,558,142**
Additions to construction cost	**15,416**	**277,055**	**–**	**36,238**	**328,709**
Transfers (to) from real estate inventories (see Note 8)	**46,276**	**–**	**–**	**(294,235)**	**(247,959)**
Transfers (to) from property and equipment (see Note 12)	**–**	**369,815**	**–**	**–**	**369,815**
Depreciation and amortization	**–**	**(404,006)**	**(12,058)**	**–**	**(416,064)**
Net carrying amount	**₱2,837,470**	**₱8,911,679**	**₱340,646**	**₱502,848**	**₱12,592,643**

	2021				
	Land	**Buildings and Improvements**	**Right-of-use Assets**	**Investment Properties in Progress**	**Total**
At January 1, 2021:					
Cost	**₱2,775,778**	**₱11,923,745**	**₱376,820**	**₱760,845**	**₱15,837,188**
Accumulated depreciation and amortization	**–**	**(3,254,930)**	**(24,116)**	**–**	**(3,279,046)**
Net carrying amount	**₱2,775,778**	**₱8,668,815**	**₱352,704**	**₱760,845**	**₱12,558,142**
At December 31, 2021:					
Cost	**₱2,837,470**	**₱12,570,615**	**₱376,820**	**₱502,848**	**₱16,287,753**
Accumulated depreciation and amortization	**–**	**(3,658,936)**	**(36,174)**	**–**	**(3,695,110)**
Net carrying amount	**₱2,837,470**	**₱8,911,679**	**₱340,646**	**₱502,848**	**₱12,592,643**

	2020				
	Land	Buildings and Improvements	Right-of-use Asset	Investment Properties in Progress	Total
At January 1, 2021, net of accumulated depreciation and amortization	₱2,775,778	₱9,042,504	₱364,762	₱220,862	₱12,403,906
Additions to construction cost	–	–	–	539,983	539,983
Depreciation and amortization	–	(373,689)	(12,058)	–	(385,747)
Net carrying amount	₱2,775,778	₱8,668,815	₱352,704	₱760,845	₱12,558,142

	2020				
	Land	Buildings and Improvements	Right-of-use Assets	Investment Properties in Progress	Total
At January 1, 2020:					
Cost	₱2,775,778	₱11,923,745	₱376,820	₱220,862	₱15,297,205
Accumulated depreciation and amortization	–	(2,881,241)	(12,058)	–	(2,893,299)
Net carrying amount	₱2,775,778	₱9,042,504	₱364,762	₱220,862	₱12,403,906
At December 31, 2020:					
Cost	₱2,775,778	₱11,923,745	₱376,820	₱760,845	₱15,837,188
Accumulated depreciation and amortization	–	(3,254,930)	(24,116)	–	(3,279,046)
Net carrying amount	₱2,775,778	₱8,668,815	₱352,704	₱760,845	₱12,558,142

Investment properties are valued at cost. Investment properties consist of the "Power Plant" Mall (₱3.6 billion and ₱3.5 billion as at December 31, 2021 and 2020, respectively), other investment properties held for lease within the Rockwell Center, The Grove, RBC Sheridan, and The Arton Strip (₱5.3 billion as at December 31, 2021 and ₱5.5 billion as at December 31, 2020) and land held for appreciation (₱682.1 million and ₱771.5 million as at December 31, 2021 and 2020, respectively).

Investment properties in progress include costs incurred for the construction of One Proscenium which started in 2019. General borrowing costs capitalized as part of investment properties amounted to ₱20.4 million and ₱33.8 million in 2021 and 2020, respectively (see Note 16). Average capitalization rates used for all ongoing projects are 4.99% and 5.37% in 2021 and 2020, respectively.

Accretion of interest expense on installment payable, capitalized as part of construction costs, amounted to nil and ₱0.9 million in 2021 and 2020, respectively (see Note 17).

Amortization of discount on retention payable, capitalized as part of construction costs, amounted to nil and ₱4.1 million in 2021 and 2020 respectively (see Note 18).

As at December 31, 2021 and 2020, advances to contractors, included under "Other noncurrent assets" account in the parent company statements of financial position, amounting to ₱135.9 million and ₱209.1 million, respectively, primarily pertain to advances related to the development of "One Proscenium" projects and "Mall Expansion".

Lease income earned from investment properties amounted to ₱1,141.0 million and ₱1,063.3 million in 2021 and 2020 respectively. Direct operating expenses incurred amounted to ₱359.3 million and ₱395.6 million in 2021 and 2020 respectively.

As a consequence of the COVID-19 pandemic, the Company provided certain rent concessions to its tenants of commercial spaces in the form of lease payment holidays and lease reduction from January to December 31, 2021. The Company accounted for the rent concessions as not a lease modification. The rent concessions resulted to reduction in rental income amounted to ₱419.9 million and ₱479.8 million in 2021 and 2020, respectively.

The aggregate fair value of the Company's Power Plant Mall and Mall Expansion amounted to ₱12.9 billion and ₱12.5 billion as at December 31, 2021 and, 2020, respectively. The aggregate fair value of other investment properties held for lease within the Rockwell Center and The Grove, RBC Sheridan, 8 Rockwell, The Arton Strip and land held for appreciation amounted to ₱13.7 billion and ₱12.2 billion as at December 31, 2021 and 2020, respectively.

The fair value as at December 31, 2021 and 2020 was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

The fair value of the mall and investment properties held for lease within the Rockwell Center, The Grove, RBC Sheridan, 8 Rockwell and The Arton Strip was arrived at through the use of the "Income Approach," particularly the "Discounted Cash Flow Analysis" which is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property being valued. In an operating property, periodic cash flow is typically estimated as gross revenue less operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. This is included under Level 3 in the fair value hierarchy (see Note 31).

The fair value of land held for appreciation and land component of assets under construction was arrived at through the use of the "Market Data Approach." "Market Data Approach" is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. This approach is primarily based on sales and listings, which are adjusted for time of sale, location, and general characteristics of comparable lots in the neighborhood where the subject lot is situated. This is included under Level 2 in the fair value hierarchy (see Note 31).

The fair value of assets recently completed and undergoing construction was arrived at through the use of the "Cost Approach". "Cost Approach" is based on the amount required to replace the service capacity of an asset (frequently referred to as current replacement cost). This approach is applied by estimating the amount that currently would be required to construct a substitute software asset of comparable utility. This is included under Level 3 in the fair value hierarchy (see Note 31).

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

12. Property and Equipment

The rollforward analysis of this account follows:

	2021					
	Land	**Buildings and Improvements**	**Office Furniture and Other Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
At January 1	**₱515,032**	**₱1,338,779**	**₱1,759,204**	**₱330,947**	**₱3,494,025**	**₱7,437,987**
Additions	**–**	**182,084**	**172,888**	**9,719**	**83,698**	**448,389**
Transfers (to) from real estate inventories (see Note 8)	**264,363**	**–**	**–**	**–**	**(2,422,717)**	**(2,158,354)**
Transfers (to) from investment properties (see Note 11)	**–**	**(369,815)**	**–**	**–**	**–**	**(369,815)**
Reclassification	**–**	**467,511**	**–**	**–**	**(467,511)**	**–**
At December 31	**779,395**	**1,618,559**	**1,932,092**	**340,666**	**687,495**	**5,358,207**
Accumulated Depreciation and Amortization						
At January 1	**–**	**664,497**	**1,526,386**	**281,676**	**–**	**2,472,559**
Depreciation and amortization (see Note 23)	**–**	**90,865**	**108,380**	**13,272**	**–**	**212,517**
At December 31	**–**	**755,362**	**1,634,766**	**294,948**	**–**	**2,685,076**
Net Book Value at December 31	**₱779,395**	**₱863,197**	**₱297,326**	**₱45,718**	**₱687,495**	**₱2,673,131**

	2020					
	Land	Buildings and Improvements	Office Furniture and Other Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
At January 1	₱1,232,168	₱2,037,282	₱1,707,986	₱328,121	₱2,315,070	₱7,620,627
Additions	–	–	51,218	2,826	1,178,955	1,232,999
Transfers to real estate inventories (see Note 8)	(717,136)	(698,503)	–	–	–	(1,415,639)
At December 31	515,032	1,338,779	1,759,204	330,947	3,494,025	7,437,987
Accumulated Depreciation and Amortization						
At January 1	–	668,709	1,394,847	255,696	–	2,319,252
Depreciation and amortization (see Note 23)	–	117,927	131,539	25,980	–	275,446
Transfers to real estate inventories	–	(122,139)	–	–	–	(122,139)
At December 31	–	664,497	1,526,386	281,676	–	2,472,559
Net Book Value at December 31	₱515,032	₱674,282	₱232,818	₱49,271	₱3,494,025	₱4,965,428

In 2021 and 2020, construction in progress pertains to the ongoing construction of Mactan Hotel, Rockwell Performing Arts Theater and Aruga Hotel Makati (in 2020).

Borrowing costs capitalized as part of property and equipment amounted to ₱16.1 million and ₱105.9 million in 2021 and 2020, respectively (see Note 16). Average capitalization rates used are 4.99% and 5.37% in 2021 and 2020, respectively.

As at December 31, 2021 and 2020, advances to contractors, included under “Other noncurrent assets” account in the parent company statements of financial position, amounting to nil and ₱90.0 million, respectively, primarily pertain to advances related to the development of “Mactan Hotel” and “Aruga Hotel Makati” (in 2020).

In 2021, the Company repurposed the Aruga Hotel Makati to The Balmori Suites, a highly exclusive residential project located at the Rockwell Center. Consequently, project development cost incurred for Aruga Hotel Makati amounting to ₱2,554.6 million was reclassified from property and equipment to real estate inventories (see Note 8).

13. **Investments in Joint Venture and Associate**

This account consists of:

	2021	2020
Investment in:		
Joint venture	**₱2,684,590**	₱2,050,144
Associate	**756,150**	756,150
	₱3,440,740	₱2,806,294

Investment in Joint Venture

a. 8 Promoveo Land, Inc. (PLI)

In December 2021, the Company entered into a Joint Venture Agreement (JVA) with International Pharmaceuticals, Inc. (IPI) to jointly develop parcels of land in Cebu into residential condominiums and commercial, retail and office components (the Project) through PLI (JV Co.), and with the view of jointly preserving and continuing IPI's long-standing legacy in the market and the Company's brand of creating communities of unparalleled quality. Under the terms of the JVA, each of the Company and IPI shall at all times hold 50% of the total subscribed shares, except in certain circumstances provided for in the JVA. Pursuant to the JVA, the Company shall subscribe to 3,148,410,000 common and redeemable preferred shares out of the unissued authorized shares of PLI in the following manner:

a. *First Subscription*: On the execution date of the JVA Agreement, the Company shall execute a Subscription Agreement to subscribe to 1,019,205,000 common shares and 1,500,795,000 redeemable preferred shares – Tier 1.

b. *Second Subscription*: Upon SEC approval of the increase in capital stock, the Company shall execute a second Subscription Agreement to subscribe to the additional 628,410,000 redeemable preferred shares – Tier 1 to complete its subscription for the shares comprising its Tier 1 capital contribution.

In December 2021, the Company contributed ₱630.0 million in cash to the JV Co. as partial payment for the Company's subscription. On the same period, PLI filed its application with the SEC for the increase in authorized capital stock. The corresponding shares of the Company's first subscription shall be issued out of the said increase in authorized capital stock. Accordingly, the aforementioned partial subscription payment is treated as deposits for stock subscription as at December 31, 2021 presented as part of investments in joint venture. As at April 1, 2022, the SEC approval is still pending.

b. RBC

On March 25, 2008, the Company entered into a 25-year JV Agreement with Meralco to form an unincorporated and registered JV (70% for the Company and 30% for Meralco), referred to as "unincorporated JV." Under the JV Agreement, the parties agreed to pool their allocated areas in the first two towers of the BPO Building, including the right to use the land, and to operate and manage the combined properties for lease or any similar arrangements to third parties under a common property management and administration. Consequently, the Company's contribution to the unincorporated JV is presented as "Investment in joint venture" account in the Company's statements of financial position. The unincorporated JV started commercial operations in July 2009.

In accordance with the terms of the JV Agreement, the Company acts as the Property Manager of the unincorporated JV. Management fees recognized by the Company, which is shown as part of "Others" account in the Company's statements of comprehensive income, amounted to ₱2.0 million and ₱8.0 million in 2021 and 2020, respectively (see Note 28). The unincorporated JV will be managed and operated in accordance with the terms of the JV Agreement and with the Property Management Plan provided for in the JV Agreement. The principal place of business of the unincorporated JV is at Meralco Compound, Ortigas Center, Pasig City.

On November 25, 2009, Meralco and the Company agreed to revise the sharing of earnings before depreciation and amortization to 80% for the Company and 20% for Meralco until 2014 or until certain operational indicators are reached, whichever comes first. Sharing of depreciation and amortization is proportionate to their contribution.

On December 6, 2013, Meralco and the Company entered into a Supplemental Agreement to the JV Agreement to include their respective additional rights and obligations, including the development and construction of the third tower of the BPO Building. Under the Supplemental Agreement, Meralco shall contribute the corresponding use of the land where the third tower will be constructed while the Company shall provide the additional funds necessary to cover the construction costs. Construction of the third tower was completed in December 2014.

In 2021 and 2020, the Company received dividend income from its unincorporated JV amounting to ₱304.2 million and ₱375.0 million, respectively, presented as part of "Others" in the Company's statements of comprehensive income.

In 2020, the Company and Meralco have agreed that effective January 1, 2020, all income sharing distribution in excess of the JV's retained earnings shall be treated as return of capital. Consequently, accumulated distributions as at December 31, 2019 initially recorded as due to a related party under "Trade and other payables" account was adjusted against Investment in JV as a return of capital (see Note 15).

As at December 31, 2021 and 2020, the unincorporated JV has no commitments and contingencies.

<u>Investment in Associate</u>

RNDC

On August 17, 2020, the Company entered into a Joint Venture Agreement with T.G.N. Realty Corporation to develop parcels of land in Pampanga, through RNDC. The final shareholdings shall be 40%-60% between the Company and T.G.N. Realty Corporation, respectively.

On November 6, 2020, the Company subscribed to 746,698,125 redeemable preference shares and 9,451,878 common shares of RNDC, equivalent to 40% of RNDC's outstanding capital stock, for a total consideration of ₱756.2 million. As at December 31, 2020, the Company made partial payment of the subscription price amounting to ₱72.0 million and accounted for such investment as an associate. As at December 31, 2021, the Company made a partial payment of the subscription price amounting to ₱200.0 million, while the remaining unpaid subscription of the Company in RNDC amounting to ₱484.2 million is recognized as subscription payable in the parent company statement of financial position (see Note 13).

14. **Investments in Subsidiaries**

The subsidiaries of the Company are all incorporated in the Philippines.

The detailed carrying values of the Company's investments in subsidiaries as at December 31 are as follows:

	2021	2020
Rockwell Carmelray Development Corporation (RCDC)	**₱2,859,000**	₱2,859,000
Rockwell MFA Corp. (RMFA)	**1,120,000**	1,120,000
Rockwell Primaries Development Corporation (RPDC)	**500,000**	500,000
Retailscapes Inc.	**500,000**	500,000
Rockwell Leisure Club, Inc. (RLCI)	**228,600**	228,600
Rockwell Integrated Property Services, Inc. (RIPSI)	**19,063**	19,063
Stonewell Property Development Corporation (SPDC)	**12,500**	12,500
Rockwell Hotels & Leisure Management Corp. (RHLMC)	**5,000**	5,000
Rockwell Performing Arts Theater Corporation (RPATC)	**2,500**	2,500
	₱5,246,663	₱5,246,663

RCDC

Pursuant to the Joint Venture Agreement discussed in Note 13, RCDC was designated by the Company and the Carmelray shareholders to handle the development of "Rockwell South at Carmelray".

As at December 31, 2018, the Company had a 14.7% interest in RCDC, equivalent to 450,000 common shares (eventually converted into 44.1 million Class A redeemable preferred shares and 900,000 common shares on May 27, 2019), and was accounted for as an investment in associate (see Note 13).

On November 20, 2019, the Company subscribed to an additional 240.9 million Class A redeemable preferred shares representing 37.6% of the total issued and outstanding shares of RCDC for a total purchase price of ₱2,409.0 million. As at December 31, 2021 and 2020, subscription payable to RCDC amounted to ₱506.8 million and ₱1,806.8 million, respectively.

In 2021 and 2020, RCDC redeemed preferred shares of Carmelray shareholders resulting to increase in the Company's ownership interest. The Company owns 63.1% and 54.9% interest of RCDC as at December 31, 2021 and 2020, respectively.

The Company recognized dividend income from RCDC amounting to ₱778.1 million in 2021 and ₱255.2 million in 2020.

RMFA
On July 14, 2017, the Company entered into a Joint Venture Agreement with Mitsui Fudosan (Asia) Pte. Ltd. (Mitsui) to develop the residential component of its project in Quezon City called “the Arton by Rockwell”. In accordance with the Agreement, RMFA was incorporated on August 22, 2017 by the Company and Mitsui through SEAI Metro Manila One, Inc. (MFAP) to handle the development of the Project. The primary purpose of RMFA is to acquire, purchase, lease, hold, sell, or otherwise deal in land and real estate or any interest or right therein as well as real or personal property of every kind and description for itself or for others. The Company owns 80% interest of RMFA as at December 31, 2021 and 2020.

