COVER SHEET

- - - - - 6 0 3 1 2

SEC Registration Number

P H I L I P P I N E   I N F R A D E V   H O L D I N G S   I N C .

(Company's Full Name)

3 5 T H   F L O O R   R U F I N O

P A C I F I C   T O W E R   A Y A L A   A V E

M A K A T I   C I T Y

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

DELFIN P. ANGCAO	8817 6791
Contact Person	Company Telephone Number

ASM 2020 DEFINITIVE INFORMATION STATEMENT

1 2	3 1		0 9	3 0
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N/A

Secondary License Type, If Applicable

M SR D	N/A
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document ID	Cashier

Remarks: Please use BLACK ink for scanning purposes

PHILIPPINE INFRADEV HOLDINGS INC.

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Tel No. 8283-8459 and 8283-8294 Fax No. 8751-0773

October 13, 2020

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of PHILIPPINE INFRADEV HOLDINGS INC. (formerly IRC PROPERTIES, INC.; the "Company") will be held on November 10, 2020, Tuesday, at 2:00 p.m. through remote communication or *in absentia*. The Chairman of the meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located. The meeting may be accessed thru the link provided below by all the stockholders of record as of September 30, 2020 or their proxies who have registered to attend the meeting. The agenda of the meeting is as follows:

1. Call to Order
2. Proof of notice of meeting and certification of quorum
3. Approval of the minutes of the previous meeting of the stockholders
4. Management report and approval of the 2019 audited financial statements
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Election of directors
7. Appointment of external auditors
8. Amendment of by-laws to allow for meetings through remote communication
9. Other Matters
10. Adjournment

For purposes of the meeting, the stockholders of record as of September 30, 2020 shall be entitled to notice of, participation via remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

Stockholders who wish to participate in the meeting via remote communication and to exercise their right to vote *in absentia* must register through the following link https://agm.conveneagm.com/infradevasm2020 and submit the required applicable information listed therein, *i.e.* driver's license, voter's ID, TIN card, SSS card or passport. All information submitted will be subject to verification and validation.

Successfully registered stockholders can cast their votes *in absentia* through the Company's secure online voting facility and will be provided access to the live streaming of the meeting. For the detailed registration and voting procedures, please refer to the attached Guidelines and Procedures for Participating via Remote Communication and Voting *in Absentia*.

You may vote *in absentia*, or through proxy. **Voting *in absentia*** is through the online voting facility, the link of which will be emailed after validating the registration of the stockholders. Deadline for casting of votes is on or before 5:00 p.m. of November 8, 2020. **To vote by proxy**, you may download, fill-up and sign the proxy form found in the Company's website at *https://www.infra.com.ph/news/2020-annual-stockholders-meeting-november-10-2020/* and send the scanned copy thereof by email to *admin@infra.com.ph* not later than October 30, 2020. Corporate Stockholders should attach to the proxy their respective Board Resolutions *vis-à-vis* the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian, or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held at the office of the Company on November 5, 2020 at 2:00 p.m.

Electronic copies of the Notice of the Meeting, Guidelines and Procedures for Participating *via* Remote Communication and Voting *in* Absentia, Definitive Information Statement, Management Report, SEC Form 17A, and other related documents in connection with the annual meeting may be accessed through the QR Code below, the Company's website at *https://www.infra.com.ph/news/2020-annual-stockholders-meeting-november-10-2020/* or at https://agm.conveneagm.com/infradevasm2020 and through the PSE Edge portal at *https://edge.pse.com.ph*.

For any concerns, please reach us through *admin@infra.com.ph*.

DELFIN P. ANGCAO
Corporate Secretary

GUIDELINES AND PROCEDURES FOR PARTICIPATING *VIA* REMOTE COMMUNICATION AND VOTING *IN ABSENTIA* AT THE 2020 ANNUAL STOCKHOLDERS' MEETING
OF
PHILIPPINE INFRADEV HOLDINGS INC.

As a precautionary and safety measure in view of the Corona Virus Disease 2019 (COVID-19) pandemic, Philippine Infradev Holdings Inc. (the "Company") will be conducting its Annual Stockholders' Meeting ("ASM") on November 10, 2020 at 2:00 PM, by way of a virtual meeting through remote communication or *in absentia*.

Only Stockholders of record as of September 30, 2020 who have successfully registered for the meeting shall be able to participate and vote in the 2020 ASM.

I. Registration and Participation/Attendance Procedure:

1. Stockholders who intend to participate in the virtual ASM may register at https://agm.conveneagm.com/infradevasm2020 with the following requirements for registration:

    a. For individual stockholders holding stock certificates in their names:

    i. Scanned copy of any valid government-issued ID;
    ii. Active contact number, either landline or mobile;
    iii. Proxy Form, if any.

    b. For corporate stockholders holding stock certificates in the name of the corporation:

    i. Secretary's Certificate attesting to the authority of the representative to participate and / or vote in the 2020 ASM;
    ii. Documents required under items 1.a (i), (ii) and (iii) for the authorized representative.

    c. For stockholders with joint accounts:

    i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the 2020 ASM;
    ii. Documents required under items 1.a (i), (ii) and (iii) for the authorized stockholder;

    d. For stockholders under PCD Participant / Brokers Account or "Scripless Shares":

    i. Coordinate with the broker and request for the full account name and reference number or account number;
    ii. Documents required under items 1.a (i), (ii) and (iii).

2. Upon successful registration at https://agm.conveneagm.com/infradevasm2020 and validation of the documents, the stockholder will receive an email confirmation and a unique link which can be used to log in and view the 2020 ASM.

3. Only those stockholders who have registered following the procedure above, and stockholders who have voted by providing their executed Proxy Form shall be included for purposes of determining the existence of a quorum.

4. For purposes of voting during the 2020 ASM, please see section on Voting Procedure below.

5. For the Question and Answer portion during the 2020 ASM, stockholders may send their questions related to the agenda at https://agm.conveneagm.com/infradevasm2020. Due to limitations on technology and time, not all questions may be responded to during the 2020 ASM but the Company will endeavor to respond to all the questions through email.

6. In compliance with SEC requirements, the proceedings during the 2020 ASM will be recorded.

7. Stockholders intending to participate by remote communication in the 2020 ASM are required to register not later than 5:00 p.m. of October 30, 2020.

8. In compliance with the SEC Notice dated April 2020, the Definitive Information Statement, the Management Report, SEC Form 17A and other pertinent documents may be accessed through the Company's website at *https://www.infra.com.ph/news/2020-annual-stockholders-meeting-november-10-2020/.*

II. Voting Procedure:

Stockholders may vote during the 2020 ASM either (1) by Proxy or (2) by voting *in absentia* through our Online Stockholder Voting System.