RPDC
On September 7, 2012, the Company incorporated RPDC to acquire, purchase, lease, hold, sell, or otherwise deal in land and real estate or any interest or right therein as well as real or personal property of every kind and description for itself or for others. RPDC is a wholly owned subsidiary of the Company as at December 31, 2021 and 2020.

Retailscapes Inc.
On November 10, 2014, the Company incorporated Retailscapes Inc. to engage in real estate development, sale or lease of real estate and other property, and management of commercial units. Retailscapes Inc. is a wholly owned subsidiary of the Company as at December 31, 2021 and 2020. In 2018, the Company made additional equity infusion amounting to ₱166.0 million in Retailscapes Inc.

RLCI
On March 26, 1999, RLCI was incorporated in the Philippines and was registered with the Philippine SEC primarily to own, maintain, manage and carry on sports, social and recreational club on a nonprofit basis at the Rockwell Center for amusement, social, entertainment, recreational and athletic activities of the RLCI members. The Company owns 76.40% interest of RLCI as at December 31, 2021 and 2020.

RIPSI
On February 19, 1999, the Company incorporated RIPSI to establish, own, manage, operate and carry on the business of maintaining and cleaning buildings and other facilities. RIPSI is a wholly owned subsidiary of the Company as at December 31, 2021 and 2020.

SPDC
On September 17, 2012, the Company incorporated SPDC to acquire, purchase, lease, hold, sell, or otherwise deal in land and real estate or any interest or right therein as well as real or personal property of every kind and description for itself or for others. SPDC is a wholly owned subsidiary of the Company as at December 31, 2021 and 2020.

RHLMC
On June 20, 2013, the Company incorporated RHLMC to manage and engage in the general business of a hotel, resort, club, recreational center, apartment and other allied businesses. RHLMC is a wholly owned subsidiary of the Company as at December 31, 2021 and 2020.

RPATC
On November 29, 2012, the Company incorporated RPATC, formerly Primaries Properties Sales Specialist Inc. (PPSSI). RPATC’s primary purpose was changed from engaging in the business of selling or marketing real estate products, including but not limited to land, buildings, condominium

units, town houses, apartments, house and lot packages and all other forms of real estate products to engaging in the business of constructing, establishing, operating and maintaining theaters and performance, concerts, operas, music and other forms of entertainment. RPATC is a wholly owned subsidiary of the Company as at December 31, 2021 and 2020.

15. Trade and Other Payables

This account consists of:

	2021	2020
Trade	**₱717,265**	₱607,954
Accrued expenses:		
Project costs	**511,880**	564,803
Selling, marketing and promotions	**367,925**	248,382
Interest	**122,385**	93,797
Employee Benefits (see Note 25)	**102,921**	98,616
Taxes and licenses	**95,097**	275,973
Repairs and maintenance	**67,479**	26,881
Utilities	**56,268**	51,073
Outside services	**34,330**	37,242
Professional fees	**19,454**	18,984
Producers' share	**5,626**	10,226
Others (see Notes 18 and 28)	**65,813**	46,716
Due to related parties (see Notes 13 and 28)	**75,584**	261,618
Deferred output VAT	**328,402**	1,209,876
Contract liabilities:		
Excess of collections over recognized receivables (see Notes 18 and 21)	**549,806**	603,653
Deposits from pre-selling of condominium units (see Notes 7, 18 and 21)	**219,602**	19,165
Current portions of:		
Retention payable (see Note 18)	**708,079**	794,365
Security deposits (see Note 18)	**308,702**	247,877
Deferred lease income (see Note 18)	**182,442**	156,582
Lease liability (see Note 29)	**20,426**	20,980
Output VAT	**125,633**	114,007
	₱4,685,119	₱5,508,770

Trade payables and accrued project costs are noninterest-bearing and are normally settled on a 30-day term.

Accrued taxes mainly consist of transfer fees payable and taxes payable other than income tax.

Accrued expenses are normally settled within 12 months.

Deposits from pre-selling of condominium units represent cash received from buyers of certain projects with pending recognition of revenue. The current portion of these deposits are expected to be applied against receivable from sale of condominium units the following year (see Notes 7 and 21).

16. **Interest-bearing Loans and Borrowings**

This account consists of:

	Effective Interest Rate	**2021**	2020
Current			
Term loan	5.6%, 4.7%, 2.7% floating, 6.1%, 5.7%,4.5%, 5.5%, 5.8%, 5.2%, 4.5% floating, 3.6%, 3.1%, 3.9%	**₱2,067,681**	₱537,523
Short-term loans	3.0%, 2.8%	**700,000**	800,000
CTS loans	5.7%, 5.6%, 5.5%, 5.6%, 5.3%, 6.6%, 6.7%, 5.4%	**486,603**	2,056,911
Bonds payable	5.25% fixed	–	3,313,400
		3,254,284	6,707,834
Less unamortized loan transaction costs		**27,685**	25,105
		₱3,226,599	₱6,682,729
Noncurrent			
Term loan	5.6%, 4.7%, 2.7% floating, 6.1%, 5.7%, 4.5%, 5.5%, 5.8%, 5.2%, 4.5%	**₱22,071,890**	₱16,139,571
CTS loans	5.7%, 5.6%, 5.5%, 5.6%, 5.3%, 6.6%, 6.7%, 5.4%	–	439,282
		22,071,890	16,578,853
Less unamortized loan transaction costs		**96,625**	67,131
		₱21,975,265	₱16,511,722

Bonds Payable

On November 15, 2013, the Company issued ₱5.0 billion unsecured fixed rate retail peso bonds. The bonds have a term of seven (7) years and one (1) quarter from the issue date, with fixed interest rate equivalent to 5.0932% per annum. Interest on the bonds is payable quarterly in arrears commencing on February 15, 2014.

The bonds were offered to the public at face value and were issued in scripless form, with the Philippine Depository & Trust Corporation maintaining the Electronic Registry of Bondholders, as the Registrar of the Bonds. On issue date, the bonds were listed in Philippine Dealing & Exchange Corporation to facilitate secondary trading.

The bonds shall be redeemed at par (or 100% of face value) on February 15, 2021, its maturity date, unless the Company exercises its early redemption option in accordance with certain conditions. The embedded early redemption is clearly and closely related to the host debt contract; thus, not required to be bifurcated and accounted for separately from the host contract.

In June 2020, the Company underwent a Consent Solicitation exercise for the amendment of its Bond Trust Indenture to remove the Debt Service Coverage Ratio (DSCR) requirement and to provide an option to Consenting bondholders to sell their bonds to the Company.

Consenting bondholders who did not opt to sell their bonds received an incentive fee of ₱1.25 for each ₱1,000 of the principal amount of the bonds while Consenting bondholders who opted to sell their bonds back to the Company received proceeds equivalent to 101% of the outstanding principal amount of the bonds and any accrued interest on the payment date.

The Company was able to purchase bonds with a total principal amount of ₱1,686.6 million. The Company incurred transaction costs related to the buyback of bonds such as broker's commission and PDTC fees.

Accordingly, management accounted for the buyback of bonds as extinguishment of debt, derecognizing the carrying value of the bonds and recognizing a loss on bond redemption amounting to ₱18.5 million in the 2020 parent company statement of comprehensive income. The Company likewise recognized the incentive fee paid to consenting bondholders as part of other expense under general and administrative expense amounting to ₱2.9 million.

The outstanding balance of the bonds payable, net of unamortized loan transaction costs, amounted to nil and ₱3,312.7 million as of December 31, 2021 and 2020, respectively.

Contracts to Sell (CTS) Loan Financing
In 2021 and 2020, the Company entered into loan financing agreements with financial institutions to fund the ongoing construction of its projects whereby the Company assigned its installment contracts receivables under its CTS on a with recourse basis. These receivables are used as collateral to secure the corresponding loans obtained (see Note 7).

The CTS loans bear fixed interest rates ranging from 5.0% to 6.0%. Principal payments on the loan amounting to ₱2,009.6 million and ₱2,457.2 million were made in 2021 and 2020, respectively.

Schedule of drawdowns are set out below:

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Payments	Amount (in billions)
1	March 2018	3 years	Jun 2018	12	₱0.54
2	March 2018	2 years	Mar 2019	2	0.57
3	March 2018	2 years	Mar 2018	22	0.32
4	April 2018	3 years	Jul 2018	12	0.29
5	April 2018	2 years	Apr 2019	2	0.43
6	May 2018	3 years	Jun 2018	36	0.53
7	June 2018	3 years	Jul 2018	36	0.47
8	July 2018	3 years	Oct 2018	12	0.16
9	August 2018	3 years	Sep 2018	40	0.22
10	August 2018	3 years	–	Lumpsum	0.42
11	August 2018	3 years	Sep 2018	36	0.36
12	September 2018	3 years	–	Lumpsum	0.21
13	October 2018	3 years	–	Lumpsum	0.33
14	March 2019	3 years	Apr 2019	39	0.50
15	June 2019	3 years	Jul 2019	29	0.56
16	September 2019	2 years	–	Lumpsum	0.28
					₱6.19

The outstanding balance of the CTS loans, net of unamortized loan transaction costs, amounted to ₱477.6 million and ₱2,489.4 million as of December 31, 2021 and 2020, respectively.

Term Loan

PNB. On May 25, 2016, December 19, 2019 and September 13, 2021, the Company entered into unsecured credit facilities with PNB each amounting to ₱5.0 billion, for a total of ₱15.0 billion. The Company will pay 70% of the loan amounts quarterly over the term of the loans and the balance upon maturity. Details of drawdowns are as follows:

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	May 2016	10 years	August 2018	32	₱1.0
2	August 2017	7 years	August 2019	20	1.0
3	September 2017	7 years	September 2019	20	1.0
4	October 2017	7 years	October 2019	20	1.0
5	December 2017	7 years	December 2019	20	1.0
6	December 2019	7 years	December 2021	20	1.0
7	January 2020	7 years	April 2022	20	1.0
8	December 2020	7 years	March 2023	20	1.0
9	February 2021	7 years	May 2022	24	2.0
10	October 2021	7 years	January 2024	20	1.0
					₱11.0

MBTC. On November 18, 2019, the Company entered into an unsecured credit facility with MBTC amounting to ₱5.0 billion. The Company will pay 50% of the loan amount quarterly over the term of the loan and the balance upon maturity.

Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarter Payments	Amount (in billions)
1	November 2019	7 years	February 2022	20	₱2.0
2	December 2019	7 years	February 2022	20	1.0
3	March 2020	7 years	June 2022	20	1.0
4	August 2020	7 years	November 2022	20	1.0
					₱5.0

As at December 31, 2021, the credit facility with MBTC has been fully utilized.

On June 14, 2016, the Company entered into a credit facility with MBTC amounting to ₱4.0 billion. The Company will pay 70% of the loan amount quarterly over the term of the loan and the balance upon maturity. Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarter Payments	Amount (in billions)
1	June 2016	7 years	September 2018	20	₱1.0
2	June 2016	10 years	September 2018	32	1.0
3	September 2016	7 years	December 2018	20	0.5
4	June 2017	10 years	September 2018	32	1.0
5	October 2017	10 years	September 2018	32	0.5
					₱4.0

BDO. On January 20, 2020, the Company entered into an unsecured credit facility with BDO amounting to ₱10.0 billion. The Company will pay 48% of the loan amount quarterly over the term of the loan and the balance upon maturity. Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarter Payments	Amount (in billions)
1	February 2020	10 years	May 2022	32	₱1.0
2	April 2020	10 years	July 2022	32	1.0
3	July 2020	10 years	October 2022	32	2.0
4	September 2020	10 years	December 2022	32	1.0
5	April 2021	7 years	May 2022	32	1.0
6	June 2021	10 years	May 2022	32	1.0
7	August 2021	9 years	May 2022	32	1.0
8	September 2021	10 years	May 2022	32	1.0
9	October 2021	10 years	May 2022	32	1.0
					₱10.0

As at December 31, 2021, the credit facility with BDO has been fully utilized.

In 2020, the Company opted to pre-terminate or accelerate payment of certain Term and CTS loans resulting to loan modification upon notice of pre-termination to the banks. Based on the Company's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities. As a result, the Company recognized a loss on loans modification in the 2020 parent company statement of comprehensive income amounting to ₱19.6 million.

Consequently, the Company made acceleration payment to PNB of the loan principal amounting to ₱3,557.9 million, subject to 1% penalty resulting to a loss on prepayment of loan amounting to ₱35.6 million.

The outstanding balance of the term loans, net of unamortized loan transaction costs, amounted to ₱24,024.3 million and ₱16,592.4 million as of December 31, 2021 and 2020, respectively.

Short-term Loans

In 2021 and 2020, the Company obtained short-term loans from various financial institutions bearing interest rates ranging from 2.5% to 3.0% with terms of four to six months and ranging from 3.5% to 6.1% with terms of two months up to one year, respectively. As at December 31, 2021 and 2020, outstanding short-term loans amounted to ₱700.0 million and ₱800.0 million, respectively.

Loan Transaction Costs. As at December 31, 2021 and 2020, loan transaction costs consisting of documentary stamp tax and underwriting fees on the term loans and bonds were capitalized and presented as a deduction from the related loan balance.

The movements in the balance of the capitalized loan transaction costs are as follows:

	2021	2020
Balance at beginning of year	**₱92,236**	₱69,138
Additions	**60,000**	67,500
Amortization (see Note 23)	**(27,926)**	(44,402)
Balance at end of year	**₱124,310**	₱92,236

Interest expense. Interest expense on interest-bearing loans and borrowings amounted to ₱918.7 million and ₱1,014.6 million in 2021 and 2020, respectively (see Note 23). Interest expense capitalized as part of investment properties amounted to ₱20.4 million and ₱33.8 million in 2021 and 2020, respectively (see Note 11). Interest expense capitalized as part of property and equipment amounted to ₱16.1 million and ₱105.9 million in 2021 and 2020, respectively (see Note 12).

Principal Repayments. The principal repayments of all loans and borrowings based on existing terms are scheduled as follows:

Year	Amount
2022	₱3,254,284
2023	2,655,610
2024	2,279,179
2025	2,279,279
2026 and onwards	14,857,822
	₱25,326,174

Covenants. The loan contains, among others, covenants regarding incurring additional long-term debt and paying out dividends, to the extent that such will result in a breach of the required debt-to-equity ratio and current ratio. As at December 31, 2021 and 2020, the Company has complied with these covenants (see Note 30).

17. Installment Payable

In November 2011, the Company entered into a Deed of Sale with Futura Realty, Inc. for the purchase of land for development adjacent to the Rockwell Center. This is the location where the "Proscenium" Project of the Company is being constructed (see Note 8).

Under the Deed of Sale, the Company will pay for the cost of the property in installment until 2015 and a one-time payment in 2020. The outstanding balance of installment payable was fully paid in 2020.

The installment payable and the corresponding land held for development were recorded at present value using the discount rate of 8%. Accretion of interest expense on installment payable, capitalized as part of investment properties in the parent company statements of financial position, amounted to nil and ₱0.9 million in 2021 and 2020, respectively (see Note 11). Accretion of interest expense amounting to nil and ₱54.9 million in 2021 and 2020, respectively, was recognized as part of "Interest expense" account in the parent company statements of comprehensive income (see Note 23).

Installment payable is secured by Stand-By Letters of Credit (SBLC) from MBTC and FMIC totaling ₱2.4 billion until 2020. These SBLC provides for a cross default provision wherein the SBLC shall automatically be due and payable in the event the Company's other obligation is not paid when due or a default in any other agreement shall have occurred, entitling the holder of the obligation to cause such obligation to become due prior to its stated maturity.

18. **Deposits and Other Liabilities**

This account consists of:

	2021	2020
Retention payable - net of current portion of ₱708.1 million in 2021 and ₱794.4 million in 2020 (see Note 15)	**₱428,338**	₱351,414
Security deposits - net of current portion of ₱308.7 million in 2021 and ₱247.9 million in 2020 (see Note 15)	**185,529**	176,704
Deferred lease income - net of current portion of ₱182.4 million in 2021 and ₱156.6 million in 2020 (see Note 15)	**174,485**	203,212
Contract liabilities:		
Excess of collections over recognized receivables - net of current portion of ₱549.8 million in 2021 and ₱603.7 million (see Notes 15 and 21)	**281,022**	352,131
Deposits from pre-selling of condominium units - net of current portion of ₱219.6 million in 2021 and ₱19.2 million in 2020 (see Notes 15 and 21)	**60,806**	49,544
Condominium and utility deposits	**133,583**	128,450
Others (see Notes 15 and 25)	**48,160**	45,576
	₱1,311,923	₱1,307,031

Security deposits mainly consist of the four months deposits paid by mall tenants at the beginning of the lease term, to be refunded at the end of the contract.

Retention payable is the portion of the amount billed by contractors that is being withheld as security in case the Company incurs costs during the defects and liability period, which is one year after a project's completion. This is subsequently released to the contractors after the said period.

As discussed in Note 4, the Company uses discounted cash flow analysis to measure the fair value of retention payable. The resulting difference between the transaction price and fair value at initial recognition is recognized in the parent company statements of financial position as a reduction from the "Real estate inventories" account. The retention payable is carried at amortized cost using effective interest method. The amortization of discount on retention payable is expensed as part of the "Interest expense" account in the parent company statements of comprehensive income (see Note 23).

The following table shows a reconciliation of unamortized discount on retention payable as at year-end.

	2021	2020
Balance at beginning of year	**₱17,720**	₱27,991
Additions	**35,607**	7,768
Amortization (see Notes 3, 11 and 23)	**(31,810)**	(18,039)
Balance at end of year	**₱21,517**	₱17,720

Deferred lease income pertains to two months advance rent included in the initial billing to mall tenants, which shall be applied to the monthly rental at the end of the lease term.

19. Share-based Payment Plans

The Company has an Employee Stock Option Plan (ESOP) that was approved by the BOD and stockholders on May 2, 2012 and August 3, 2012, respectively. The ESOP is offered to all regular employees of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock or 192,630,881 common shares of the Company on a fully diluted basis and may be issued upon the exercise by the eligible participants of the stock option plans. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested. The ESOP was approved by the SEC on December 6, 2012 and was communicated to the employees on January 3, 2013.

The terms of the ESOP include, among others, a limit as to the number of shares a qualified regular employee of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include may purchase. Options are expected to be granted annually over a period of 5 years. Options granted are vested after one year. All qualified participants are given until 10th year of the grant date to exercise the stock option.

The primary terms of the grants follow:

Grant date	January 3, 2013
Number of options granted:	63,918,000
Offer price per share	1.46
Option value per share	1.43

The fair value of equity-settled share options granted is estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility (%)	36.94
Exercise price (₱)	1.46
Spot price (₱):	2.52
Risk-free interest rate (%)	4.19
Term to maturity (years)	10.0
Dividend yield (%)	1.91

The expected volatility reflects the average historical volatility of peer companies based on a lookback period consistent with the term to maturity of the option. This may likewise not necessarily be the actual volatility outcome. The effects of expected early exercise, including the impact of the vesting period and blackout periods, are captured in the binomial model. No other features of the option grants were incorporated into the measurement of the fair value of the options.

On April 25, 2019, the Company’s BOD approved the extension of plan expiry date of ESOP shares from December 31, 2022 to December 31, 2025.

There were no share options granted or exercised in 2021 and 2020.

As at December 31, 2021 and 2020, the outstanding ESOP shares are as follows:

	2021	2020
Number of grants	**63,918,000**	63,918,000
Cancellations	**(4,027,000)**	(3,799,000)
Exercised	**(15,000,000)**	(15,000,000)
Remaining shares	**44,891,000**	45,119,000

As at December 31, 2021 and 2020, total share-based payment transactions, net of applicable tax, amounting to ₱69.7 million are presented as "Share-based payments" account under the equity section of the Company's statements of financial position.

20. **Equity**

a. Capital Stock

As at December 31, 2021 and 2020, capital stock consists of:

	Number of Shares	Amount
Authorized:		
Common - ₱1 par value	8,890,000,000	₱8,890,000
Preferred - ₱0.01 par value	11,000,000,000	110,000
	19,890,000,000	₱9,000,000

	Number of Shares	Amount
Issued:		
Common - ₱1 par value	6,243,382,344	₱6,243,382
Preferred - ₱0.01 par value	2,750,000,000	27,500
	8,993,382,344	₱6,270,882

The preferred shares are of equal rank, preference and priority with the common shares and are identical in all respects regardless of series, except as to the issue value which may be specified by the BOD from time to time. It has voting rights and are non-participating in any other or further dividends beyond that specifically on such preferred shares. Each preferred share shall not be convertible to common shares. Other features of the preferred shares shall be at the discretion of the BOD at the time of such issuance. All preferred shares currently outstanding earn 6% cumulative dividend per annum. On January 31, 2012, the Company fully redeemed these preferred shares at par value, including dividends in arrears of ₱4.1 million. On February 28, 2012, the BOD authorized the reissuance of these preferred shares at a later date. On April 10, 2012, the Company issued to FPHC all preferred shares at par value.

Below is the track record of issuance of the Company's common stock:

Date of SEC Approval	Authorized Capital Stock	New Subscriptions/ Issuances	Issue/ Offer Price
May 2012, listing by way of introduction	8,890,000,000	6,228,382,344	₱1.46
Exercise of ESOP shares (see Note 19)	–	15,000,000	
	8,890,000,000	6,243,382,344	

As at December 31, 2021, and 2020, the Company has total shareholders of 46,016 and 46,195, respectively, on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

b. Treasury Shares

In May 2012, the Company acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from property dividend distribution made by Meralco, at ₱1.4637 per share (see Note 1).

c. Retained Earnings

On February 3, 2020, the Company's BOD approved the appropriation of retained earnings amounting to ₱9.0 billion (after reversal of ₱7.0 billion appropriation) out of the total retained earnings as of December 31, 2019 to partially fund capital expenditure of the Company from 2020 to 2021. Retained earnings are further restricted to the extent of the cost of treasury shares.

On April 1, 2022, the Company's BOD approved the release from appropriation, retained earnings of ₱9.0 billion set aside for capital expenditure. On the same date, the Company's BOD approved the appropriation of retained earnings of ₱9.0 billion out of the total retained earnings as of December 31, 2021 for capital expenditures covering the period from 2022 to 2023.

d. Dividends

On October 6, 2021, the Company's BOD approved the declaration of a regular cash dividend of ₱0.0353 per share to all common shareholders of record as at October 21, 2021 amounting to ₱217.6 million and 6% per annum cumulative cash dividend from July 1, 2020 to June 30, 2021 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on November 17, 2021.

On September 30, 2020, the Company's BOD approved the declaration of a regular cash dividend of ₱0.0483 per share to all common shareholders of record as at October 15, 2020 amounting to ₱295.4 million and 6% per annum cumulative cash dividend from July 1, 2019 to June 30, 2020 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on November 10, 2020.

As at December 31, 2021 and 2020, unpaid cumulative dividends on preferred shares amounted to ₱0.8 million for each year.

21. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Company derives revenue from the transfer of goods and services over time and at a point in time, in different product types and in geographical locations within the Philippines. The Company's disaggregation of revenue from contracts with customers by primary geographical market and major products/service lines and the reconciliation of the disaggregated revenue with the Company's three strategic divisions are presented below (excluding interest and lease income):

	2021	
	Residential Development	**Commercial Development**
Primary geographical markets		
National Capital Region	**₱3,751,325**	**₱1,324,479**
Cebu	**526,284**	**–**
Batangas	**456,576**	**–**
	₱4,734,185	**₱1,324,479**

	2021	
	Residential Development	**Commercial Development**
Major product/service lines		
Sale of high-end residential condominium units	**₱2,433,483**	**₱–**
Sale of affordable housing units	**456,576**	**–**
Sale of residential lots	**–**	**–**
Sale of office spaces	**–**	**478,749**
Room revenue	**–**	**–**
Cinema revenue	**–**	**7,692**
Others	**1,844,126**	**838,038**
	₱4,734,185	**₱1,324,479**
Timing of revenue recognition		
Transferred over time	**₱2,890,059**	**₱478,749**
Transferred at a point in time	**1,844,126**	**845,730**
	₱4,734,185	**₱1,324,479**

	2020	
	Residential Development	Commercial Development
Primary geographical markets		
National Capital Region	₱3,273,315	₱1,173,422
Cebu	1,048,644	–
Batangas	309,517	–
	₱4,631,476	₱1,173,422

	2020	
	Residential Development	Commercial Development
Major product/service lines		
Sale of high-end residential condominium units	₱3,073,262	₱–
Sale of affordable housing units	239,296	–
Sale of residential lots	70,221	–
Sale of office spaces	–	370,016
Room revenue	–	137,473
Cinema revenue	–	27,875
Others	1,248,697	638,058
	₱4,631,476	₱1,173,422
Timing of revenue recognition		
Transferred over time	₱3,382,779	₱370,016
Transferred at a point in time	1,248,697	803,406
	₱4,631,476	₱1,173,422

Contract Balances

The table below shows the contract balances arising from revenue from contracts with customers as at December 31.

	2021	2020
Trade receivables*(see Note 7)	**₱4,343,397**	₱3,177,822
Contract assets (see Note 7)	**3,707,239**	8,279,087
Deposits from pre-selling of condominium units**(see Notes 15 and 18)	**280,408**	68,709
Excess of collections over recognized receivables**(see Notes 15 and 18)	**830,828**	955,784

**Included under "Trade and other receivables" account*
***Included under "Trade and other payables" and "Deposits and other liabilities" accounts*

As at December 31, 2021 and 2020, trade receivables consist of installment contract receivables from sale of condominium units, house and lot and residential lots. Installment contracts receivables arising from real estate sales are collectible in equal monthly installments with various terms up to a maximum of five years. These are recognized at amortized cost using the effective interest method. The corresponding titles to the residential units sold under this arrangement are transferred to the customers only upon full payment of the contract price. The movement in installment contracts receivables is mainly due to billings to customers during the year. Trade receivables arising from room revenue, cinema revenue and other service income are noninterest-bearing and are generally on terms of 30 days.

Contract assets represent the right to consideration that was already delivered by the Company in excess of the amount recognized as installment contracts receivable. This is reclassified as installment contracts receivable when the monthly amortization of the customer is already due for collection. In 2021 and 2020, the movement in contract asset is mainly due to revenue recognized relative to the increase in percentage of completion of certain projects and the collection of outstanding receivables of completed residential condominium units.

No allowance for impairment related to trade receivables from sale of real estate and contract assets was recognized as at December 31, 2021 and 2020.

Contract liabilities consist of deposits from pre-selling of condominium units (i.e., collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over recognized receivables (i.e., excess of collections over the good and services transferred by Company based on percentage of completion). In 2021, the movement in contract liabilities is mainly due to additional deposits received from pre-selling of condominium units in the "Mactan Villa" project, excess of collections over revenue recognized of certain projects and the collection of outstanding receivables of completed residential condominium units of certain projects. In 2020, the movement in contract liabilities is mainly due to additional deposits received from pre-selling of condominium units in the “Nara Residences” project, excess of collections over revenue recognized of certain project and the collection of outstanding receivables of completed residential condominium units of certain projects.

Revenue recognized from amounts included in contract liabilities at the beginning of 2021 and 2020 amounted to ₱885.5 million and ₱1,069.6 million, respectively.

Performance Obligations
Information about the Company’s performance obligations are summarized below:

Real estate sales
The Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover either the (i) house and lot; and (ii) condominium unit and parking lot, and the Company concluded that there is one performance obligation in each of these contracts. The Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% of the contract price spread over a period of one year at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to five (5) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Company provides one year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31 follows:

	2021	2020
Within one year	**₱2,533,741**	₱2,157,644
More than one year	**4,501,724**	2,556,693
	₱7,035,465	₱4,714,337

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Company’s real estate projects. The Company’s condominium units and house and lots are expected to be completed within three to four years from start of construction.

Room, cinema and other revenues
The performance obligation is satisfied as the related services are rendered.

Costs to Obtain Contract and Contract Fulfillment Assets
The Company pays sales commission to its brokers and sales agents for each contract that they obtain from real estate customers. This sales commission is considered incremental costs of obtaining the contract and has been capitalized in accordance with PFRS 15 since the Company expects that sales commission is recoverable.

As at December 31, 2021 and 2020, sales commission pertaining to real estate sold capitalized as deferred selling expense as part of “Prepaid costs” included under “Other current assets” in the parent company statements of financial position amounted to ₱195.4 million and ₱134.8 million, respectively (see Note 9). For the years ended December 31, 2021 and 2020, the amortization related to incremental costs to obtain a contract recorded as part of “Commissions and amortization of prepaid costs” account under “Selling expenses” in the parent company statements of comprehensive income amounted to ₱443.9 million and ₱272.3 million, respectively (see Note 23). No impairment loss was recognized in the parent company statements of comprehensive income for the years ended December 31, 2021 and 2020 related to the Company’s incremental costs to obtain a contract.

The Company considers land as contract fulfillment asset. Additions to land is disclosed in Note 9 to the parent company financial statements. No impairment on contract fulfillment asset was recognized for the years ended December 31, 2021 and 2020.

In preparing the parent company financial statements, the Company undertook a comprehensive review of its major contracts to identify indicators of impairment of contract fulfilment assets. The Company determined whether or not the contract fulfilment assets were impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company used the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price were removed for the impairment test.

In line with the Company’s accounting policy, as set out in Note 4, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

22. Interest Income

This account consists of:

	2021	2020
Interest income from:		
Amortization of unearned interest (see Note 7)	**₱713,509**	₱880,258
Notes receivable from related parties (see Note 28)	**182,060**	150,594
Penalty charges	**37,469**	34,001
In-house financing	**8,080**	1,082
Cash and cash equivalents (see Note 6)	**3,843**	1,365
	₱944,961	₱1,067,300

23. **Expenses**

Depreciation and amortization
Depreciation and amortization expense included in the parent company statements of comprehensive income is as follows:

	2021	2020
Included in:		
Cost of real estate (see Note 11)	**₱411,333**	₱398,033
General and administrative expenses (see Notes 11 and 12)	**217,248**	263,160
	₱628,581	₱661,193

General and Administrative Expenses
General and administrative expenses are comprised of:

	2021	2020
Personnel (see Notes 24 and 25)	**₱372,894**	₱497,476
Taxes and licenses	**269,359**	341,049
Depreciation and amortization (see Notes 11 and 12)	**217,248**	263,160
Contracted services	**128,640**	136,720
Entertainment, amusement and recreation	**46,033**	56,360
Fuel and oil	**40,254**	30,188
Provision for ECLs (Note 7)	**35,308**	3,394
Professional fees	**33,950**	47,547
Dues and subscriptions	**31,379**	56,153
Marketing and promotions	**26,943**	26,188
Utilities	**25,160**	58,712
Insurance	**15,787**	22,235
Rental expense	**10,774**	11,203
Security services	**9,063**	19,154
Provision for disallowance of claim for refund	**8,500**	95,600
Management fee	**6,444**	6,294
Transportation and travel	**5,903**	5,762
Office supplies	**5,725**	10,776
Producer's share	**2,474**	13,234
Bank charges	**1,704**	12,228
Snack bar	**937**	4,277
Others	**145,107**	86,163
	₱1,439,586	₱1,803,873

The Company recognized provision for disallowance of claim for input VAT refund amounting to ₱8.5 million and ₱95.6 million in 2021 and 2020, respectively. As at December 31, 2021 and 2020, input VAT being claimed for refund, recognized under "Other noncurrent assets" in the parent company statements of financial position, amounted to ₱17.5 million and ₱27.7 million, respectively.

Others mainly consist of costs of maintaining the health, safety and welfare of the Company's employees against pandemic through shelter in place, medicines, test kits and other related expenses.

Selling Expenses
Selling expenses are comprised of:

	2021	2020
Commissions and amortization of prepaid costs (see Notes 4 and 10)	**₱443,920**	₱272,301
Marketing and promotions	**281,762**	148,935
Personnel (see Notes 24 and 25)	**60,250**	60,453
Entertainment, amusement and representation	**24,303**	23,484
Contracted services	**12,390**	6,568
Utilities	**3,803**	13,295
Usufruct	**1,148**	2,767
Others	**42,973**	24,458
	₱870,549	₱552,261

Interest Expense
Interest expense is comprised of:

	2021	2020
Interest expense on loans (see Notes 3 and 16)	**₱918,691**	₱1,014,598
Interest expense on lease liability (see Notes 3 and 29)	**37,782**	36,823
Amortization of:		
Discount on retention payable (see Note 18)	**31,810**	13,908
Loan transaction costs (see Note 16)	**27,926**	44,402
Discount on installment payable (see Note 17)	**–**	54,860
	₱1,016,209	₱1,164,591

24. **Personnel Expenses**

Personnel expenses included in general and administrative expenses and selling expenses are comprised of:

	2021	2020
Salaries and wages and other employee benefits (see Notes 23 and 25)	**₱357,933**	₱482,346
Pension costs (see Notes 23 and 25)	**75,211**	75,583
	₱433,144	₱557,929

25. **Pension Costs and Other Employee Benefits**

a. Pension Costs

The Company has a funded, noncontributory defined benefit pension plan covering all qualified and permanent employees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Company's retirement plan meets the minimum retirement benefit specified under Republic Act 7541.