1. Voting by Proxy:

   a. Stockholder may download the Proxy Form at the Company's website at *https://www.infra.com.ph/news/2020-annual-stockholders-meeting-november-10-2020/* or at https://agm.conveneagm.com/infradevasm2020 and accomplish and sign the same. The Company's Chairman or President or your designated proxy is authorized to cast the votes pursuant to your instructions in the Proxy Form.

   b. Send a scanned copy of the executed Proxy Form by email to *admin@.infra.com.ph*

   c. The scanned copy of the executed Proxy Form should be emailed to the above email address not later than October 30, 2020.

   d. The original copy of the signed Proxy Form should subsequently be delivered to:

      The Corporate Secretary,
      Philippine Infradev Holdings Inc.
      35/F Rufino Pacific Tower
      6784 Ayala Avenue
      Makati City 1223

2. Voting *in absentia* through the Online Stockholder Voting System:

   a. Follow the Registration and Participation/Attendance Procedure set forth in Item I above.
   b. Stockholders may vote in absentia through the Online Stockholder Voting System not later than 5:00 p.m. of November 8, 2020.
   c. Upon validation, the Company will send an email to the stockholder containing the link for the Online Stockholder Voting System and the instructions for casting votes in the Online Stockholder Voting System. Registered stockholders shall have until 5:00 p.m. of November 8, 2020 to cast their votes.
   d. All agenda items indicated in the Notice of Meeting will be included in the Online Stockholder Voting System and the registered stockholder may vote as follows:
      i. For items other than election of the Directors, the stockholder may vote: "For", "Against", or "Abstain". The vote shall be considered as cast for all the stockholder's shares.
      ii. For the election of Directors, the stockholder may vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.
   e. Once voting is completed in the Online Stockholder Voting System, the stockholder shall proceed to click on the "Submit" button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. The votes cast *in absentia* will have equal effect as votes cast by proxy.

For any questions or clarification, you may contact us through:

- Email at *admin@infra.com.ph*; or
- Telephone number at +632 82838459
- For your shareholdings, our stock transfer agent, Stock Transfer Service, Inc. (STSI), through telephone number +632 84033798.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PHILIPPINE INFRADEV HOLDINGS INC.**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **60312**

5. BIR Tax Identification Code **000-464-876-000**

6. **35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City** **1223**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 8750-2000**

8. **November 10, 2020, at 2:00 p.m. via remote communication or *in absentia***
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **October 19, 2020**

10. In case of Proxy Solicitations: **Not Applicable**

    Name of Person Filing the
    Statement/Solicitor:______________________________
    Address and Telephone No.: __________________________

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	6,061,560,322

12. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes ✓ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

PHILIPPINE STOCK EXCHANGE - COMMON SHARES OF STOCK

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, Time and Place of Meeting of Security Holders.**

The annual stockholders' meeting of PHILIPPINE INFRADEV HOLDINGS INC. (the "Registrant" or the "Company" or "PIHI") shall be on November 10, 2020, Wednesday, at 2:00 p.m. via remote communication or *in absentia*. The Chairman of the meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located.

The mailing address of the Registrant is at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223.

The approximate date on which this Information Statement is first to be sent or given to stockholders is on October 15, 2020.

Item 2. **Dissenters' Right of Appraisal**

A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence: (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment, however, shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

There are no matters or proposed corporate actions at this year's annual stockholders' meeting which may give rise to a possible exercise by security holders of their appraisal rights under the provisions of the Revised Corporation Code of the Philippines.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No person who is or has been a director or officer of the Registrant, or an associate of the said persons, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon during the meeting.

None of the persons mentioned above has informed the Registrant in writing of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) The Registrant has the following shares subscribed and outstanding as of September 30, 2020, the Record Date:

Common shares	-	6,061,560,322
Preferred shares	-	722,320,940

Of the said subscribed and outstanding shares, 1,044,362,083 shares or 15.39% are owned by foreigners, while 5,739,519,179 or 84.61% are owned by Philippine nationals.

(b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock.

(c) The Record Date is on September 30, 2020. All stockholders of record as September 30, 2020 are entitled to notice of, participate in via remote communication, and to vote *in absentia* at the Annual Stockholders' Meeting.

(d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of September 30, 2020.

*Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	AGGREGATE BUSINESS GROUP HOLDINGS, INC. Unit 627 City and Land Mega Plaza Building ABD Avenue Corner Garnet Road, Ortigas Center, Pasig City[1]	AGGREGATE BUSINESS GROUP HOLDINGS, INC. Principal Stockholder	Filipino	4,320,905,000	71.28%
Common	PCD NOMINEE CORP. (F) G/F MSE Bldg. Ayala Ave., Makati City	Various owners	Filipino	*666,742,503	11.00%

[1]Youmin Ren will vote the shares of Aggregate Business Group Holdings Inc.

Common	PCD NOMINEE CORP. (NF) G/F MSE Bldg. Ayala Ave., Makati City	Various owners	Non-Filipino	630,077,011	10.39%
Common	AUSPICIOUS ONE BELT ONE ROAD FUND	AUSPICIOUS ONE BELT ONE ROAD FUND Principal Stockholder	British	368,175,000	6.07%

*231,315,000 out of 666,742,503 common shares is for the account of AGGREGATE BUSINESS GROUP HOLDINGS, INC. which owns a total of 4,552,220,000 (75.10%) common shares of the Company.

(2) Security Ownership of Management

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of September 30, 2020:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (All direct ownership unless otherwise indicated)	Citizenship	Percent of Ownership
Common	Ren Jinhua Director/Chairman of the Board	50	Chinese	0.000001%
Common	Antonio L. Tiu Director/President & CEO	50	Filipino	0.000001%
Common	Georgina A. Monsod Director/EVP & COO	1,000	Filipino	0.000016%
Common	Richard R.T. Amurao Director	50	Filipino	0.000001%
Common	Ren Youmin Director	50	Australian	0.000001%
Common	Mary Kimberlie C. See Director	50	Filipino	0.000001%
Common	Cao Lei	50	Chinese	0.000001%
Common	He Guangping	50	Chinese	0.000001%
Common	Jose Gerardo A. Medina	50	Filipino	0.000001%
Common	Delfin P. Angcao Corporate Secretary	150	Filipino	0.000002%
Common	Ana Maria A. Katigbak-Lim	150	Filipino	0.000002%

Total		1,700		0.000028%

(3) Voting Trust Holders of 5% or more

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control of it.

Item 5. **Directors and Executive Officers**

(a) The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors and executive officers of the Registrant are as follows:

Ren Jinhua, Chairman of the Board. Mr. Ren Jinhua has a Master's Degree in Law. He has over 30 years of outstanding practice experience in macro economy, business management and finance investment. He is a former director of Yangzijiang Shipbuilding. He is currently a Director of Mingly China Growth Fund Co., Ltd. and Chairman of Sinobase International (HK) Co., Ltd. Mr. Ren, a Chinese citizen, is 56 years old.

Antonio L. Tiu, President and Chief Executive Officer. Mr. Tiu, 45, Filipino, is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenergy Holdings Incorporated. He was a part time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

Georgina A. Monsod, EVP and Chief Operating Officer. Ms. Monsod, 65, Filipino. Her business experience for the last five years includes being the Treasurer and Compliance Officer of the Company since March 12, 2008. She has been involved with real estate development and financing for the past 17 years starting her career with Don Tim Development Corporation and moving to PrimeEast Properties Inc. Prior to this, she worked for the government sector from 1978 to 1994 in the field of tourism development. She holds a Postgraduate Course in Tourism and Hotel Management by the International School of Tourism Sciences in Rome, Italy. She was also a faculty member of the University of the Philippines (Diliman). She recently passed the licensure examination for Real Estate Brokers and is now a licensed Real Estate Broker.