The following tables summarize the components of the net pension costs recognized in the parent company statements of comprehensive income and the fund status and amounts recognized in the parent company statements of financial position for the plan:

Net Pension Costs

	2021	2020
Current service cost	**₱65,121**	₱67,836
Net interest cost	**10,090**	7,747
Net pension cost	**₱75,211**	₱75,583

Net Pension Liability

	2021	2020
Present value of benefit obligation	**₱652,438**	₱640,992
Fair value of plan assets	**(436,657)**	(362,030)
Pension liability	**₱215,781**	₱278,962

The changes in the present value of benefit obligation are as follows:

	2021	2020
Defined benefit obligation at beginning of year	**₱640,992**	₱827,275
Current service cost	**65,121**	67,836
Interest cost	**25,280**	34,334
Actuarial loss (gain) in other comprehensive income/loss due to:		
Experience adjustments	**33,030**	(71,451)
Change in assumptions	**–**	88,649
Changes in financial assumptions	**(111,985)**	–
Benefits paid	**–**	(305,651)
Defined benefit obligation at end of year	**₱652,438**	₱640,992

The changes in the fair values of plan assets of the Company are as follows:

	2021	2020
Fair values of plan assets at beginning of year	**₱362,030**	₱636,882
Interest income included in net interest cost	**15,190**	26,587
Actual contributions	**70,000**	67,000
Loss on return on plan assets in other comprehensive income/loss	**(10,563)**	(62,788)
Benefits paid	**–**	(305,651)
Fair values of plan assets at end of year	**₱436,657**	₱362,030

The Company expects to contribute ₱70.9 million to its pension plan in 2022.

The major categories of plan assets as percentage of the fair value of total plan assets are as follows:

	2021	2020
Investments in:		
Government securities	**10.76%**	38.73%
Loans and debt instruments	**2.46%**	2.64%
Other securities	**86.78%**	58.63%
	100.00%	100.00%

The principal assumptions used as at December 31in determining pension cost obligation for the Company's plans are as follows:

	2021	2020
Discount rate	**5.18%**	4.06%
Future salary rate increases	**10.00%**	10.00%

The plan assets of the Company are maintained by the trustee banks, BDO Unibank, Inc. (BDO) and MBTC.

As at December 31, 2021 and 2020, the carrying values of the plan approximate their fair values:

	2021	2020
Cash in banks		
MBTC	**₱1,263**	₱3,574
BDO	**26**	6
Receivables - net of payables		
MBTC	**868**	2,919
BDO	**304**	443
Investments held for trading		
MBTC	**265,810**	189,109
BDO	**168,386**	165,979
	₱436,657	₱362,030

Cash in banks are composed of current account, savings deposits and special savings deposits.

Receivables - net of payables are composed of loans receivables, interest receivables and accrued trust fees.

Investments held for trading are investments in government securities, corporate bonds and stocks.

i. Government securities' maturities range from 1 to 25 years with interest rates ranging from 2.90% to 10.13%.
ii. The Corporate bonds are certificates of indebtedness issued by top and usually listed corporations exhibiting sound financial performance and enjoying good credit from reputable/accredited agencies. Maturity dates range from 7 to 10 years with interest rates ranging from 4.41% to 8.85%.
iii. Investment in stocks represents equity securities of companies listed in the PSE.

The Retirement Plan has investment in shares of stock of the Company amounting to ₱85.3 million and ₱63.4 million as at December 31, 2021 and 2020, respectively. The Company's retirement fund is exposed to a short-term risk since 50% of it is in equities. On the long term, should there be any major corrections in the local equities market, the correction should have a positive impact of the fund since historically the equities market have always out-performed the fixed income market in the long term.

There are no outstanding balances arising from transactions between the Retirement Plan and the Company as at December 31, 2021 and 2020. Except as stated above, there were no other transactions entered into during the year by the Retirement Plan relating to the Company.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	2021		2020	
	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
Discount rate	**+100**	**(₱81,075)**	+100	(₱86,874)
	-100	**98,586**	-100	106,685
Future salary increases	**+100**	**96,099**	+100	102,548
	-100	**(80,967)**	-100	(85,757)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

Year	**2021**	2020
Less than 1 year	**53,715**	36,692
More than 1 year to 5 years	**60,791**	48,012
More than 5 years to 10 years	**294,161**	297,590
More than 10 years to 15 years	**386,555**	304,618
More than 15 years to 20 years	**636,763**	557,963
More than 20 years	**3,456,978**	2,989,170

b. Other Employee Benefits

Other employee benefits consist of accumulated employee vacation and sick leave benefit amounting to ₱4.8 million and ₱13.2 million in 2021 and 2020, respectively (see Notes 23 and 24).

The present value of the defined benefit obligation of other employee benefits amounted to ₱102.9 million and ₱98.6 million as at December 31, 2021 and 2020, respectively (see Notes 15 and 18).

26. **Income Taxes**

The components of provision for income tax for the years ended December 31 follow:

	2021	2020
Current	**₱158,322**	₱372,896
Deferred	**(312,057)**	(269,776)
	(₱153,735)	₱103,120

The provision for current income tax represents the regular corporate income tax.

For income tax purposes on sale of real estate, full revenue recognition is applied when greater than 25% of the selling price has been collected in the year of sale, otherwise, the installment method is applied.

The components of the Company's deferred tax assets and liabilities shown in the Company's statements of financial position are as follows:

	2021	2020
Deferred tax liabilities:		
Unrealized gain on real estate	**₱1,435,989**	₱1,886,995
Capitalized interest	**52,132**	71,223
Unrealized gain on equity investments	**2,096**	2,516
Unrealized foreign exchange gain	**1,680**	–
	1,491,897	1,960,734
Deferred tax assets:		
Capitalized interest	**548,313**	654,860
Deferred lease income	**67,513**	76,208
Unfunded pension cost	**50,875**	109,479
Lease liability, net of right-of-use asset	**41,724**	42,514
Allowance for doubtful accounts and others	**31,148**	33,999
Other employee benefits	**26,096**	29,789
Accrued/(Deferred) selling expense	**20,641**	18,920
Share-based payment expense	**18,812**	22,575
Collections after the ITH period on low-cost housing project (Stonewell)	**14,271**	14,271
Unamortized past service cost	**14,251**	20,106
Unrealized foreign exchange loss	**–**	2,628
	833,644	1,025,349
	₱658,253	₱935,385

The reconciliation of the statutory income tax rate to effective income tax rate as shown in the parent company statements of comprehensive income is summarized as follows:

	2021	2020
Statutory income tax rate	**25.00%**	30.00%
Addition to (deduction from) income tax resulting from:		
Nondeductible expenses	**1.14%**	2.65%
Nontaxable income and others	**(23.29%)**	(21.42%)
Change in tax rate	**10.34%**	–
Effective income tax rate	**13.19%**	11.23%

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act 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, RCIT rate is decreased from 30% to 20% for corporations with total assets (excluding the value of land on which the particular business entity's office, plant and equipment are situated during the taxable year) of ₱100 million or below and taxable income of ₱5 million and below. All other corporations not meeting the criteria are subject to lower RCIT rate of 25% from 30%;
- Effective July 1, 2020 and for a period of 3 years, MCIT rate is lowered from 2%to 1% of gross income; and
- Improperly Accumulated Earnings Tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Bill was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. Accordingly, current and deferred taxes as at 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 Company have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. Below are the impact of the CREATE Act had they been adjusted retrospectively beginning July 1, 2020:

	Balance as reported in the parent company financial statements	Impact of the CREATE Act	Balance had the impact of CREATE Act has been adjusted retrospectively
As at and for the year ended December 31, 2020:			
Provision for income tax – current	₱372,896	(₱31,056)	₱341,840
Creditable withholding tax	783,246	31,056	814,302
Provision for income tax – deferred	(269,776)	(155,898)	(425,674)

The impact of the CREATE Act as of and for the year ended December 31, 2020 is reflected in the 2021 parent company financial statements for financial reporting purposes.

27. **Registration with the Board of Investments**

On June 6, 2013, the Board of Investments approved the Company's registration as new operator of Tourist Accommodation Facility for its Edades Serviced Apartments in accordance with the provisions of Omnibus Investments Code of 1987 with entitlement to Income Tax Holiday (ITH) of four years reckoning on February 2014.

On May 27, 2014, the BOI approved the amendments of specific terms and conditions under the Certificate of Registration particularly the registered capacity to cover 94 serviced apartment units and the corresponding change in projections.

Commercial operations of Edades Serviced Apartments started on July 1, 2014. ITH incentive enjoyed by the Company amounted to ₱1.2 million in 2020 (see Note 26).

On January 8, 2015, the Company requested for amendments of investment and project timetable and sales revenue projection under the above mentioned BOI certification due to unforeseen circumstances affecting the construction and changes from projected launch. The request was approved on April 13, 2015.

On June 24, 2015, request for status upgrade of said BOI registration from Non-pioneer to Pioneer status was made. The Company's request for status upgrade for its Edades Serviced Apartments, under BOI Certificate of Registration No 2013-121, was approved on November 4, 2015. Consequently, the ITH period was also amended from 4 years (February 2014-January 2016) to 6 years (February 2014-January 2020).

28. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following table summarizes these significant transactions with related parties for the years ended December 31, 2021 and 2020:

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties (see Notes 7 and 15)	Terms	Conditions
Rockwell-Meralco BPO	Joint venture	Advances	**2021**	**(₱19,873)**	**₱3,914**	On demand; non interest bearing	Unsecured; no impairment
			2020	(785,980)	–		
		Management fees	**2021**	**(24,638)**	**4,354**	On demand; noninterest-bearing	Unsecured; no impairment
			2020	6,633	28,992		
RHLMC	Subsidiary	Advances	**2021**	**3,959**	**18,735**	On demand; non-interest bearing	Unsecured
			2020	12,294	22,694		
		Management fees income	**2021**	**6,976**	**4,863**	On demand; non-interest bearing	Unsecured
			2020	18,461	–		
		Revenue collected by the Company	**2021**	**–**	**–**	On demand; non-interest bearing	Unsecured; no impairment
			2020	–	–		
		Management fees expense	**2021**	**–**	**–**	On demand; non-interest bearing	Unsecured; no impairment
			2020	10,503	(38,743)		
Rockwell Club	Subsidiary	Management fees	**2021**	**7,720**	**4,863**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	7,478	93		
		Billing for use of recreational facilities	**2021**	**920**	**(321)**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	2,116	(454)		

(Forward)

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties (see Notes 7 and 15)	Terms	Conditions
		Payroll, allocated expenses and other charges	**2021**	**₱11,174**	**₱5,439**	On demand; non-interest bearing	Unsecured; no impairment
			2020	15,822	9,698		
		Space lease used for recreational activities	**2021**	**5,125**	**(33,110)**	Payable monthly for 15 years	Unsecured; no impairment
			2020	5,245	(34,702)		
RIPSI	Subsidiary	Management fees	**2021**	**36,412**	**2,265**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	28,745	6,647		
		Payroll, allocated expenses and other charges	**2021**	**74,128**	**17,768**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	26,598	26,192		
		Rent income	**2021**	–	–	On demand; non-interest-bearing	Unsecured; no impairment
			2020	–	–		
		Service fees	**2021**	**34,166**	**(13,589)**	On demand; non-interest-bearing	Unsecured; no Impairment
			2020	27,506	(12,688)		
		Dividend Receivable	**2021**	–	–	On demand; non-interest-bearing	Unsecured; no Impairment
			2020	–	–		
SPDC	Subsidiary	Advances	**2021**	**1,086**	**20,908**	On demand; non-interest-bearing	Unsecured; no Impairment
			2020	6,891	19,813		
		Management fees	**2021**	**3,309**	**(20,847)**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	6,294	(17,538)		
RPDC	Subsidiary	Advances	**2021**	**323,836**	**538,329**	On demand; non-interest-bearing	Unsecured; no Impairment
			2020	12,582	864,763		
		Loan receivable - Principal	**2021**	**305,000**	**2,334,880**	3 - 4 years; interest-bearing	Unsecured
			2020	259,880	2,029,880		
		Loan receivable - Interest	**2021**	**119,852**	**21,201**	3 - 4 years; interest-bearing	Unsecured
			2020	102,277	97,407		
		Management fees income	**2021**	**43,459**	**7,722**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	46,862	46,862		
		Rent income	**2021**	**–**	**–**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	2,070	–		
PPSSI	Subsidiary	Advances	**2021**	**203**	**1,960**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	78	1,756		
Retailscapes, Inc.	Subsidiary	Advances	**2021**	**122,165**	**862,047**	Beyond one year; non-interest-bearing	Unsecured
			2020	152,329	739,884		
		Management fees	**2021**	**13,518**	**16,245**	On demand; non-interest-bearing	Unsecured; no impairment
			2020	12,289	2,727		
RMFA	Subsidiary	Loan receivable - Principal	**2021**	**784,000**	**1,646,400**	Payable on December 31, 2022	Unsecured
			2020	440,000	862,400		
		Loan receivable - Interest	**2021**	**62,208**	–	Payable on December 31, 2022	Unsecured
			2020	32,454	–		
		Marketing	**2021**	**54,185**	**22,010**	On demand; non-interest-bearing	Unsecured
			2020	46,722	21,453		
		Sales commission	**2021**	**32,130**	**2,671**	On demand; non-interest-bearing	Unsecured
			2020	20,697	4,436		
		Development fee	**2021**	**114,291**	**9,066**	On demand; non-interest-bearing	Unsecured
			2020	75,306	6,743		

(Forward)

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties (see Notes 7 and 15)	Terms	Conditions
		Advances	**2021**	**₱2,837**	**(₱7,717)**	On demand; non-interest-bearing	Unsecured
			2020	6,265	(13,875)		
RCDC	Subsidiary	Advances	**2021**	**29,787**	**28**	Beyond one year; non-interest-bearing	Unsecured
			2020	120,491	(143,618)		
		Management fees	**2021**	**515,312**	**20,862**	On demand; non-interest-bearing	Unsecured; no Impairment
			2020	299,977	299,977		
Southbend Security and Investigative Services	Affiliate	Security Services	**2021**	**20,923**	**(952)**	On demand; non-interest-bearing	Unsecured; no Impairment
			2020	34,019	(7,750)		
Advances to officers and employees		Advances	**2021**	**(5,022)**	**44,853**	30-day; noninterest-Bearing	Unsecured; no Impairment
			2020	8,093	49,832		
Due from related parties (see Note 7)			**2021**		**₱1,585,250**		
			2020		2,200,137		
Loan receivable from subsidiaries			**2021**		**₱3,981,280**		
			2020		2,892,280		
Accrued expenses (see Note 15)			**2021**		**(₱952)**		
			2020		(7,750)		
Due to related parties (see Note 15)			**2021**		**(₱75,584)**		
			2020		(261,618)		

Other transactions with related parties pertain to the Project Development and JV Agreement with Meralco (see Note 13).

Terms and Conditions of Transactions with Related Parties
Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2021 and 2020, the Company has not made any provision for ECLs relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel of the Company

	2021	2020
Short-term employee benefits	**₱110,230**	₱94,429
Post-employment pension and other benefits (see Note 25)	**40,010**	49,714
Total compensation attributable to key management personnel	**₱150,240**	₱144,143

29. Commitments and Contingencies

Lease Commitments
The Company has entered into agreements for the lease of land to be used for various commercial projects. The noncancelable lease has a remaining term of twenty-one years and is automatically renewable for additional ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The following are the amounts recognized company's statement of comprehensive income:

	2021	2020
Depreciation expense of right-of-use asset included in investment properties (see Notes 11 and 23)	**₱12,058**	₱12,058
Interest expense on lease liability (see Note 23)	**37,782**	36,823
	₱49,840	₱48,881

The rollforward analysis of lease liability in 2021 follows:

	2021	2020
At January 1	**₱493,311**	₱480,538
Interest expense (see Note 23)	**37,782**	36,823
Payments	**(25,254)**	(24,050)
As at December 31	**505,839**	493,311
Less current portion (see Note 15)	**20,426**	20,980
Noncurrent portion	**₱485,413**	₱472,331

Future minimum undiscounted lease payments are as follows:

Year	2021	2020
Within one year	**₱26,515**	₱25,254
Year 2	**27,841**	26,515
Year 3	**29,233**	27,841
Year 4	**30,694**	29,233
Year 5 and beyond	**1,409,801**	1,440,495
	₱1,524,084	₱1,549,338

Capital Commitments

The Company entered into contracts covering construction works related to various projects with different contractors and suppliers. The contract sum awarded amounted to ₱12,468.8 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. As at December 31, 2021 and 2020, ₱11,145.1 million and ₱11,062.7 million, respectively, has been incurred.

Contingencies

The Company is contingently liable for lawsuits or claims filed by third parties, which are either pending decision by the courts or under negotiations, the outcomes of which are not presently determinable. It is the opinion of management and its outside legal counsel that it is possible, but not probable that the lawsuits and claims will be settled. Accordingly, no provision for any liability has been made in the parent company financial statements.

30. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents investment in equity instruments at FVOCI, and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade and other receivables, refundable deposits, trade and other payables, installment payable, retention payable and security deposits which arise directly from its operations.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of the changes in market interest rates. The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's interest-bearing loans and borrowings.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at December 31, 2021 and 2020, approximately 95% of the Company's borrowings are at a fixed rate of interest.

The following tables set out the principal amounts, by maturity, of the Company's interest-bearing financial instruments.

	2021				
	Within 1 Year	**1–2 Years**	**2–3 Years**	**More than 3 Years**	**Total**
Fixed Rate					
Interest-bearing loans and borrowings	**₱2,624,484**	**₱2,212,710**	**₱1,873,179**	**₱14,670,901**	**₱21,381,274**
Floating Rate					
Interest-bearing loans and borrowings	**629,800**	**442,900**	**406,000**	**2,466,200**	**3,944,900**
Short-term investments	**1,037,501**	**–**	**–**	**–**	**1,037,501**

	2020				
	Within 1 Year	1–2 Years	2–3 Years	More than 3 Years	Total
Fixed Rate					
Interest-bearing loans and borrowings	₱6,543,684	₱1,785,532	₱1,592,427	₱12,255,994	₱22,177,637
Floating Rate					
Interest-bearing loans and borrowings	164,150	164,200	164,250	616,450	1,109,050
Short-term investments	1,029,384	–	–	–	1,029,384

Interest on financial instruments is fixed until the maturity of the instrument. The other financial instruments of the Company that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

	2021 Effect on Income Before Income Tax Increase (Decrease)	
Change in basis points	**+100 basis points**	**-100 basis points**
Floating rate borrowings	**(39,449)**	**39,449**

	2020 Effect on Income Before Income Tax Increase (Decrease)	
Change in basis points	+100 basis points	-100 basis points
Floating rate borrowings	(10,326)	10,326

Credit Risk

Credit risk is the risk that a counterparty will meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risks from its operating activities (primarily from trade receivables and loans) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Default or delinquency on the part of buyers of condominium units are being monitored on an ongoing basis to enable the Company to determine the appropriate action, usually cancelling the sale and holding the units open for sale. Lease receivables are closely monitored based on aging of the accounts. Accounts determined to be uncollectible are recommended for write off. With regard to the other financial assets of the Company, these are also monitored regularly with the result that the Company's exposure to bad debts is not significant.

Trade receivables from sale of condominium units are secured with pre-completed condominium units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

The table below summarizes the maximum exposure to credit risk of each class of financial assets.

	2021		
	Gross Maximum Exposure	**Net Exposure**	**Financial Effect of Collateral or Credit Enhancement**
Cash and cash equivalents*	**₱1,869,689**	**₱1,847,688**	**₱22,001**
Trade receivables from:			
Sale of real estate	**4,343,397**	**492,511**	**3,850,886**
Lease	**536,983**	**4,943**	**532,040**
Due from related parties	**1,585,250**	**–**	**1,585,250**
Advances to officers and employees	**44,853**	**44,853**	**–**
Other receivables	**62,166**	**62,166**	**–**
Refundable deposits**	**59,980**	**59,980**	**–**
Restricted cash**	**9,649**	**9,149**	**500**
	₱8,511,967	**₱2,521,290**	**₱5,990,677**

	2020		
	Gross Maximum Exposure	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Cash and cash equivalents*	₱1,933,538	₱1,927,538	₱6,000
Trade receivables from:			
Sale of real estate	3,177,822	157,301	3,020,521
Lease	413,735	4,943	408,792
Due from related parties	2,200,137	–	2,200,137
Advances to officers and employees	49,832	49,832	–
Other receivables	22,293	22,293	–
Refundable deposits**	57,140	57,140	–
Restricted cash**	15,416	14,916	500
	₱7,869,913	₱2,233,963	₱5,635,950

**Excluding cash on hand amounting to ₱584 and ₱1,368 as at December 31, 2021 and 2020, respectively.*
***Presented as part of "Other current assets" account in the parent company statements of financial position.*

There are no significant concentrations of credit risk because the Company trades with various third parties.

The tables below show the credit quality by class of financial asset based on the Company's credit rating system.

	2021		
	A Rating	**B Rating**	**Total**
Cash and cash equivalents	**₱1,870,273**	**₱–**	**₱1,870,273**
Trade receivables from:			
Sale of real estate	**4,319,002**	**24,395**	**4,343,397**
Lease	**444,272**	**92,711**	**536,983**
Due from related parties	**1,585,250**	**–**	**1,585,250**
Advances to officers and employees	**44,853**	**–**	**44,853**
Other receivables	**62,166**	**–**	**62,166**
Refundable deposits	**59,980**	**–**	**59,980**
Restricted cash	**9,649**	**–**	**9,649**
	₱8,395,445	**₱117,106**	**₱8,512,551**

	2020		
	A Rating	B Rating	Total
Cash and cash equivalents	₱1,934,906	₱–	₱1,934,906
Trade receivables from:			
Sale of condominium units	2,841,280	336,542	3,177,822
Lease	213,846	199,889	413,735
Due from related parties	2,200,137	–	2,200,137
Advances to officers and employees	49,832	–	49,832
Other receivables	20,873	1,420	22,293
Refundable deposits	57,140	–	57,140
Restricted cash	15,416	–	15,416
	₱7,333,430	₱537,851	₱7,871,281

For trade receivables from sale of real estate, customers who have no history of delayed payment are classified as having a credit rating of "A" while customers who have history of delayed payment but is currently updated are given a credit rating of "B".

Trade receivables from lease are classified as having a credit rating of "A" when tenants pay within the discount period and "B" when tenants pay on or before due date.

As at December 31, 2021 and 2020, the analyses of the age of financial assets are as follows:

	2021						
	Current	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**More than 90 Days**	**Impaired Financial Assets**	**Total**
Cash and cash equivalents	**₱1,870,273**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,870,273**
Trade receivables from:							
Sale of real estate	**4,208,304**	**21,665**	**9,454**	**6,460**	**97,514**	**–**	**4,343,397**
Lease	**390,372**	**82,995**	**32,886**	**20,031**	**5,756**	**4,943**	**536,983**
Due from related parties	**1,585,250**	**–**	**–**	**–**	**–**	**–**	**1,585,250**
Advances to officers and employees	**44,853**	**–**	**–**	**–**	**–**	**–**	**44,853**
Other receivables	**50,909**	**–**	**–**	**–**	**–**	**11,257**	**62,166**
Refundable deposits	**59,980**	**–**	**–**	**–**	**–**	**–**	**59,980**
Restricted cash	**9,649**	**–**	**–**	**–**	**–**	**–**	**9,649**
	₱8,219,590	**₱104,660**	**₱42,340**	**₱26,491**	**₱103,270**	**₱16,200**	**₱8,512,551**

	2020						
	Current	Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days	Impaired Financial Assets	Total
Cash and cash equivalents	₱1,934,906	₱–	₱–	₱–	₱–	₱–	₱1,934,906
Trade receivables from:							
Sale of real estate	3,020,521	2,919	53,787	3,371	97,224	–	3,177,822
Lease	288,700	45,071	28,783	18,910	27,328	4,943	413,735
Due from related parties	2,200,137	–	–	–	–	–	2,200,137
Advances to officers and employees	49,832	–	–	–	–	–	49,832
Other receivables	20,873	–	–	–	–	1,420	22,293
Refundable deposits	16,409	2,986	33,815	49	3,881	–	57,140
Restricted cash	15,416	–	–	–	–	–	15,416
	₱7,546,794	₱50,976	₱116,385	₱22,330	₱128,433	₱6,363	₱7,871,281

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate and club shares are recoverable since the legal title and ownership of the real estate and club shares will only be transferred to the customers upon full payment of the contract price. In case of cancellation, the real estate and club shares become available for sale. The fair value of the real estate amounted to ₱30.1 billion and ₱29.5 billion as at December 31, 2021 and 2020, respectively. The fair value of the club shares amounted to ₱0.2 million as at December 31, 2021 and 2020.

Past due accounts pertaining to lease are recoverable because security deposits and advance rent paid by the tenants are sufficient to cover the balance in case of default or delinquency of tenants.

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a vintage analysis in 2021 and 2020:

	2021		
	Trade receivables from sale of real estate and lease		
	High-end	**Affordable**	**Lease**
ECL rate	**0.0%**	**0.0%**	**1.3%**
Estimated total gross carrying amount at default	**₱7,560,146**	**₱490,490**	**₱536,983**

	2020		
	Trade receivables from sale of real estate and lease		
	High-end	Affordable	Lease
ECL rate	0.0%	0.0%	1.2%
Estimated total gross carrying amount at default	₱11,187,035	₱269,874	₱413,735

As at December 31, 2021 and 2020, the COVID-19 pandemic has no significant impact on the Company's credit risk.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. As at December 31, 2021 and 2020, 13% and 28% of the Company's debt will mature in less than one year, respectively.

The liquidity risk of the Company arises from their financial liabilities. The tables below summarized the maturity profile of the Company's financial liabilities at December 31, 2021 and 2020 based on contractual undiscounted payments.

	2021			
	Due Within 3 Months	**Due Between 3 and 12 Months**	**Due After 12 Months**	**Total**
Trade and other payables*	**₱2,424,469**	**₱–**	**₱–**	**₱2,424,469**
Interest-bearing loans and borrowings				
Principal	**1,231,238**	**2,023,046**	**22,071,890**	**25,326,174**
Interest**	**289,985**	**810,662**	**4,254,442**	**5,355,089**
Lease liability	**6,239**	**20,276**	**1,497,569**	**1,524,084**
Retention payable***	**62,097**	**645,982**	**428,338**	**1,136,417**
Security deposits***	**130,386**	**178,316**	**185,529**	**494,231**
	₱4,144,414	**₱3,678,282**	**₱28,437,768**	**₱36,260,464**

	2020			
	Due Within 3 Months	Due Between 3 and 12 Months	Due After 12 Months	Total
Trade and other payables*	₱1,650,543	₱848,304	₱–	₱2,498,847
Interest-bearing loans and borrowings				
Principal	4,531,962	2,175,872	16,578,853	23,286,687
Interest**	4,120,618	801,558	2,323,982	7,246,158
Lease liability	5,944	19,310	1,524,084	1,549,338
Retention payable***	–	794,365	351,414	1,145,779
Security deposits***	49,527	198,350	176,704	424,581
	₱10,358,594	₱4,837,759	₱20,955,037	₱36,151,390

**Excluding the current portion of retention payable and security deposits, lease liability, deposits from pre-selling of condominium units and excess of collections over recognized receivables and other statutory payables.*
***Future interest payments*
****Presented as part of "Trade and other payables" and "Deposits and other liabilities" accounts in the parent company statements of financial position.*

Maturity Profile of Financial Assets and Contract Assets Held for Liquidity Purposes
The table below shows the maturity profile of the Company's financial assets and contract asset based on contractual undiscounted cash flows as at December 31:

	2021					
	On Demand	**Within 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Total**
Cash and cash equivalents	**₱832,772**	**₱1,037,501**	**₱–**	**₱–**	**₱–**	**₱1,870,273**
Trade receivables from:						
Sale of real estate	**4,208,304**	**21,665**	**9,454**	**6,460**	**97,514**	**4,343,397**
Lease	**390,372**	**82,995**	**32,886**	**20,031**	**10,699**	**536,983**
Contract assets	**–**	**48,350**	**25,692**	**19,550**	**3,613,647**	**3,707,239**
Investment in equity instruments at FVOCI	**–**	**–**	**–**	**–**	**26,808**	**26,808**
	₱5,431,448	**₱1,190,511**	**₱68,032**	**₱46,041**	**₱3,748,668**	**₱10,484,700**

	2020					
	On Demand	Within 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Cash and cash equivalents	₱905,522	₱1,029,384	₱–	₱–	₱–	₱1,934,906
Trade receivables from:						
Sale of real estate	–	3,092,123	10,770	7,793	67,136	3,177,822
Lease	288,700	45,071	28,783	18,910	32,271	413,735
Contract assets	–	913,431	293,187	139,885	6,932,584	8,279,087
Investment in equity instruments at FVOCI	–	–	–	–	26,808	26,808
	₱1,194,222	₱5,080,009	₱332,740	₱166,588	₱7,058,799	₱13,832,358

As at December 31, 2021 and 2020, the COVID-19 pandemic has no significant impact on the Company's liquidity risk.

Capital Management Policy
The primary objective of the Company's capital management is to maximize shareholder value by maintaining a healthy balance between debt and equity (capital) financing in support of its business requirements.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2018.

The Company monitors its capital adequacy using the net debt-to-equity ratio, which is interest-bearing loans and borrowings less cash and cash equivalents divided by equity. The Company's policy is to limit the net debt-to-equity ratio to 1.0x.

The Company is required to maintain debt-to-equity ratio as set forth in the Fixed Rate Corporate Notes Facility Agreement and Bonds. The Agreement provides for a higher debt to equity ratio than the internal limit set by the Company (see Note 16).

	2021	2020
Interest-bearing loans and borrowings	**₱25,201,864**	₱23,194,451
Less cash and cash equivalents	**1,870,273**	1,934,906
Net debt	**23,331,591**	21,259,545
Equity	**21,537,245**	20,401,946
Net debt-to-equity ratio	**1.08**	1.04

31. **Fair Value Measurement**

Set out below is a comparison by class of carrying values and fair values of the Company's assets and liabilities for which fair values are determined for measurement and/or disclosure as at December 31, 2021 and 2020.

			2021		
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Investment properties	**₱12,592,643**	**₱26,590,787**	**₱–**	**₱1,834,887**	**₱24,755,900**
Investment in equity instrument at FVOCI	**26,808**	**26,808**	**23,500**	**–**	**3,308**
	₱12,619,451	**₱26,617,595**	**₱23,500**	**₱1,834,887**	**₱24,759,208**
Liabilities					
Interest-bearing loans and borrowings (including noncurrent portion)	**₱25,201,864**	**₱25,136,398**	**₱–**	**₱–**	**₱25,136,398**
Retention payable (including noncurrent portion)	**1,136,417**	**1,082,305**	**–**	**–**	**1,082,305**
Security deposits (including noncurrent portion)	**494,231**	**339,311**	**–**	**–**	**339,311**
	₱26,832,512	**₱26,558,014**	**₱–**	**₱–**	**₱26,558,014**

			2020		
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Investment properties	₱12,558,142	₱24,161,916	₱–	₱1,734,916	₱22,427,000
Investment in equity instrument at FVOCI	26,808	26,808	23,500	–	3,308
	₱12,584,950	₱24,188,724	₱23,500	₱1,734,916	₱22,430,308
Liabilities					
Interest-bearing loans and borrowings (including noncurrent portion)	₱23,194,451	₱24,298,754	₱–	₱–	₱24,298,754
Retention payable (including noncurrent portion)	1,145,779	1,130,212	–	–	1,130,212
Security deposits (including noncurrent portion)	424,581	416,817	–	–	416,817
	₱24,764,811	₱25,845,783	₱–	₱–	₱25,845,783

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade Receivables from Sale of Real Estate, Trade Receivables from Lease, Due from Related Parties, Other Receivables, Restricted Cash, Refundable Deposits and Trade and Other Payables. Due to the short-term nature of transactions, the carrying values of these instruments approximate the fair values as at financial reporting period.

Investment in Equity Securities. The fair values of quoted equity securities were determined by reference to published two-way quotes of brokers as at financial reporting date. The difference between the carrying value and the fair value of unquoted equity securities is not material to the parent company financial statements.

Interest-bearing Loans and Borrowings. The fair values of fixed rate loans were calculated by discounting the expected future cash flows at prevailing credit adjusted BVAL interest rates ranging from 1.01% to 5.08% as at December 31, 2021 and 0.99% to 3.95% as at December 31, 2020.

Retention Payable and Security Deposits. The fair values were calculated by discounting the expected future cash flows at prevailing credit adjusted BVAL interest rates ranging from 1.01% to 5.08% as at December 31, 2021 and 0.99% to 3.95% as at December 31, 2020.

For the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

32. Basic/Diluted Earnings Per Share Computation

	2021	2020
	(In Thousands, Except Numbers of Shares and Per Share Data)	
Net income	**₱1,319,404**	₱997,828
Dividends on preferred shares	**(1,650)**	(1,650)
Net income attributable to common shares (a)	**1,317,754**	996,178
Common shares at beginning of year	**6,116,762,198**	6,116,762,198
Weighted average number of common shares - basic (b)	**6,116,762,198**	6,116,762,198
Dilutive potential common shares under the ESOP	**1,575,521**	3,492,624
Weighted average number of common shares - diluted (c)	**6,118,337,719**	6,120,254,822
Per share amounts:		
Basic (a/b)	**₱0.2154**	₱0.1629
Diluted (a/c)	**₱0.2154**	₱0.1628

33. Segment Information

PFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker.

For management purposes, the Company’s operating segments is determined to be business segments as the risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company manages its operations under the following business segments:

- *Residential Development* is engaged in the development, selling, and property management of all residential projects of the Company.

- *Commercial Development* is engaged in the sale, leasing and other related operations in the course of the management of commercial buildings or spaces used for retail and office leasing, including cinema, hotel and resort operations.

The Company does not have any customers which constitutes 10% or more of the Company's revenue.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Performance is evaluated based on net income for the year and earnings before interest, taxes and depreciation and amortization, or *EBITDA*. Net income for the year is measured consistent with net income in the parent company financial statements. *EBITDA* is measured as net income excluding depreciation and amortization, interest expense and provision for income tax. *EBITDA* is a non-GAAP measure.

The Company centrally manages cash and its financing requirements, income taxes and resource allocation. Resource allocation are measured against profitability among potential investments and made in view of the Company's existing business portfolio.

The President, the Company's chief operating decision maker, monitors operating results of its business segments separately for the purpose of performance assessment and making recommendations to the Board about resource allocation. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the parent company financial statements.