Cao Lei - Mr. Lei, a Chinese national is 44 years old. He is a graduate of Nanjing University. His background is on financial management specifically for infrastructure projects all over Asia.

Richard T. Amurao, Director. Mr. Richard R.T. Amurao, 45, Filipino, finished his Bachelor of Arts in Management Economics in Ateneo De Manila in 1996 and thereafter obtained a Juris Doctor degree from the same university in 2001. He was admitted to the Philippine Bar the following year. In 2006, he was awarded as a British Chevening Scholar a Master of Laws degree with honors (with a concentration in International Business Law) at the London School of Economics. He graduated from the Harvard University Kennedy School of Government in 2017 as an Edward Mason fellow with a degree of Master of Public Administration with a certificate in Leadership, Management and Decision Making. He has occupied various key official positions in the Philippine government both in the Office of the President and Department of Justice. He was an Adviser to a universal bank and agricultural milling companies as well as a member of the board of various companies ranging from real estate development to financial institutions. He has consulted for Asian Development Bank and for Philippine Congress. Mr. Amurao has recently submitted his resignation letter resigning as director of the Corporation effective on October 31, 2020.

Ren Youmin, Director. Ren Youmin graduated from the University of New South Wales, Australia with a degree of Bachelor of Commerce, major in Finance. He is currently the Chairman and General Manager of Longsteel Technology Limited, a company based on Hong Kong. Ren Youmin, an Australian citizen, is 24 years old.

Mary Kimberlie C. See, Independent Director. Atty. Mary Kimberlie C. See, a Filipino, is presently a Lawyer at the SEE Law Offices, a Professor of the College of Law of Bulacan State University and a Supervising Lawyer on Developmental Legal Aid Clinic of the Dela Salle University College of Law. Her academic qualifications include: Doctor of Civil Laws and Master of Civil Laws from University of Santo Tomas; Juris Doctor from Ateneo Law School, Rockwell; Bachelor of Science in Management, Major in Legal Management, Minor in English Literature and Certificate in Chinese Language Proficiency from Ateneo de Manila University, Loyola Heights, Quezon City. She held various positions in the past as follows: FF Cruz Co., Inc., Corporate Lawyer, 2015-2017; Philippine Dispute Resolution Center, Inc., File Counsel and Hearing Commissioner, 2016-2017; Ateneo de Manila University, Part-Time Instructor, 2010-2016; Bases Conversion and Development Authority, Attorney III, 2014 – 2015; Ongkiko Manhit Custodio & Acorda Law Office, Senior Associate, 2011 – 2014; Bernas Law Office, Associate, 2008 – 2011.

He Guangping, 58, is from HongKong. He is presently the Chairman of Jingpeng Holding Group Co. Ltd. From 1995 to 2001, he served as the General Manager of Hunan National Economic and Technological Development Corp. In 2001, he served as Chairman of Hunan Xin Wai Tan Real Estate Development Co. In 2003, he founded Jingpeng Holding Group Co. Ltd. and serves as Chairman. Also, since 2012, he has been the Chairman of HongKong Yilun Investment Co. Ltd.

Atty. Jose Gerardo A. Medina, Independent Director**,** 62**,** is a graduate of the University of the Philippines College of Law and has been active on the legal profession since 1990. He co-founded the Solis Medina Limpingco & Fajardo Law Offices in 1994. Atty. Medina currently serves as director, officer and legal counsel to numerous domestic and multinational corporations engaged in the fields of development, construction, engineering, banking, finch and agriculture. He also serves as a director of the UP Law Alumni Association and is a lecturer on business organizations and corporation law at the Philippine Law School.

Atty. Delfin P. Angcao, Corporate Secretary and Corporate Information Officer. Mr. Angcao, 62, Filipino, has been the Corporate Secretary and Corporate Information Officer since March 2008. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a Junior Associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was an Associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His business experience for the last five years includes being Director and/or Corporate Secretary of various client corporations of CLTPSJ including Mabuhay Holdings Corporation and The Manila Southwoods Golf & Country Club, Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

Atty. Ana Maria Katigbak-Lim, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999, or for more than 20 years now. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then again for more than 9 years, or from June 27, 2007 up to the present. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. Her other business experience in the last 5 years are as follows: assistant corporate secretary of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Premier Entertainment Productions, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb.Corporation. She is also a lecturer at the Thames International Business School, Philippine Campus. Atty. Katigbak, a Filipino, is 51 years old.

Except for Mr. Richard T. Amurao who, as mentioned above, has resigned as director effective October 31, 2020, all the directors and executive officers named above are nominated for election to their respective positions for a term of one year and to serve as such until their successors are elected and qualified. No incumbent director or executive officer has resigned or declined for re-election since the date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

To fill up the seat to be vacated by Mr. Amurao as mentioned above, as well as the two (2) already vacant seats in the Board of Directors left by the two (2) directors who have resigned early this year, the following persons are nominated for election as directors:

Keinth Roger B. Castillo, Accounting Manager and Compliance Officer, Mr. Castillo, 28, Filipino, finished Bachelor of Science in Accountancy in De La Salle University – Dasmariñas in 2014 and passed the CPA board exam in the same year. He is a member of the Philippine Institute of Certified Public Accountants. He started his career as an audit associate in Punongbayan & Araullo. Since 2051, he has been involved in accounting and compliance for listed real estate companies. He currently serves as director and treasurer of the Makati City Subway, Inc.

Benedict Lim, Filipino, 57 years old, and has more than 35 years of international professional experience in business and strategic planning, product development, land master plan conceptualization and development, business and marketing plan development, tourism destination planning and marketing, managing operations, training, lecturing and consulting for hotels, resorts, spas, clubs, top tourism universities, condominiums, condotels, tourism and private real estate developments. Mr. Lim graduated from the Ateneo de Manila with a degree in Business Management, and completed his masters Course in Development Communication (magna cum laude) in the University of the Philippines. He is currently doing his Postgraduate Course in Communication. Mr. Lim is a faculty member of the University of the Philippines Diliman and De La Salle University - College of St. Benilde since year 2007. He is also a professional real estate broker with expertise in real estate management, property standards development, property rentals, marketing, yield and revenue management.

Laiza Rose R. Lamsen 32, Filipino, graduated from Rizal Technological University with a degree of Bachelor of Science in Psychology. Currently the Head of Marketing of Philippine Infradev Holdings Inc. She started her career in real estate as a Marketing Officer at Vista Land International, a subsidiary of Vista Land Lifescape. After five years with Vista Land, she joined the company and pioneered the sales and marketing department. Ms. Lamsen is a PRC-licensed Accredited Sales Person. Apart from corporate activities, Ms. Lamsen is also active in youth activities as she is also a trainer in a youth organization. She was able to represent the Philippines in the last 2014 Leadership Exchange held in Lucern, Switzerland.

Except for the above-named directors and officers, the Registrant has no "significant employees" (as the term is defined under the SRC and its implementing rules and regulations).

(b) Independent Directors/Corporate Governance Committee.

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, a Corporate Governance Committee which performs the functions of the erstwhile Nomination Committee has been created with the following as members:

1. Kimberlie C. See - Chairman, Independent director
2. Jose Gerardo A. Medina - Member, Independent director
3. Ren Jinhua - Member
4. Antonio L. Tiu - Member

Under the Company's New Manual of Corporate Governance, the members of the Corporate Governance Committee shall consist of at least three[2] independent directors, one of whom shall be the Chairman thereof. The Corporate Governance Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in SRC Rule 38 and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

[2] With the resignation of Mr. Rodolfo D. Santiago, then Independent Director, early this year, there are currently only two Independent Directors in the Corporation. Three Independent Directors will be elected at this year's annual stockholders' meeting.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of the Registrant for the term 2020-2021 based on nominations received and pre-screened by the Corporate Governance Committee:

Name of Candidate	Nominated By
Jose Gerardo A. Medina	Mr. Antonio L Tiu
Kimberlie C. See	Mr. Antonio L Tiu
Benedict Lim	Mr. Antonio L Tiu

Mr. Tiu, presently a stockholder and the incumbent President and CEO of the Registrant, is not related to any of his above-mentioned nominees.

Information about said candidates as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12 are as contained in this item 5.

To comply with the Securities and Exchange Commission (SEC) Memorandum Circular No. 5 which became effective March 10, 2017, the company submits herewith the Certificates of Qualification of the independent directors in the form prescribed by the SEC. The term limits of the independent directors shall be for a maximum cumulative term of nine (9) years in accordance with SEC Memorandum Circular No. 4, Series of 2017, which became effective March 9, 2017. The reckoning date of the cumulative nine-year term is from 2012.

(c) Significant Employees.

Aside from those listed above, the Company has no other executive officers or certain key personnel who are deemed to make significant contribution to the business.

(d) Family Relationships.

Mr. Ren Jinhua, Director and Chairman is the father of Ren Youmin, Director. Other than the foregoing, no director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement in Certain Legal Proceedings.

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

The Company and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Company's financial position.

(f) Certain Relationship and Related Transactions.

Relationships and Related Transactions

See Item 13, Certain Relationships and Related Party Transactions, of the 2019 Annual Report.

Other than the transactions stated in Item 13 of the 2019 Annual Report, there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party in which any of the incumbent directors and executive officers which the Company, or owners of more than 5% of the Company's voting stock, and executive officers or owners of more than 5% of the Company's voting stock, had or is to have a direct or indirect material interest.

Item 6. **Compensation of Directors and Executive Officers**

(a) Summary Compensation Table.

The annual compensation of the Company's executive officers for the last two (2) fiscal years and for 2020 are as follows:

Name	**Position**	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**
Ren Jinhua	Chairman				
Antonio L. Tiu	President & CEO				
Georgina A. Monsod	EVP and COO				
Richard T. Amurao	Director/ Executive Committee				
Ren Youmin	Director/ Executive Committee				
Alwin P. Remante	SVP-Technical and Admin				
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.		2020 (estimated)	P7.5M	None	None
		2019	P3.9M	None	None
		2018	P6.2M	None	None

Each director receives a per diem of ₱5,000.00 for each board meeting attended.

(b) Compensation of Directors.

Directors receiving compensation were either employed as officers of the Registrant receiving fixed monthly salary or receiving reimbursement of representation expenses incurred from time to time.

Directors and executive officers employed by the Registrant, receiving fixed monthly salary are as shown in the table in the immediately preceding section.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement.

There were no employment contracts, termination of employment, or any arrangement that resulted or may result in a change of control of the Registrant.

(d) Warrants and Options Outstanding.

There are no outstanding warrants or options held by the Company's executive officers and directors as a group.

Item 7. **Independent Public Accountants**

(a) Audit and Audit-Related Fees

The Registrant continued the services of its external auditors from Isla Lipana & Co. The name of Isla, Lipana & Co.'s partner-in-charge, Mr. Paul Chester U. See for the ensuing year will be known on or before its re-appointment during the stockholders' meeting. There were no disagreements with the auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries a total amount of P907,200 and P499,600 for the year ending December 31, 2019 and December 31, 2018 respectively.

The Company is in compliance with SRC Rule 68, Paragraph 3(b)(iv) which requires the rotation of external auditors or the handling partners of the auditing firm.

(b) Tax Fees.

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2019 and 2018. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees.

There were no other professional services rendered by the external auditors during the period.

(d) Company Policy on Appointment of Independent Auditor

The President, EVP/Treasurer and the Audit Committee recommended to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit & Related Party Transactions Committee[3] of the Company are as follows:

Mary Kimberlee C. See	-	Member (Independent Director)
Ren Jinhua	-	Member
Richard Amurao	-	Non-voting member

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the minutes of the 2019 annual stockholders' meeting
(b) Approval of annual report of management and 2019 financial statements

Approval of the minutes of the 2019 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2019 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the 2018 management report and 2018 audited financial statements; (b) ratification of corporate acts; (c) election of directors; and (d) appointment of external auditors.(e) amendment of the articles of incorporation (f) increase of authorized capital stock. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the 2019 annual report of management and the 2019 audited financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

Item 18. **Other Proposed Actions**

(a) Ratification of resolutions, contracts and acts of the board of directors and management
(b) Election of directors
(c) Appointment of external auditors

[3] With the resignation of Mr. Rodolfo D. Santiago, then Independent Director and Chairman of this Committee, early this year, the position of the Chairman of this Committee was left vacant. An Independent Directors will be elected Chairman of this Committee at the organizational meeting to be held after this year's annual stockholders' meeting.

(d) Amendment of by-laws to allow for meeting through remote communication

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included, among others, the election of officers, composition of corporate governance committees, and appointment of external auditors as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange.

Item 19. **Voting Procedures**

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum unless the law provides otherwise. In the election of directors, however, the eleven (11) nominees obtaining the highest number of votes in accordance with the provisions of the Revised Corporation Code, shall be proclaimed the directors.

Casting of votes will be done *in absentia* or by proxy as described in the attached Guidelines and Procedures for Participating via Remote Communication and Voting *in Absentia*, Votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED, THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A AND QUARTERLY REPORT FOR THE 2ND QUARTER OF 2020 IN SEC FORM 17-Q.

REQUESTS FOR HARD COPIES OF THE FOREGOING DOCUMENTS MAY BE SENT TO admin@infra.com.ph**.**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on October 13, 2020.

PHILIPPINE INFRADEV HOLDINGS INC.
Registrant

By:

DELFIN P. ANGCAO
Corporate Secretary

PHILIPPINE INFRADEV HOLDINGS, INC.

MANAGEMENT REPORT
Pursuant to SRC Rule 20 (4)

For the 2020 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2019 AND JUNE 30, 2020 INTERIM FINANCIAL STATEMENTS

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2019 and interim financial statements for the period ended June 30, 2020 are attached.