Disclosure of the geographical information regarding the Company's revenues from external customers and total assets have not been provided since all of the Company's revenues are derived from operations within the Philippines.

Business Segments
The following tables present information regarding the Company's residential development and commercial development and hotel business segments:

		2021	
	Residential Development	**Commercial Development**	**Total**
Revenue	**₱5,888,282**	**₱2,256,324**	**₱8,144,606**
Costs and expenses	**(4,398,686)**	**(944,071)**	**(5,342,757)**
Other income - net	**8,610**	**–**	**8,610**
EBITDA	**1,498,206**	**1,312,253**	**2,810,459**
Depreciation and amortization			**(628,581)**
Interest expense			**(1,016,209)**
Benefit from income tax			**153,735**
Net income			**₱1,319,404**
Assets and Liabilities			
Segment assets	**₱31,175,716**	**₱5,204,268**	**₱36,379,984**
Investment properties	**1,887,338**	**10,705,305**	**12,592,643**
Investment in joint venture and associate	**1,386,150**	**2,054,590**	**3,440,740**
Property and equipment	**2,441,728**	**231,403**	**2,673,131**
Total assets	**₱36,890,932**	**₱18,195,566**	**₱55,086,498**
Segment liabilities	**₱22,899,014**	**₱9,991,986**	**₱32,891,000**
Deferred tax liabilities - net	**658,253**	**–**	**658,253**
Total liabilities	**₱23,557,267**	**₱9,991,986**	**₱33,549,253**

	2020		
	Residential Development	Commercial Development	Total
Revenue	₱5,752,305	₱2,183,233	₱7,935,538
Costs and expenses	(3,953,282)	(972,825)	(4,926,107)
Other income - net	(9,078)	82	(8,996)
EBITDA	1,789,945	1,210,490	3,000,435
Depreciation and amortization			(661,193)
Interest expense			(1,164,591)
Loss on prepayments of loan			(35,579)
Loss on loan modification			(19,596)
Loss on bond redemption			(18,528)
Provision for income tax			(103,120)
Net income			₱997,828
Assets and Liabilities			
Segment assets	₱32,678,151	₱1,581,761	₱34,259,912
Investment properties	1,018,028	11,540,114	12,558,142
Investment in joint venture and associate	–	2,806,294	2,806,294
Property and equipment	3,855,620	1,109,808	4,965,428
Total assets	₱37,551,799	₱17,037,977	₱54,589,776
Segment liabilities	₱29,424,434	₱3,828,011	₱33,252,445
Deferred tax liabilities - net	935,385	–	935,385
Total liabilities	₱30,359,819	₱3,828,011	₱34,187,830

34. Supplemental Disclosure of Cash Flow Information

The changes in the Company's liabilities arising from financing activities are as follows:

	January 1, 2021	**Cash flows**	**Reclassification from noncurrent to current**	**Interest Expense/ Discount Amortization**	**December 31, 2021**
Current portion of interest-bearing loans and borrowings	**₱6,682,729**	**(₱6,682,729)**	**₱3,226,599**	**₱–**	**₱3,226,599**
Interest-bearing loans and borrowings - net of current portion	**16,511,722**	**8,662,215**	**(3,226,599)**	**27,927**	**21,975,265**
Interest payable	**93,797**	**(890,102)**	**–**	**918,690**	**122,385**
Dividends payable	**38,051**	**(213,831)**	**–**	**217,572**	**41,792**
Lease liability	**493,311**	**(25,254)**	**–**	**37,782**	**505,839**
Subscription payable	**2,490,900**	**(1,500,000)**	**–**	**–**	**990,900**
Total liabilities from financing activities	**₱26,310,510**	**(₱649,701)**	**₱–**	**₱1,201,971**	**₱26,862,780**

	January 1, 2020	Cash flows	Reclassification from noncurrent to current	Interest Expense/ Discount Amortization	December 31, 2020
Current portion of interest-bearing loans and borrowings	₱5,150,407	(₱5,150,407)	₱6,682,729	₱–	₱6,682,729
Interest-bearing loans and borrowings - net of current portion	18,996,517	4,153,532	(6,682,729)	44,402	16,511,722
Interest payable	170,602	(1,091,403)	–	1,014,598	93,797
Dividends payable	33,483	(292,522)	–	297,090	38,051
Lease liability	480,538	(24,050)	–	36,823	493,311
Installment payable	599,975	(655,799)	–	55,824	–
Total liabilities from financing activities	₱25,431,522	(₱3,060,649)	₱–	₱1,448,737	₱23,819,610

The Company's material non-cash investing activities include the investment in an associate with unpaid subscription amounting to ₱990.9 million and ₱2,490.9 million as at December 31, 2021 and 2020, respectively and the return of investment in a joint venture previously recorded as advances to partners amounting to nil and ₱875.5 million as at December 31, 2021 and 2020, respectively (see Note 13).

35. **Other Matter**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 virus as a global pandemic. On March 13, 2020, the Office of the President of the Philippines issued a directive imposing stringent social distancing measures in the National Capital Region effective March 15, 2020. In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, 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 until May 15, 2020. On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 – August 1, 2020
Modified enhanced community quarantine	August 2 – 18, 2020
General community quarantine	August 19, 2020 – March 27, 2021
Enhanced community quarantine	March 28, 2021 – April 11, 2021
Modified enhanced community quarantine	April 12, 2021 – May 31, 2021
General community quarantine	June 1, 2021 – July 31, 2021
Modified enhanced community quarantine	August 1, 2021 – August 5, 2021
Enhanced community quarantine	August 6, 2021 – August 20, 2021
Modified enhanced community quarantine	August 21, 2021 – September 7, 2021
General community quarantine	September 8, 2021 – September 30, 2021
Alert level 4	October 1, 2021 – October 15, 2021
Alert level 3	October 16, 2021 – November 4, 2021
Alert level 2	November 5, 2021 – January 2, 2022
Alert level 3	January 3, 2022 – January 30, 2022
Alert level 2	February 1, 2022 – February 28, 2022
Alert level 1	March 1, 2022 – March 31, 2022

These measures have caused disruptions to most businesses and significant increase in economic uncertainty. However, with the Company's nature of business, these measures did not have significant impact on its financial position and performance as at and for the year ended December 31, 2021 and 2020 despite the slowdown in the sales activities. The Company will continue to monitor the situation.

36. **Supplementary Information Required under Revenue Regulations (RR) 15-2010**

On December 28, 2010, RR 15-2010 became effective and amended certain provisions of RR 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of parent company financial statements and income tax returns. Section 2 of RR 21-2002 was further amended to include in the notes to financial statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Amounts are rounded to the nearest thousands.

Output Value Added Tax (VAT) Declared During the Year

	Receipts	Output VAT Due
Taxable sales		
Sale of goods (presented as “Sale of condominium units”)	₱6,460,087	₱775,210
Other revenues	2,290,405	274,849
Leasing income	507,531	60,904
Exempt/zero-rated sales/receipts	278,294	–

The Company’s sales of services are based on actual collections received, hence, may not be the same as amounts accrued in the parent company statements of income.

The Company has exempt/zero-rated sales/receipts pursuant to the provisions of Sections 108(B) and 109 of the Tax Code and the Supreme Court Decision G.R. No. 183505, promulgated on February 26, 2010.

Input VAT Claimed

The amount of input VAT claimed are broken down as follows:

a. Balance at beginning of year	₱87,524
b. Current year’s domestic purchases/payments:	
i) Goods for resale/manufacture or further processing	–
ii) Goods other than for resale or manufacture	–
iii) Capital goods subject to amortization	8,565
iv) Capital goods not subject to amortization	75,521
v) Services lodged under cost of goods sold	–
vi) Services lodged under other accounts	390,988
vii) Importation	3,249
c. Input VAT deferred for the succeeding periods	(17,179)
d. Input VAT allocated to exempt sales	(31,639)
e. Applied against output VAT	(517,029)
Balance at the end of year	₱–

Landed Cost of Imports and Amount of Customs Duties and Tariff Fees Paid or Accrued

Landed cost	₱27,078
Customs duties and VAT	4,145

Customs duties include input VAT of ₱3.2 million which is presented under "Goods other than for resale or manufacture" in the table of input VAT claimed.

Documentary Stamp Tax
The Company paid ₱60.0 of documentary stamp tax on new loan instruments for the year 2021.

Other Taxes and Licenses

Business taxes	₱35,716
Real estate taxes	117,131
Fringe benefit taxes	5,160
Documentary Stamp Tax	1,441
Amusement and cultural taxes	453
Annual registration	4
	159,905
Taxes and licenses capitalized as part of real estate inventories:	
License and permits	81,562
Real estate taxes	49,593
	131,155
	₱291,060

Withholding Taxes
The amount of withholding taxes paid/accrued for the year amounted to:

Expanded withholding taxes	₱131,898
Tax on compensation and benefits	56,160
Final withholding taxes	9,697
	₱197,755

Tax Assessments and Cases
The Company has no outstanding tax assessment by the BIR nor pending tax cases or litigation in any courts or bodies outside of the BIR as at December 31, 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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
Rockwell Land Corporation
2F 8 Rockwell
Hidalgo Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Rockwell Land Corporation. for the years ended December 31, 2021 and 2020 and have issued our report thereon dated April 1, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. The schedule is presented for the purpose of complying with Revised Securities Regulation Code Rule 68, As Amended (2019) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits 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.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

April 1, 2022

ROCKWELL LAND CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

Unappropriated retained earnings, beginning		₱5,204,130
Adjustments: *recognized deferred tax assets*	(₱1,177,254)	
(see adjustments in previous years' reconciliation)	(40,695)	(1,217,949)
Unappropriated retained earnings as adjusted to available for dividend distribution, beginning		3,986,181
Add: Net income actually earned during the year:		
Net income during the year closed to retained earnings	₱1,319,404	
Add: Change in recognized deferred tax assets	130,944	1,450,348
Less: Dividend declarations during the year		(217,572)
Unappropriated retained earnings available for dividend, as adjusted, ending		₱5,218,957

ROCKWELL LAND CORPORATION

INDEX TO SUPPLEMENTARY SCHEDULES Form 17-A, Item 7

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Rockwell Land Corporation
2F 8 Rockwell
Hidalgo Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Rockwell Land Corporation and its subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated April 1, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the 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 consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Notes 2 and 3 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

April 1, 2022

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
December 31, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount shown in the Statement of Financial Position	Income Received or Accrued
Cash and cash equivalents	N/A	2,784,863,398	6,336,018
Trade receivables	N/A	5,608,108,823	N/A
Advances to officers and employees	N/A	47,555,044	N/A
Other receivables	N/A	373,375,780	N/A
Refundable deposits	N/A	88,065,529	N/A
Restricted cash	N/A	9,649,025	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
December 31, 2021

Name and Designation of Debtor	Beginning balance	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
AR							
Officers & Directors	₱56,306,751	₱86,320,396	(₱41,485,851)	₱–	₱32,659,810	₱68,481,486	₱101,141,296
Employees	220,992,368	45,816,127	(76,872,901)	–	95,266,227	94,669,367	189,935,594
TOTAL	**₱277,299,119**	**₱132,136,523**	**(₱118,358,751)**	**₱–**	**₱127,926,037**	**₱163,150,852**	**₱291,076,890**

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
December 31, 2021

Receivable to Name of Subsidiary / Counterparty	Beginning balance	Additions	Amounts Collected	Current	Non-Current	Ending balance
Rockwell Leisure Club Inc., subsidiary	₱6,415,863	₱21,802,775	(₱17,916,615)	₱10,302,023	₱–	₱10,302,023
Rockwell Integrated Property Services, Inc.	20,150,898	131,941,956	(132,206,522)	19,886,332	–	19,886,332
Rockwell Primaries Development Corporation	2,887,016,610	229,556,347	(504,644,893)	1,769,943,063	841,985,000	2,611,928,063
Rockwell Primaries South Development Corporation	151,895,000	299,521,210	(161,211,785)	155,204,426	135,000,000	290,204,425
Stonewell Property Development Corporation	2,275,092	6,174,121	(8,384,641)	64,572	–	64,572
Rockwell Performing Arts Theater Corporation	1,756,090	203,949	–	1,960,039	–	1,960,039
Rockwell Hotels & Leisure Management Corp.	22,695,603	11,350,345	(10,447,732)	23,598,216	–	23,598,216
Retailscapes, Inc.	742,610,739	135,685,497	–	878,296,236	–	878,296,236
Rockwell MFA Corp.	881,157,067	1,046,814,010	(255,541,341)	448,429,736	1,224,000,000	1,672,429,736
Rockwell Carmelray Development Corp.	156,358,343	545,098,881	(680,566,733)	20,890,491	–	20,890,491

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS – OTHER ASSETS
As of December 31, 2021

Description	Beginning balance	Additions of Cost	Changed to Cost and Expenses	Changed to Other Accounts	Other Changes Additions (deductions)	Ending Balance
N/A	N/A	N/A	N/A	N/A	N/A	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
As of December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-Term Debt	Long-Term Debt (net of Current Portion)	Average Interest Rate	No. Of Periodic Installments	Maturity Date
Philippine Peso, 3.5-year fixed rate notes due 2022	₱64,600,000	₱64,600,000	-	6.46%	1	12/31/2022
Philippine Peso, 4.5-year fixed rate notes due 2022	₱41,000,000	₱41,000,000	-	7.15%	1	12/31/2022
Philippine Peso, 3-year fixed rate notes due 2022	₱266,381,140	₱266,381,140	-	4.00%	6	6/15/2022
					9	9/20/2022
Philippine Peso, 4-year fixed rate notes due 2022	₱457,832,784	₱457,832,784	-	4.00%	6	6/29/2022
						6/28/2022
				6.25%	7	7/28/2022
Philippine Peso, 3-year fixed rate notes due 2023	₱45,000,000	-	₱45,000,000	3.69%	1	12/31/2023
Philippine Peso, 3.2-year fixed rate notes due 2023	₱20,000,000	-	₱20,000,000	3.85%	1	12/31/2023
Philippine Peso, 3.4-year fixed rate notes due 2023	₱45,000,000	-	₱45,000,000	3.64%	1	12/31/2023
Philippine Peso, 7-year fixed rate notes due 2023	₱484,500,000	₱147,600,000	₱336,900,000	4.44%	6	6/17/2023
Philippine Peso, 7-year floating rate notes due 2023	₱260,700,000	₱73,800,000	₱186,900,000	2.60%	7	9/28/2023
Philippine Peso, 3.75-year fixed rate notes due 2024	₱30,000,000	-	₱30,000,000	4.29%	1	12/31/2024
Philippine Peso, 4-year fixed rate notes due 2024	₱50,000,000	-	₱50,000,000	3.57%	1	12/31/2024
Philippine Peso, 4.25-year fixed rate notes due 2025	₱50,000,000	-	₱50,000,000	4.42%	1	12/31/2025
Philippine Peso, 4.5-year fixed rate notes due 2025	₱66,000,000	-	₱66,000,000	4.18%	1	12/31/2025
Philippine Peso, 7-year fixed rate notes due 2026	₱3,000,000,000	₱357,768,421	₱2,642,231,579	5.56% & 5.33%	20	11/20/2026
					20	12/23/2026
Philippine Peso, 7-year floating rate notes due 2026	₱3,000,000,000	₱315,600,000	₱2,684,400,000	4.00%	20	11/20/2026
				2.53%	20	11/26/2026
Philippine Peso, 10-year fixed rate notes due 2026	₱2,394,370,968	₱316,322,581	₱2,078,048,387	5.56%	18	5/31/2026
				5.94% & 6.03%	18	6/17/2026 & 6/29/2026

				5.69% & 6.24%	18	6/1/2026
Philippine Peso, 10-year floating rate notes due 2026	₱684,200,000	₱90,400,000	₱593,800,000	2.95%	18	6/17/2026
Philippine Peso, 7-year fixed rate notes due 2027	₱2,000,000,000	₱205,980,861	₱1,794,019,139	5.68%	20	1/20/2027
				5.05%	23	12/7/2027
Philippine Peso, 7-year fixed rate notes due 2028	₱4,000,000,000	₱229,408,696	₱3,770,591,304	5.05%	24	2/10/2028
				4.61%	32	2/22/2028
				5.14%	20	10/6/2028
Philippine Peso, 9-year fixed rate notes due 2030	₱1,000,000,000	₱46,800,000	₱953,200,000	4.37%	32	2/22/2030
Philippine Peso, 10-year fixed rate notes due 2030	₱5,000,000,000	₱234,000,000	₱4,766,000,000	3.44%-5.04%	32	2/22/2030
				5.00%	32	2/24/2030
Philippine Peso, 10-year fixed rate notes due 2031	₱3,000,000,000	₱140,400,000	₱2,859,600,000	4.31%-5.30%	32	2/22/2031

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
December 31, 2021

Name of Related Party	Beginning balance	Ending balance
N/A	N/A	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
December 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed & Outstanding	Amount owed by Person for which Statement is filed	Nature of Guarantee
N/A	N/A	N/A	N/A	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
December 31, 2021