B. THERE WERE NO DISAGREEMENTS WITH THE ACCOUNTANTS

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

<u>Company's Operations</u>

The Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms.

The Parent Company has subsidiaries, Interport Development Corporation (IDC), Makati City Subway, Inc. (MCSI) and Jiangsu Rizal Infradev Co. Ltd. (the "Subsidiaries"). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. MCSI is primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/ or public utility projects. Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. The Parent Company and the Subsidiaries have been collectively referred hereinto as the Group.

On October 23, 2018, the Company received from Public-Private Partnership Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the "Project") to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 4, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) that will be used as a special corporate vehicle for the Subway Project. MCSI is a wholly-owned, domestic subsidiary of the Parent Company.

On July 12, 2019, the Parent Company incorporated Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. JRIC is a wholly-owned, foreign subsidiary of the Parent Company

On July 19, 2019, the Makati City Council approved City Ordinance No. 2019-A-020 (the "Ordinance") on third and final reading. The Ordinance approved the terms and conditions of the PPP JV Agreement between the Parent Company and the Makati City Government for the construction, establishment, management and operation of the Subway Project.

On July 30, 2019, the Parent Company's BOD approved a resolution authorizing the Parent Company's execution, delivery and performance of the PPP JV Agreement with the Makati City Government, and of other instruments contemplated in the PPP JV Agreement. On the same date, authorized representatives of the Parent Company and the Makati City Government signed the PPP JV Agreement and the Parent Company submitted to the Makati City Government the US$350 million performance bond which was accepted by the Makati City Government.

On February 18, 2020, the Notice to Proceed for the Subway Project was received by the Parent Company. The Subway project is expected to be completed within five (5) years for an estimated total project cost of US$3.5 billion.

The clearing of the Company's Binangonan property is still the focus of the Company's operations with the goal of completely freeing from third party claims 500 hectares of the 2,200-hectare property. Due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2019 and 2018. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

The Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments.

Company's Shares of Stocks

In 2018, Aggregate Business Group Holdings Inc. (ABG) purchased 26.94% ownership out of the 29.62% equity interest in the Parent Company previously held by Mabuhay Holdings Corporation. ABG is a domestic holding company. In 2019, ABG increased its ownership in the Parent Company to 71.28% through the purchase of additional shares making it the Group's ultimate parent company as at December 31, 2019.

On July 20, 2018, the BOD and shareholders approved the increase in the authorized share capital from P1.50 billion to P19.5 billion, composed of P9.50 billion common shares and P10.00 billion preferred shares.

Subsequently, the Parent Company received from its shareholders deposits for future common shares subscription amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital. On March 15, 2019, following SEC's approval the Parent Company issued the corresponding 4.56 billion common shares. Accordingly, the deposits for future common shares subscription have been presented as part of equity as at December 31, 2018.

On October 31, 2019, relative to the PPP JV Agreement, the Parent Company entered into the Subscription Agreement with the Makati City Government for 722.32 million preferred shares of the Parent Company at P10 per share in exchange for the delivery of the Makati Land.

In February 2020, the Parent Company and the Makati City Government agreed to split the Subscription Agreement into two: (i) 656.66 million preferred shares to be paid with land properties owned by the Makati City Government with an appraised value of P6.57 billion as at September 13, 2019, and (ii) 65.67 million preferred shares to be acquired through 2% annual stock dividends for 5 (five) years until the 722.32 million preferred shares are fully issued.

DISCUSSION OF THE REGISTRANT'S FINANCIAL CONDITION, CHANGES IN FINANCIAL CONDITION & RESULTS OF OPERATIONS FOR EACH OF THE LAST 3 FISCAL YEARS

INTERIM REPORT JUNE 30, 2020

Results of Operations

A comparative review of the Company's financial operations for the quarter ended June 30, 2020 vis-à-vis the same period last year showed the following:

The significant decrease of P42.57 million in total revenue was mainly due to the lower number of units sold. Total cost and expenses decreased by P16.20 million from P57.38 million mainly because of the higher cost of sales.

Financial Condition

The Company employed total assets of P150,105,023,157 financed by total liabilities of P 15,958,925,445 and total stockholders' equity of P 134,146,097,712. Noncurrent assets amounted to P 147,597,741,130 consisting of investment property, property and equipment (net of accumulated depreciation), intangible assets and other assets. Current assets stood at P2,507,282,027.

Material changes (June 30, 2020 vs. December 31, 2019)

Cash decreased by P505.73 million mainly because of the costs related to Makati City Subway, Inc. (MCSI) and land development cost of the Company's 5th project located in Binangonan (Casas Carlina).

Prepayments and other current assets increased by P16.82 million mainly because of the increase in Input VAT.

Property and equipment, net increased by P356.08 million mainly because of the transactions of MCSI related to its project development costs.

Land held for development increased by P58.40 million mainly because of the land development cost related to its Casas Carlina project.

Retained Earnings decreased by P29.84 million mainly because of the net loss of P26.13 million and payment of documentary stamp tax related to the subscription of shares.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

YEAR ENDED DECEMBER 31, 2019

Results of Operations

Philippine Infradev Holdings Inc. sold 49 units of Casas Aurora amounting to P 53,618,450, net of P6,250 sales discount, and 13 units of Fiesta Casitas amounting to P 13,731,500. Moreover, the Company sold a parcel of raw land amounting to P 9,965,229. Casas Aurora project is the main sales contributor for the year ended 2019 in which the company started to sell the units in the year 2016.

A comparative review of the Company's financial operations for the year ended December 31, 2019 vis-à-vis the same period last year showed the following:

The negative material movement of sales account was brought by the lower sold units in 2019. Philippine Infradev Holdings Inc. (IRC) sold 49 units of Casas Aurora and 13 units of Fiesta Casitas in 2019 as compared to 107 units and 12 units, respectively in 2018.

The main contributor of the increase in total revenue in 2019 is the increase in the fair value of the properties located in Binangonan (undeveloped lots). Based on the appraisal performed by an independent external firm of appraisers, the Binangonan property has a fair value of P1891/sqm as at December 31, 2019 as compared to P1200/sqm as at December 31, 2018.

Total cost and expenses increased by P89 million from P164.74 million mainly due to the significant movement in taxes and licenses account as well as the foreign exchange loss. The upward movement in taxes and licenses account is mainly because of the documentary stamp tax related to the Subscription Agreement with the Makati City Government for 656.66 million preferred shares of IRC at P10 per share in exchange for the delivery of the Makati Land.

Financial Condition

The financial position of the Company as of December 31, 2019, shows total assets of P150,190,588,391. Noncurrent assets were P147,242,134,508. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation), intangible assets and other assets. Current assets as of December 31, 2019 stood at P2,948,453,883.

The total liabilities of the Company as of December 31, 2019 is P 16,014,648,988 while current liabilities stood at P239,260,290. Non-current liabilities is P15,775,388,698 which includes the 3,020,701,435 deferred tax liability and P12,743,834,354 provision for clearing costs. Total stockholders' equity as of December 31, 2019 is P 134,175,939,403.