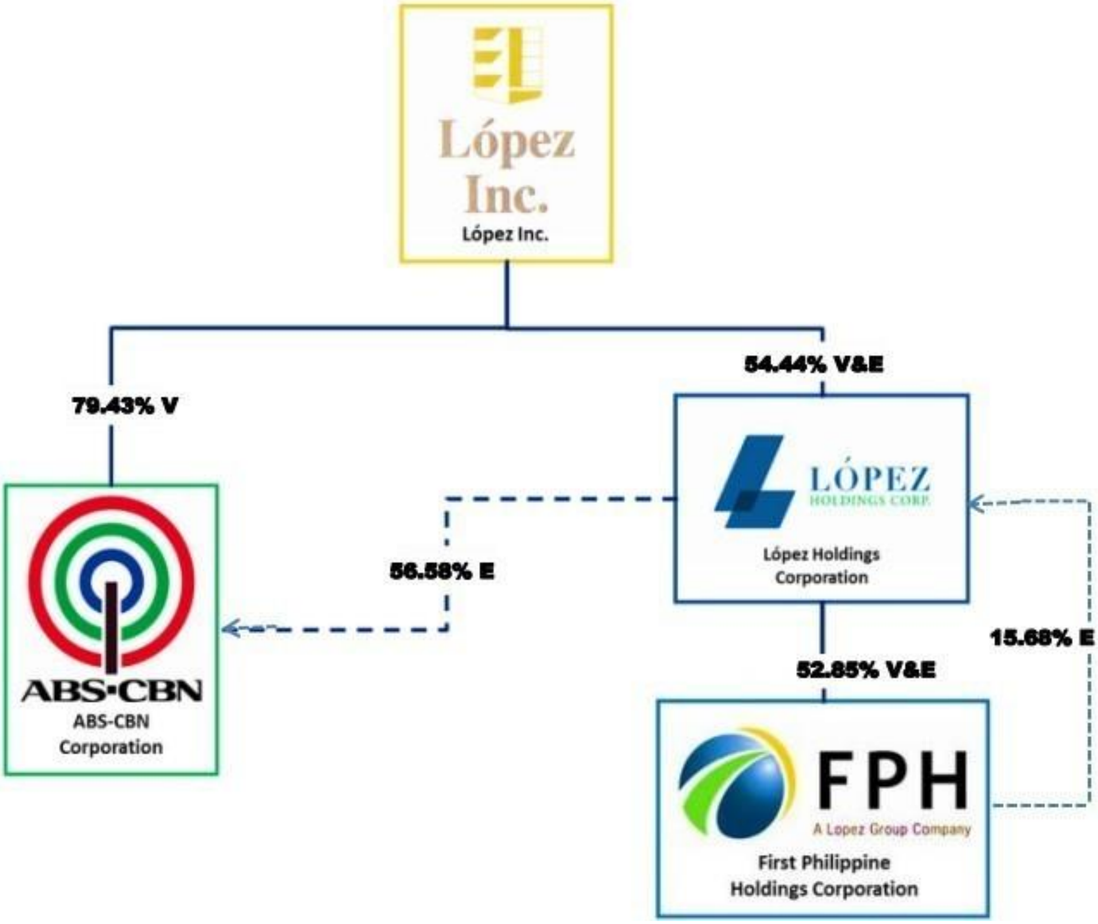
				Number of Shares Held By		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding**	**Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights**	**Related Parties**	**Directors, Officers and Employees**	**Others**
Common Shares	8,890,000,000	6,116,762,198(a)	44,891,000	5,296,015,375	24,710,975	796,035,848
Preferred Shares	11,000,000,000	2,750,000,000	–	2,750,000,000	–	–

[(a)] *Net of treasury shares of 126,620,146*

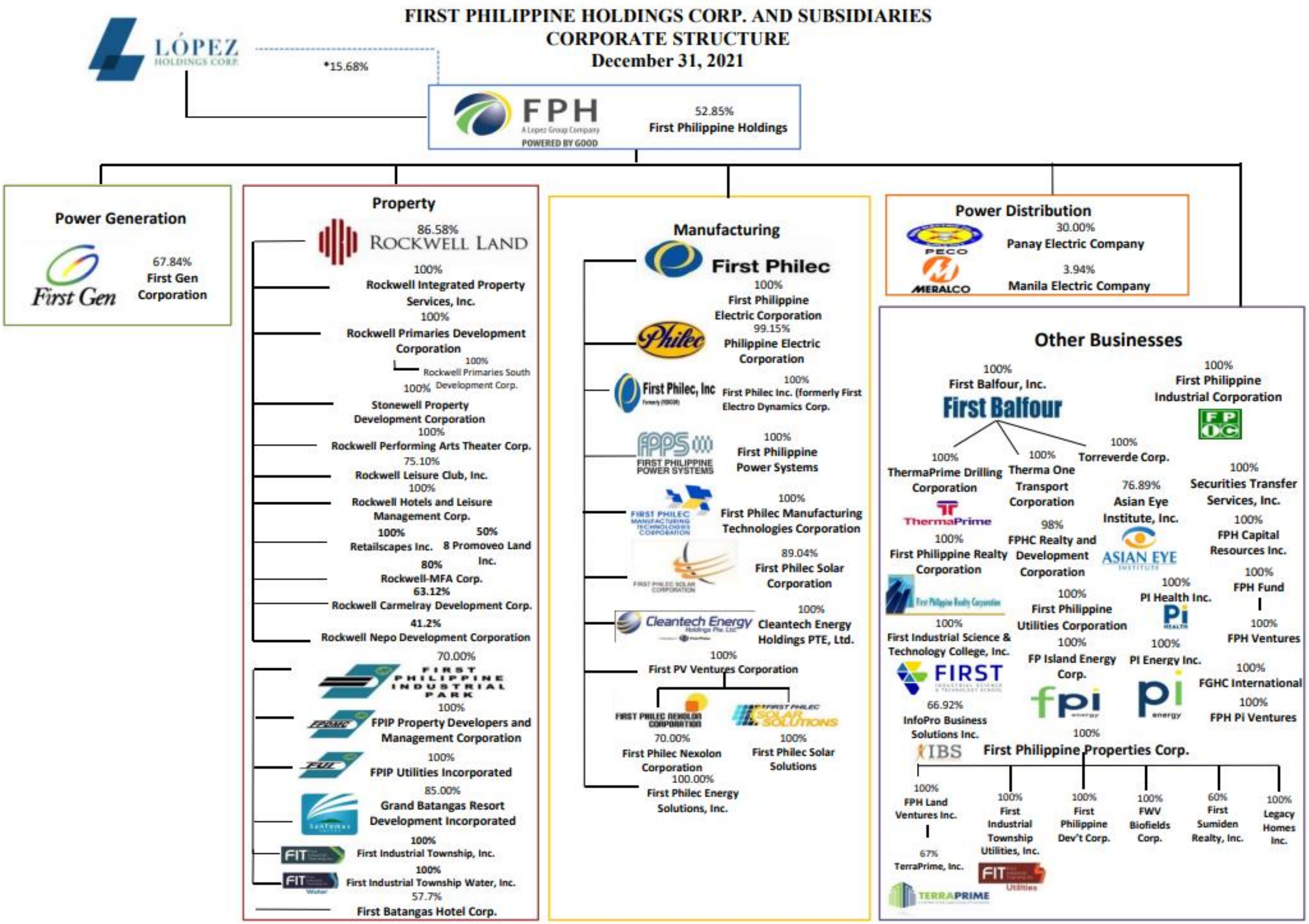
ROCKWELL LAND CORPORATION AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2021
Amount in thousands

		Amount
Unappropriated retained earnings, beginning		₱5,204,130
Adjustments: *recognized deferred tax assets*	(₱1,177,254)	
(see adjustments in previous years' reconciliation)	(40,695)	(1,217,949)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		3,986,181
Add net income actually earned during the year		
Net income during the year closed to retained earnings	₱1,319,404	
Change in recognized deferred tax assets	130,944	1,450,348
Less: Dividend declaration		217,572
Unappropriated retained earnings available for dividend, as adjusted, ending		₱5,218,957

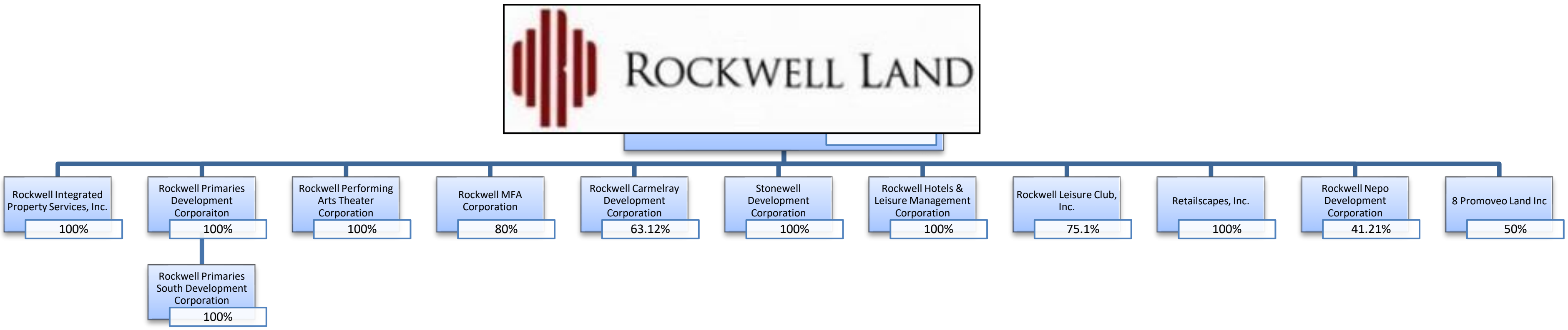
ROCKWELL LAND CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP(A)
December 31, 2021



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP (B)
December 31, 2021



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP (C)
December 31, 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

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Rockwell Land Corporation
2F 8 Rockwell
Hidalgo Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Rockwell Land Corporation and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated April 1, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on 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), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Notes 2 and 3 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
Tax Identification No. 205-947-572
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1621-AR-1 (Group A)
November 11, 2019, valid until November 10, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-126-2019, November 27, 2019, valid until November 26, 2022
PTR No. 8854320, January 3, 2022, Makati City

April 1, 2022

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
Schedule of Financial Soundness Indicators
December 31, 2021

KPI	2021	2020	2019
EBITDA (P)[1]	4.4 billion	3.8 billion	6.0 billion
Current Ratio (x)[2]	3.29	2.37	2.47
Net DE Ratio (x)[3]	0.92	0.87	0.82
Asset to Equity Ratio (x)[4]	2.50	2.49	2.61
Interest coverage ratio (x)[5]	4.00	2.96	4.17
ROA[6]	3.48%	2.01%	5.00%
ROE[7]	8.69%	5.12%	13.85%
EPS (P)[8]	0.27	0.18	0.48

Notes:
(1) EBITDA [Net Income + (Interest Expense, Provision for Income Tax, Depreciation & Amortization)]
(2) Current ratio [Current assets/Current liabilities]
(3) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]
(4) Assets to Equity Ratio [Total Assets/Total Equity]
(5) Interest coverage ratio [EBITDA/ Total interest payments]
(6) ROA [Net Income/Average Total Assets]
(7) ROE [Net Income/ Average Total Equity]
(8) EPS [Net Income/number of common shares outstanding]

ROCKWELL LAND

Report of the Audit Committee
(For the year ended December 31, 2021)

The Audit Committee's roles and responsibilities are defined in the Corporate Governance Manual of Rockwell Land Corporation and the Audit Committee Charter. We assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: a) Integrity of financial statements and the financial reporting process; b) Appointment, re-appointment, remuneration, qualifications, independence and performance of independent auditor; c) Effectiveness of internal control system; d) Review of the sufficiency and effectiveness of the risk management process; and e) Oversight on Internal Audit function. We confirm that:

1) An Independent Director chairs the Audit Committee. Two (2) out of the three (3) members of the Audit Committee are independent directors;
2) We had five (5) Committee meetings during the year, four (4) regular and one (1) special committee meeting, which were held virtually.
3) We have reviewed and approved the 2021 Internal Audit Plan, including its scope, resources and the subsequent changes thereto;
4) We have reviewed and discussed the reports of the Internal Auditors, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal controls and compliance issues;
5) We have discussed and approved the overall scope and audit plan of SGV & Co. for the audit of 2021 Financial Statements. We have also discussed the results of their audits and their assessment of Rockwell Land's internal control and the overall quality of the financial reporting process;
6) We have reviewed and discussed the quarterly unaudited financial statements and year-end audited financial statements of Rockwell Land with the Management and SGV & Co.;
   These activities were performed in the following context:

   - The management has the primary responsibility for the financial statements and the financial reporting process; and
   - That SGV & Co. is responsible for expressing an opinion on the conformity of Rockwell Land's consolidated financial statements with the Philippine Financial Reporting Standards.

7) For the year ended December 31, 2021, Rockwell Land has engaged its independent auditor, SGV & Co. to do other audit related and non-audit services aside from the conduct of year-end financial audit. Such engagements were presented to and reviewed by the Audit Committee and concluded that the nature and scope are not incompatible with their role as independent auditor and the related fees are not significant to impair their independence;
8) We have reviewed the report on regulatory compliance and ensured that appropriate timely actions are taken and requirements are complied with;
9) We have reviewed and approved the Management Representation letter for the year ended December 31, 2021 before submission to our external auditor.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2021 for filing with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). We are also recommending to the Board of Directors the re-appointment of SGV & Co., as Rockwell Land Corporation's independent auditor for 2022 based on the review of its performance and qualifications.

March 30, 2022

OSCAR J. HILADO	MONICO V. JACOB	FRANCIS GILES B. PUNO
Chairman	Member	Member

Annex A: 2020 Rockwell Land Corporation Sustainability Report

Table of Contents

I. CONTEXTUAL INFORMATION

Company Details	
Name of Organization	Rockwell Land Corporation
Location of Headquarters	2F, 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City
Location of Operations	Makati City, Pasig City, San Juan City, Mandaluyong City, Quezon City, Muntinlupa City, Cebu City, Lapu-Lapu City, Lipa City, Sto. Tomas City, Calamba City, Bacolod City*, Angeles City*
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	1. Retailscapes, Inc. 2. Rockwell Business Center Ortigas (unincorporated JV with Meralco) 3. Rockwell Carmelray Development Corporation 4. Rockwell Hotels and Leisure Management Corporation 5. Rockwell Integrated Property Services, Inc. 6. Rockwell Leisure Club, Inc. 7. Rockwell MFA Corporation 8. Rockwell Nepo Development Corporation 9. Rockwell Performing Arts Theater Corporation 10. Rockwell Primaries Development Corporation 11. Rockwell Primaries South Development Corporation 12. Stonewell Property Development Corporation
Business Model, including Primary Activities, Brands, Products, and Services	Rockwell Land Corporation (“Rockwell” or the “Company”) is incorporated in the Philippines and is primarily engaged in residential development, retail and office leasing, as well as hotel management. Projects: I. Residential Development a. Rizal Tower b. Amorsolo Square c. Hidalgo Place d. Luna Gardens e. Manansala f. Joya Lofts and Towers g. One Rockwell h. The Grove i. Edades Tower and Garden Villas j. 205 Santolan k. The Alvendia l. 53 Benitez m. 32 Sanson n. Stonewell o. Edades Suites p. Proscenium at Rockwell* q. The Vantage at Kapitolyo* r. East Bay Residences* s. The Arton by Rockwell*

	t. Aruga Mactan Resort and Residences* u. Terreno South* v. Nara Residences* w. Rockwell South at Carmelray* x. 8 Benitez Suites* y. The Balmori Suites* z. The Manansala at Rockwell Nepo* II. Retail a. Power Plant Mall b. The Santolan Town Plaza** c. The Grove Retail Row d. Vantage Gallery e. Arton Strip f. East Bay Retail Row III. Office a. 8 Rockwell b. Rockwell Business Center Ortigas c. Rockwell Business Center Sheridan d. 1 Proscenium* IV. Hotel and Leisure a. Aruga Apartments V. Rockwell Performing Arts Theater* (*) On-going/ newly-opened projects (**) Retail & Office
Reporting Period	January – December 2021
Highest Ranking Person responsible for this report	Chief Compliance Officer

II. MATERIALITY PROCESS

Rockwell has a diversified set of stakeholders, including clients, investors, employees, business partners, the government, and communities within the projects' vicinity. To assess the sustainability of operations, the Company identified indicators that are focused on the following: a) the interest of the stakeholders, b) compliance with government regulations, c) critical financial parameters, and d) continuous improvement of services rendered to clients. The parameters were validated by stakeholders through the Sustainability Technical Working Group.

This report is guided by the standards of a) Global Reporting Initiative (GRI), b) Sustainability Accounting and Standards Board (SASB), and c) UN Guiding Principles on Business and Human Rights (UNGP).

Based on the above materiality process, our assessment of core sustainability issues covers the following areas:

Economic: Direct Economic Value Generated and Distributed, Procurement Practices, and Anti-Corruption

Environmental: Materials Used by the Organization, Energy Consumption and Reduction, Air Emissions, Water Consumption and Effluents, and Solid and Hazardous Waste

Social: Employee Hiring and Benefits, Training and Development, Diversity and Equal Opportunity, Occupational Health and Safety, Labor Laws and Human Rights, Supply Chain Management, Relationship with Communities, Customer Satisfaction, Data Security

III. ECONOMIC

Management Approach:

The Company's management is responsible for strategic planning, which involves a) regular spotting of opportunities and risks, b) periodic identification of the Company's short-term, mid-term and long-term goals, c) consistent monitoring of results against targets, and d) continuous development and refinement of strategies, resource allocation, and action plans.

To execute its strategies, the Company conducts these activities:

Prior to property acquisition and project launch, the Company conducts feasibility studies and due diligence. These include, but are not limited to: a) studying real estate supply and demand within the vicinity of the target property as well as relevant market trends, b) identifying the best business model for the subject property, and c) designing each project with structural integrity and incorporating features which are aligned with the identified needs and/or wants of the core market.

The Company also ensures that it has a) employees who can effectively manage projects from conceptualization to operations b) a reliable pool of local and foreign consultants, suppliers and contractors who have met predetermined standards of quality c) in-house leasing, property management and support teams to provide services to various Rockwell communities, and d) systems for efficient processes and proper controls.

Risks are addressed through the Company's Risk Management Policy that covers a) market, b) regulatory, c) project execution, and d) financial risks. The Company likewise conducts strict monitoring of key risk items and establishes trigger parameters with corresponding action plans. These efforts strengthen Rockwell's business continuity programs, allowing it to maximize growth opportunities while maintaining financial soundness.

A. Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (PHP Millions)
Direct Economic Value Generated (Revenue)	12,444
Direct Economic Value Distributed:	
a. Operating Costs	*9,217*
b. Employee Wages & Benefits	506
c. Payments to Provider of Capitals	*1,359*
d. Payments of Dividends to Stockholders	*218*
e. Payments to Government	522
f. Community Investments	11

Climate-related risks and opportunities[1]

Rockwell ensures that its properties are climate-resilient. This is aligned with the sustainability policy and commitment of its parent company – to reduce carbon emissions in view of protecting the environment, society, and businesses. Furthermore, the Company requires its consultants and contractors to assess, design, and build properties that can withstand adverse impacts of climate-related risks.

The following climate-related risks are considered in the design, construction, and management of projects: a) typhoons and corresponding adverse effects such as flooding, wind surges, and storm surges, b) drought or water scarcity, c) rising sea levels, and d) extremely high temperatures during the summer season, among others.

The design team conducts due diligence which includes a) conducting historical benchmarking of the vicinity, b) validating findings through the help of commissioned third-party consultants, c) incorporating recommendations on risk mitigation measures, and d) ensuring that design is compliant with the national and local building codes.

During the construction phase, short-term weather forecasts are incorporated into the project schedule. With regard to property management, simulation drills are conducted periodically. The property management team also ensures that all facilities are properly maintained and are conformant to regulatory requirements. Emergency response protocols are consistently reviewed and kept up-to-date and will be strictly implemented, if needed.

B. Procurement Practices

Management Approach:

Rockwell purchases the majority of its resources from local suppliers, which in turn help domestic businesses and create local employment opportunities. The Company is also able to reduce the time and cost of developing projects by sourcing locally.

The risks associated with COVID-19 were largely mitigated through advance orders, thus limiting the Company's exposure to increased unit prices, supply shortage, and logistics bottlenecks. Claims stemming from additional expenses due to COVID-19 remain as the Company awaits rules and regulations related to these.

Proportion of spending on local suppliers

Disclosure	Percentage
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100%

[1] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

C. Anti-Corruption

Management Approach:

As a subsidiary of the Lopez Group of Companies, Rockwell adheres to The Lopez Values which are embodied across the conglomerate. The company also strictly implements its corporate governance policies, which led to the absence of corruption incidents as shown below.

Incidents of Corruption

Disclosure	Incident Count
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

IV. ENVIRONMENT

Management Approach:

Rockwell adheres to the laws and regulations concerning the environment, and cooperates with related regulatory agencies. It also ensures that its business operations, programs, and initiatives are aligned with protecting the environment.

In doing business, the Company engages in environmental-related processes such as a) designing and constructing properties that are environmentally sound and compliant with the regulatory requirements of the national and local building codes, b) identifying climate-related risks and corresponding mitigating measures, and c) exploring best practices and new technologies in project design, construction and property management.

Rockwell also has an Environmental Safety and Health Management System which imposes protocols and safety drills to mitigate climate-related risks to its employees, suppliers, and the communities served. The system is also aligned with the mandates of its parent company and relevant government agencies such as the Department of Environmental and Natural Resources, Local Government Units, Bureau of Fire Protection, and Metro Manila Development Authority, among others.

Moreover, the Company assigns Pollution Control and Safety Officers to ensure that all projects remain compliant with environmental laws, standards, permit conditions, and other regulatory requirements.

Overall, the disclosures covered in this report include the environmental impact of the Company's operations, as well as the efforts and initiatives related to environmental sustainability.

A. Resource Management

Management Approach:

Rockwell has a system in place to ensure the efficient procurement and use of supplies and resources. The Company is also open to utilizing supplies made from renewable resources subject to quality requirements, costs, availability, and accessibility.

Energy consumption within the organization

Segment	Electricity (in GJ)		Fuel (in GJ)	
	Renewable	Non-renewable	Diesel	Gas
Residential	46,813	27,530	3,984	-
Office	19,236	-	1,400	-
Retail	20,698	-	805	-
Admin	-	-	3,200	453
Total	**86,748**	**27,530**	**9,390**	**453**
Electricity Consumption (GWh)	23	7		

Energy consumption reduction efforts

Rockwell aims to reduce energy consumption by implementing energy efficient initiatives such as the installation of variable frequency drivers, variable refrigerant flows, and LED lighting fixtures. The company is also shifting to renewable energy sources whenever possible. Currently, the Company has ten properties that are using renewable energy sources, and 76% of electricity consumption by the company during 2021 came from renewable energy sources. Rockwell also has two LEED-certified projects, namely 8 Rockwell (LEED Gold), and Rockwell Business Center Sheridan (LEED Silver). 1 Proscenium, the newest office development of the company, will also be LEED Silver once completed.

Materials used by the organization

Disclosure	Quantity (in Millions kg)
Materials used by weight or volume	
Renewable	N/A
Non-renewable	52
Cement	*43*
Rebars	*9*
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A

B. Environmental Impact Management

Air Emissions

Management Approach:

All properties that are developed and managed by Rockwell are compliant with the regulatory standards on air emissions mandated by the Department of Environmental and Natural Resources or DENR (Department Administrative Order or DAO 2004-26, Rule XIX, Section 12, Amendment to Rule XIX of IRR).

The Company conducts annual emissions testing, and appoints Pollution Control Officers in all properties to ensure that all regulatory standards are met and are strictly implemented.

Greenhouse Gasses (GHG)

Segment	Scope 1 (in Tonnes CO2e)	Scope 2 (in Tonnes CO2e)
Residential	300	6,846
Office	105	919
Retail	61	1,369
Admin	269	-
Total	**735**	**9,134**

Notes:
Scope 1 pertains to direct emissions (fuel consumption).
Scope 2 pertains to indirect emissions (electricity consumption).

Other air pollutants

Potential Pollutant	Average Concentration (mg/NCM) per Generator Set	Government Permissible Limits (mg/NCM) per Generator Set*
Carbon Monoxide (CO)	77	500
Nitrogen Oxide (NOx)	1,424	2,000

C. Water Management

Management Approach:

Rockwell ensures that the wastewater management system in its various completed projects are compliant with the regulatory standards set by the DENR under Republic Act 9275 (Clean Water Act). All projects have sewerage treatment facilities that remove water contaminants prior to discharge in compliance with the parameters set by DAO 2016-08 (Water Quality and Water Effluent Standards). Rockwell consistently monitors and aligns with regulatory agencies as they issue new parameters.

In the event of water shortage, the property management team's crisis response protocols include regulating the water gate valves, reducing water pressure, and consistent monitoring of water supply. Additionally, Rockwell recycles water for irrigation of green spaces.

Segment	Water Withdrawal (in m^3)	Water Utilized (in m^3)	Water Recycled and Reused (in m^3)	Effluent: Water Discharge (in m^3)
Residential	811,160	432,700	-	378,460
Office	78,269	31,930	14,399	31,940
Retail	233,050	130,640	-	102,410
Total	**1,122,479**	**595,270**	**14,399**	**512,810**

D. Solid and Hazardous Wastes

Management Approach:

Rockwell practices waste segregation across all its properties. Moreover, the Company only works with DENR-accredited hauling service providers for both its solid and hazardous wastes.

Segment	Solid Waste	Hazardous Waste
	Recyclables and Composted (in tonnes)	Generated and Transported (in tonnes)
Residential	6,373	-
Office	1,572	-
Retail	1,675	87
Total	**9,620**	**87**

E. Environmental Compliance

Management Approach:

Management ensures that it complies with all environmental regulatory requirements and procedures in developing its properties.

Non-Compliance with Environmental Laws and Regulations

Disclosure	Amount (PHP)
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A
No. of cases resolved through dispute resolution mechanism	N/A

V. SOCIAL

A. Employee Management

Management Approach:

Rockwell's compensation program is designed to improve employee productivity, motivation and engagement. The Company has also established policies and procedures for the administration of these benefits. Regular surveys and reviews of current practices are conducted to ensure effectiveness of the said programs.

Employee Hiring and Benefits

Employee data

Disclosure	Quantity
Total number of employees	911
Number of female employees	480
Number of male employees	431
Attrition rate	22%
Ratio of lowest paid employee against minimum wage	N/A

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	6%	8%
PhilHealth	Y	5%	1%
Pag-IBIG	Y	1%	1%
Parental leaves	Y	3%	4%
Vacation leaves	Y	99%	82%
Sick leaves	Y	57%	34%
Medical benefits (aside from PhilHealth)	Y	27%	28%
Housing assistance (aside from Pag-IBIG)	N	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	Y	78%	81%
Flexible-working hours	N	0%	0%

Employee Training and Development

Management Approach:

The Company provides employees with training and development programs to boost productivity and efficiency. On average, each employee has received around 11 hours of training during the year.

Disclosure	Value (in hrs)
Total training hours provided to employees	9,655
Female employees	5,489
Male employees	4,166
Average training hours provided to employees	11 per employee
Female employees	11 per employee
Male employees	10 per employee

Labor-Management Relations

Management Approach:

The Company respects the rights of employees to form associations. Nevertheless, there are no unions within the ranks of Rockwell and its subsidiaries, and no collective bargaining agreements have been executed between the Company and its employees.

Disclosure	Quantity
% of employees covered with Collective Bargaining Agreements	0%
Number of consultations conducted with employees concerning employee-related policies	0

Diversity and Equal Opportunity

Management Approach:

Rockwell recognizes the talents of its employees, regardless of race, gender, and social status. In order to address risks on discrimination and harassment, the Company strictly implements its Code of Discipline and Whistleblower Policy. Lastly, Rockwell adheres to its parent company's policies on Gender Equality and Diversity.

Disclosure	Quantity
% of female workers in the workforce	53%
% of male workers in the workforce	47%
Number of employees from indigenous communities and/or vulnerable sector*	N/A

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, and the poor or the base of the pyramid (BOP; Class D and E).*

B. Workplace Conditions, Labor Standards, and Human Rights

Management Approach:

In order to protect and preserve the employees' health and well-being, the Company has an Occupational Safety and Health (OSH) Management System that is aligned with the Philippine Environmental Impact System. This also safeguards employees against practices that are contrary to Department of Labor and Employment and Department of Health regulations. Major efforts under the OSH system include annual safety drills across all properties managed, and various wellness programs to promote a healthy and sound work environment.

Safety protocols were enhanced to enable safe workplace conditions in light of the COVID-19 pandemic. Constant reminders about social distancing, daily health checks, provision for personal protective equipment, swab testing of employees, medical talks with medical professionals were done to raise awareness, prevent infection, and promote shared responsibility throughout the organization.

In partnership with the Makati LGU, the Company also conducted a vaccination program for its residents, employees, and other stakeholders. A total of 15,740 individuals were inoculated through the vaccination drive.

Occupational Health and Safety

Disclosure	Quantity
Safe man-hours	1,909,456 man-hours
No. of work-related injuries	-
No. of work-related fatalities	-
No. of work-related ill-health	-
No. of safety drills	-

Labor Laws and Human Rights

Management Approach:

Rockwell has a Code of Discipline in place with supplementary developmental programs. The Company also adheres to its parent company's policies on Human Rights, Gender Equality and Diversity, and all regulatory requirements of the Labor Code.

Disclosure	Quantity
No. of legal actions or employee grievances involving forced or child labor	0

C. Supply Chain Management

Management Approach:

The Company complies with the requirements of government regulatory agencies when acquiring accreditation and licenses to operate its businesses. Aside from its adherence to the policies of its parent company, Rockwell also considers the sustainability topics below to address supply-chain related regulatory, labor and anti-graft violation risks:

- Global Compact principles on procurement;
- Sustainability risk mapping to assess the hot spots of the supply chain; and
- Accreditation criteria for suppliers/service providers.

Disclosure	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	**N**	
Forced labor	**N**	
Child labor	**N**	
Human rights	**N**	
Bribery and corruption	**N**	

D. Relationship with Community

Significant Impacts on Local Communities

Stakeholder Groups	Stakeholder Concerns/ Interests	Modes of Stakeholder Engagement	Frequency of Engagements
Communities	Safety of the immediate neighborhood surrounding the Rockwell property	Meetings with public officials and regulatory body representatives of the immediate communities where Rockwell's properties are situated.	As often as needed
Government (National and Local) and Regulatory Agencies	Government clearances and other regulatory requirements for Rockwell to legally operate		As often as needed to secure the permits, clearances and license to develop.
Clients & Tenants	Company's products and services	Omnichannel approach including traditional and digital platforms	Constant engagement with clients and tenants
Employees	Performance metrics, compensation and benefits, occupational health and safety	One-on-One Meetings, Huddles, General Assemblies	Constant engagement with employees
Parent Company and The Company's Board of Directors	Company's financial performance and sustainability of the business	Board meetings and strategic discussions	Monthly, and as often as needed
Shareholders		Stockholders' meetings, one-on-one meetings	Annual, and as often as needed
Suppliers, Contractors, Consultants, and Other Business Partners	Description and expectation on output delivery Safety of contractors' employees	1-on-1, weekly, monthly meetings with representatives of these parties	Regularly throughout the duration of the project

The COVID-19 pandemic highlighted the importance of the Company's relationships with the various communities which Rockwell is part of. To protect stakeholders, the Company put in place health and safety protocols which include transparent communication, contact tracing, creation of a crisis team, technology investments, housing for service providers, swab testing for employees.

In partnership with the Makati LGU, the Company also conducted a vaccination program for its residents, employees, and other stakeholders. A total of 15,740 individuals were inoculated through the vaccination drive.

E. Customer Management

Management Approach:

Rockwell has strong and experienced Sales, Leasing, and Marketing teams under the supervision of the Chief Revenue Officer, who are responsible in mitigating the following risks: a) loss of clientele, b) negative feedback from stakeholders, and c) negative press.

The Company also maintains constant communication with clients to ensure concerns are addressed and suggestions are considered when crafting future strategies related to customer-focused client experience.

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	VG	N

Health and Safety

Management Approach:

The health and safety of Rockwell clients is seriously considered. All properties are designed in accordance with the requirements of the National Building Code, and the Company allots open spaces in all developments. Building equipment are upgraded on a timely basis to improve the quality of life of residents, mall patrons, office tenants, and hotel guests.

Disclosure	Quantity
No. of substantiated complaints on product or service health and safety*	0
No. of complaints addressed	0

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labeling

Management Approach:

Rockwell adheres to the Department of Human Settlements and Urban Development (DHSUD) advertisement guidelines. The Company has centralized marketing and legal teams that oversee communications, collaterals as well as copyrights, logos, and brand names.

Disclosure	Quantity
No. of substantiated complaints on marketing and labeling*	0
No. of complaints addressed	0

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Customer privacy

Management Approach:

The Company adheres to the Data Privacy Act which protects the information of all stakeholders. There is also a dedicated Information Security Team that implements safety measures and protocols to prevent risks of breach and leakage of customer information.

Disclosure	Quantity
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

F. Data Security

Management Approach:

The Company has a dedicated Information and Technology Team which strictly enforces cybersecurity initiatives. This is to mitigate data security threats and system infiltration attempts that pose risks to the Company's operations. Security is done through a combination of cybersecurity practices/policies and tools. Policies and practices are done through, but not limited to, access controls, vulnerability assessments, regular patching, and audits. The group uses tools such as firewalls, anti-virus software, encryption tools, anti-DDoS equipment, among others, to protect the corporate network and data.

Disclosure	Quantity
No. of data breaches, including leaks, theft, and losses of data	0

VI. UN SUSTAINABLE DEVELOPMENT GOALS

Rockwell Land Corporation focuses on contributing to the following UN Sustainable Development Goals:

(7) Affordable and Clean Energy
(9) Industry Innovation and Infrastructure
(13) Climate Action