Material changes (2019 vs. 2018)

Cash increased by P693.4 million mainly because of the proceeds from deposits for future shares subscription and loans, net of settlements of principal loans, interest, clearing costs and documentary stamp tax on issuance of preferred shares.

Receivables decreased by 204.4 million mainly because of the reclassification of advances made to Makati City Subway, Inc. (MCSI) from receivable account to advances to subsidiary which was eliminated upon consolidation of accounts. MCSI will serve as the corporate vehicle for the Project.

Real properties held for sale and development decreased by P9 million brought by cost of sold units, net of additions related to the development costs.

Prepayments increased by P27.1 million mainly because of the input VAT transactions of the Company.

Investment property increased by P15 billion mainly due to the increase in the fair value of Binangonan Properties from P14.71 billion in 2018 to P23.18 billion in 2019. Moreover, the fair value of Makati Land also contributed to the increase of the investment property.

Property and equipment increased by P2 billion mainly because of the transactions of MCSI related to its project development costs.

Intangible assets as at December 31, 2019 pertain to contractual rights over the excess FAR granted to the Group.

The increase in the **Other assets** is brought by the acquisition of land which was initially classified by the Company as deposit since there is no actual transfer of title yet as at December 31, 2019.

Borrowings increased to P70.2 million as a result of the loan of Jiangsu Rizal Infradev Co., Ltd. (JRIC) from Shanghai Mintu Investment Holding Company for Makati City Subway project partnership. JRIC is a wholly-owned, foreign subsidiary of the Parent Company to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project.

Provision for clearing costs, current portion and non-current portion increased by 39.4% due to the change in estimate of clearing cost, net of unwinding of discount.

The material movement in the **Deferred income tax liability** is mainly brought by the cumulative unrealized fair value gain on investment property.

YEAR ENDED DECEMBER 31, 2018

Results of Operations

Philippine Infradev Holdings Inc. sold 107 units of Casas Aurora amounting to P 115,249,120, net of P17,300 sales discount, and 12 units of Fiesta Casitas amounting to P 10,393,060. Casas Aurora project is the main sales contributor for the year ended 2018 in which the company started to sell the units in the year 2016.

A comparative review of the Company’s financial operations for the year ended December 31, 2018 vis-à-vis the same period last year showed the following:

The negative material movement of sales account was brought by the lower sold units in 2018. Philippine Infradev Holdings Inc. (IRC) sold 107 units of Casas Aurora and 12 units of Fiesta Casitas in 2018 as compared to 160 units and 15 units, respectively in 2017.

The main contributor of the increase in total revenue in 2018 is the recognition of additional recoverable land area and the increase in the fair value of the properties located in Binangonan (undeveloped lots). Based on the appraisal performed by an independent external firm of appraisers, the Binangonan property has a fair value of P1200/sqm as at December 31, 2018 as compared to P1100/sqm as at December 31, 2017.

No material movement of total cost and expenses from 2017 to 2018.

Financial Condition

The financial position of the Company as of December 31, 2018, shows total assets of P17,165,443,581. Noncurrent assets were P14,722,332,254. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2018 stood at P2,443,111,327.

The total liabilities of the Company as of December 31, 2018 is P10,788,037,995 while current liabilities stood at P1,140,198,836. Non-current liabilities is P9,647,839,159 which includes the P1,685,007,200 deferred tax liability and P7,958,840,691 provision for clearing costs. Total stockholders' equity as of December 31, 2018 is P6,377,405,586.

Material changes (2018 vs. 2017)

Cash increased by P1.1 billion mainly because of the deposits for future shares subscription received by the Company from its shareholders amounting to P1.28 billion as at December 31, 2018, pending SEC’s approval on the increase in authorized share capital.

Receivables grew by 221 million mainly because of the advances made to Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Project.

Prepayments decreased by 59% or P23.7 million due to the usage of creditable withholding tax to pay for the income tax due for the year 2018. Moreover, Advances to Subcontractors were already capitalized as inventories.

Investment property increased by P12.2 billion mainly due to the recognition of additional recoverable land area and recognition of fair value gain on investments and the capitalizing of borrowing costs. As at December 31, 2018, this account represents the Company’s 1,513-hectare property in Binangonan, Rizal, which is currently being cleared for future development. This property was acquired in 1978 and part and parcel of the 2,200-hectare property.

Property and equipment increased by P5 million mainly because of the acquisition of three (3) additional Company vehicles.

Accounts payable and accrued expenses decreased by P46 million or 31% mainly due to the payments of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion and non-current portion increased by P8.05 billion due to recognition of additional recoverable land area.

YEAR ENDED DECEMBER 31, 2017

Results of Operations

Philippine Infradev Holdings Inc. sold 160 units of Casas Aurora amounting to P151,390,935, net of P276,715 sales discount, and 15 units of Fiesta Casitas amounting to P12,069,400. Casas Aurora project is the main sales contributor for the year ended 2017 in which the company started to sell the units in the year 2016.

As of September 30, 2017, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1100/sqm.

A comparative review of the Company's financial operations for the year ended December 31, 2017 vis-à-vis the same period last year showed the following:

The upward movement in sales account was brought by the higher sold units in 2017. Philippine Infradev Holdings Inc. (IRC) sold 160 units of Casas Aurora and 15 units of Fiesta Casitas in 2017 as compared to 107 units and 6 units, respectively in 2016.

The main contributor of the decrease in total revenue in 2017 is the fair value gain on investment property. The fair value gain recognized in 2017 is only P31.76 million as compared to P98.85 million in 2016. Total cost and expenses increased by P44.76 million from P121.26 million mainly because of the higher cost of sales.

Financial Condition

The financial position of the Company as of December 31, 2017, shows total assets of P3,653,685,334. Noncurrent assets were P2,491,050,195. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2017 stood at P1,162,014,759.

The total liabilities of the Company as of December 31, 2017 is P1,786,327,428 while current liabilities stood at P485,442,087. Non-current liabilities is P1,300,885,341 which includes the P436,799,331 deferred tax liability and P827,209,024 provision for clearing costs. Total stockholders' equity as of December 31, 2017 is P1,867,357,906.

Material changes (2017 vs. 2016)

Cash decreased by 92% or P21.9 million mainly due to payment made of loan to Tamura Kenzai.

Receivables grew by 23% or P14.7 million mainly because of the higher sales of Casas Aurora units during the year.

Prepayments likewise increased by 18% or P6 million due to payments of creditable withholding tax.

Land held for development is decreased by 1% or P6.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 6% or P140 million mainly due to the recognition of additional recoverable land area of 8 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses increased by P34 million or 30% mainly due to the accrual of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion decreased by P9.9 million or 10% due to Company's effort in clearing the land.

Provision for clearing costs, non-current increased by P79.3 million or 11% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Real properties held for sale and development decreased by 18.5 million or 32% mainly because of the higher sales for the year ended 2017.

KEY PERFORMANCE AND FINANCIAL SOUNDNESS INDICATORS

Definition of Ratios

Working Capital- computed as current assets minus current liabilities.

Current Ratio- computed as current assets divided by current liabilities.

Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Asset to Equity Ratio- measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Debt to Assets Ratio- computed as total liabilities divided by total assets.

Debt to Equity Ratio- computed as total liabilities divided by total equity.

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

Interest Coverage Ratio- measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments.

REGISTRANT'S FINANCIAL SOUNDNESS INDICATORS

Below are the comparative key performance indicators of the Company for the interim period and the last three (3) years:

	Jun. 30, 2020	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2017**
Working Capital	2,323,745,280	2,709,193,593	1,302,912,491	677,193,052
Current Ratio	13.66	12.32	2.14	2.395
Quick Ratio	7.66	8.01	1.25	.204
Asset to Equity Ratio	1.12	1.12	2.69	1.957
Debt to Assets Ratio	0.11	0.11	.63	.489
Debt to Equity Ratio	0.12	0.12	1.69	.957
Gross Profit Margin	0.51	0.99	.98	.331
Operating Profit Margin	(1.74)	0.95	.96	.150
Net Profit Margin	(1.74)	0.66	.68	.117
Return on Assets	(0.00)	0.02	.17	.006
Return on Equity	(0.00)	0.02	.47	.012
Interest Coverage Ratio	(449)	1,339	2,445	-nil-

D. GENERAL NATURE AND SCOPE OF BUSINESS

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") was incorporated in the Philippines on February 24, 1975. The Parent Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms.

The company has a 2,200-hectare property located in the Municipality of Binangonan, Province of Rizal. The Binangonan property was acquired in 1978 and part and parcel of the 2,200-hectare property.

The Parent Company has subsidiaries, Interport Development Corporation (IDC), Makati City Subway, Inc. (MCSI) and Jiangsu Rizal Infradev Co. Ltd. (the "Subsidiaries"). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. MCSI is primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/ or public utility projects. Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. The Parent Company and the Subsidiaries have been collectively referred hereinto as the Group.

The Company currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Company's last annual stockholders' meeting was on September 30, 2019.

DEPENDENCE ON A FEW CUSTOMERS. This disclosure is currently not applicable to the Registrant's business and concerns.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES. The Registrant's transactions with its subsidiaries and affiliates mainly consist of the granting of advances to/from them.

NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES. Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS. This disclosure is currently not applicable to the Registrant's business and concerns.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES. This disclosure is currently not applicable to the Registrant's business and concerns.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS. This disclosure is currently not applicable to the Registrant's business and concerns.

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. Presently, the Company has a total twenty-two (22) personnel excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary. Management intends to hire additional personnel as the need arises.

E. DIRECTORS AND OFFICERS - Pls. refer to SEC Form 20- IS

F. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

<u>Principal Market</u>

The common shares of the Registrant are being traded at the Philippine Stock Exchange. The company has an authorized capital stock of Php 19.5 Billion divided into 9,500,000,000 common shares with par value of Php 1.00 per share and 1,000,000,000 preferred shares with par value of Php 10.00 per share. The number of stockholders of record as of December 31, 2019 is 560. Common and preferred shares outstanding as of December 31, 2019 amount to 6,061,560,322.00 and 7,223,209,400.00, respectively.

Dividends

No dividend declarations were made during the two recent fiscal years of the Company. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity. The company cannot yet declare dividends based on 2019 results of operations because the reconciled balance of retained earnings is still negative as shown in the reconciliation below.

	2017	**2018**	**2019**
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	P (629,709,290)	P (628,947,810)	P (541,238,748)
Add: Net Income actually earned			
Net Income during the period closed to Retained earnings	22,996,681	2,991,974,032	3,261,644,350
Less: Non-actual/unrealized income net of tax			
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	-	(12,749,800)	-
Fair value adjustment of Investment Property resulting to gain (net of tax)	(22,235,201)	(2,904,264,970)	(3,255,134,644)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	**P (628,947,810)**	**P (553,988,548)**	**P (534,729,042)**

Common Equity

The shares of IRC traded along the following bands during 2020, 2019 and 2018:

	2020		2019		2018	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	1.26	0.59	2.52	1.63	1.10	0.66
Second Quarter	0.93	0.70	2.05	1.55	1.62	0.99
Third Quarter	1.28	0.77	1.90	1.30	2.80	1.35
Fourth Quarter	-	-	1.66	1.20	2.97	2.01

The listed price of PIHI shares as of September 30, 2020 is P1.14.

Stockholders

The number of stockholders of record as of September 30, 2020, the Record Date of the 2020 annual stockholders' meeting is **556**. Common shares outstanding as of September 30, 2020 amounted to 6,061,560,322.

The top 20 stockholders as of September 30, 2020 are as follows:

	Name of Stockholder	**Number of Shares**	**Percentage Ownership**
1	AGGREGATE BUSINESS GROUP HOLDINGS, INC.	4,552,220,000	*75.10%
2	PCD NOMINEE CORP. (NF)	624,769,011	10.31%
3	PCD NOMINEE CORP. (F)	440,735,503	7.27%
4	AUSPICIOUS ONE BELT ONE ROAD FUND	368,175,000	6.07%
5	RIZAL PARTNERS CO. LTD.	45,385,000	0.75%
6	MARILAQUE LAND INC.	5,998,000	0.10%
7	DEE ALICE T.	2,995,000	0.05%
8	VALMORA INVESTMENT AND MANAGEMENT CORPORATION	2,300,000	0.04%
9	EQUITY MANAGERS ASIA INC	1,000,000	0.02%
10	DAVID GO SECURITIES CORPO	729,000	0.01%
11	SIGUION-REYNA LEONARDO T	700,000	0.01%
12	GOKONGWEI JR. JOHN	642,000	0.01%
13	UY IMELDA T.	621,000	0.01%
14	TAN HENRY L.	600,000	0.01%
15	BLUE RIDGE CORPORATION	500,000	0.01%
16	TANCHAN III SANTIAGO	500,000	0.01%
17	LAO ALEX L.	500,000	0.01%
18	CHAM GRACE	480,000	0.01%
19	CO JR. TONG TE	401,000	0.01%
20	PASCUAL SECURITIES CORP.	400,250	0.01%

The above list is exclusive of 722,320,940 preferred shares with par value of Php 10 issued to City Government of Makati.

* Inclusive of shares lodged under PCD NOMINEE CORP.

Recent Sales of Unregistered or Exempt Securities

On October 31, 2019, relative to the PPP JV Agreement, the Parent Company entered into the Subscription Agreement with the Makati City Government for 722.32 million preferred shares of the Parent Company at P10 per share in exchange for the delivery of the Makati Land.

In February 2020, the Parent Company and the Makati City Government agreed to split the Subscription Agreement into two: (i) 656.66 million preferred shares to be paid with land properties owned by the Makati City Government with an appraised value of P6.57 billion as at September 13, 2019, and (ii) 65.67 million preferred shares to be acquired through 2% annual stock dividends for 5 (five) years until the 722.32 million preferred shares are fully issued. On September 24, 2020, the SEC issued its Certificate of Approval of Valuation of the land owned by the Makati City Government as partial payment of its said subscription to the Company's preferred shares.

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The compliance officer is currently in charge of evaluating the level of compliance of the Board of Directors and top-level management with its New Manual of Corporate Governance.

Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;

Due to company's limited operations, measures are slowly being undertaken to fully comply with the adopted leading practices on good corporate governance.

Any deviation from the company's New Manual of Corporate Governance shall be fully disclosed to the Commission.

Other than the disclosure enumerated above, the company has nothing to report on the following:

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity;
b) Events that will trigger direct or contingent financial obligation that is material to the company;
c) Material off-balance sheet transactions, arrangements or obligations;
d) Any material commitment for capital expenditures;
e) Any significant elements of income or loss that did not arise from the issuers continuing operations; and
f) Any seasonal aspects that had a material effect on the financial condition or results of operation.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED

A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS. ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

PHILIPPINE INFRADEV HOLDINGS, INC.
35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223 or at
Email: admin@infra.com.ph

CERTIFICATE

I, **Keinth Roger B. Castillo,** Filipino, of legal age, with office address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Legaspi Village, Makati City, Philippines, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the Compliance Officer of PHILIPPINE INFRADEV HOLDINGS INC. (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal officer address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Legaspi Village, Makati City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, this Certificate was signed and issued this August 25, 2020 at Makati City, Philippines.

Castillo
Compliance Officer

SUBSCRIBED AND SWORN to before me this ____________ day of ___________ at ________________, affiant personally appeared before me and exhibited to me his/her ______________________________ issued at ____________________ on ______________________.

Doc. No. _________;
Page No._________;
Book No._________;
Series of 2020.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, MARY KIMBERLIE C. SEE, Filipino, of legal age and a resident of U3501 Lumiere Residences West Tower, Pasig Blvd. cor Shaw Blvd., Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PHILIPPINE INFRADEV HOLDINGS INC. (the "Company") and have been its independent director since 2018.

2. I am affiliated with the following companies or organizations [including Government-Owned and Controlled Corporations ("GOCC")]:

COMPANY/ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Edulife Creatives Inc.	Corporate Secretary	2
APEC Wealth Consulting Corp.	Corporate Secretary	1

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 24 August 2020.

MARY KIMBERLIE C. SEE

SUBSCRIBED AND SWORN to before me this AUG 2 6 2020 day of ________ at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his/her Driver's License No. N01-00-250796, through which I was able to verify her identity.

Doc. No. 97 ;
Page No. 21 ;
Book No. XIX ;
Series of 2020.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Jose Gerardo A. Medina, Filipino, of legal age and with address at 1106 East Tower, PSE Centre, Exchange road, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PHILIPPINE INFRADEV HOLDINGS INC. (the "Company") and have been its independent director since 2018.

2. I am affiliated with the following companies or organizations [including Government-Owned and Controlled Corporations ("GOCC")]:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Solis Medina Fajardo & Malilong Law Office	Managing Partner	27 years
Giujo Consultancy, Inc.	President	17 years
Poyry Energy, Inc.	Director	15 years
RED, Inc.	Director and Corp. Sec.	4 years
UP Law Foundation, Inc.	Director	5 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate

Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 24th day of August at Makati City.

JOSE GERARDO MEDINA
Independent Director
TIN: 123-010-670

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this AUG 26 2020, affiant who is personally known to me and whose identity I have confirmed through Phil. Passport No. P6090105A valid until 18 February 2028 bearing the affiant's photograph and signature.

Doc. No. 98;
Page No. 21;
Book No. XIX;
Series of 2020.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BENEDICT PETER W. LIM,** Filipino, of legal age and a resident of 22 Mariposa St. Cubao Quezon city, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PHILIPPINE INFRADEV HOLDINGS INC. (the "Company").

2. I am affiliated with the following companies or organizations [including Government-Owned and Controlled Corporations ("GOCC")]:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Please enumerate		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 01 day of OCT, at 2020.

BENEDICT PETER W. LIM
Affiant

SUBSCRIBED AND SWORN to before me this OCT 01 2020 day of ___________ at CITY OF MAKATI affiant personally appeared before me and exhibited to me his/her ______________________________ issued at ____________________ on ______________________.

Doc. No. 250;
Page No. 77;
Book No. XXII;
Series of 2020.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

COVER SHEET

6 0 3 1 2

S.E.C. Registration Number

P H I L I P P I N E I N F R A D E V H O L D I N G S
I N C A N D S U B S I D I A R I E S

(Company's Full Name)

3 5 T H F L O O R R U F I N O T O W E R
6 7 8 4 A Y A L A A V E N U E M A K A T I C I T Y

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

GEORGINA A. MONSOD

Contact Person

8283-8459 / 8283-8294

Company Telephone Number

12 | **3 1**

Month *Day*

Fiscal Year

1 7 - A

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

560

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks – pls. use black ink for scanning purposes

SEC Number 60312 File Number______

Philippine Infradev Holdings Inc.
(formerly IRC Properties, Inc.)

(Company's Full Name)

35F Rufino Pacific Tower, 6784 Ayala Ave., Makati City

(Company's Address)

(632) 8283-8459 / (632) 8283-8294

(Telephone Numbers)

December 31

(Fiscal Year Ending (month & day)

Form 17-A Annual Report

Form Type

Amendment Designation (if applicable)

December 31, 2019

Period Ended Date

Publicly Listed Corporation

(Secondary License Type and File Number)

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 calendar year ended: **December 31, 2019**

2. Commission Identification Number : **60312**

3. BIR Tax Identification Number: **000-464-876**

4. Exact name of registrant as specified in its charter: **PHILIPPINE INFRADEV HOLDINGS INC.**

5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Phils.**

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

7. Address of registrant's principal office Postal Code

   35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City **1223**

8. Registrant's telephone number, including area code : **(632) 8283-8459 / (632) 8283-8294**

9. Former name, former address and former fiscal year, if changed 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 outstanding
Common	6,061,560,322
Preferred	722,320,940

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange Common Stock

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

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

T A B L E O F C O N T E N T S

PART I - BUSINESS AND GENERAL INFORMATION

Item 1 - BUSINESS

Company and Business Profile

Philippine Infradev Holdings Inc. (*formerly IRC Properties, Inc.*) (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the “Group”) were incorporated in the Philippines on February 24, 1975 and December 21, 1993, respectively. Parent Company is primarily involved in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

In 2018, Aggregate Business Group Holdings Inc. (ABG) purchased 26.94% ownership out of the 29.62% equity interest in the Parent Company previously held by Mabuhay Holdings Corporation. ABG is a domestic holding company. In 2019, ABG increased its ownership in the Parent Company to 71.28% through the purchase of additional shares making it the Group’s ultimate parent company as at December 31, 2019.

On July 20, 2018, the Parent Company’s Board of Directors (BOD) and shareholders approved the change in the Parent Company’s corporate name to Philippine Infradev Holdings Inc. Such change was subsequently approved by the Securities and Exchange Commission (SEC) on October 30, 2018.

On October 23, 2018, the Parent Company received from Public-Private Partnership (PPP) Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the “Project”) to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 4, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) that will be used as a special corporate vehicle for the Subway Project. MCSI is a wholly-owned, domestic subsidiary of the Parent Company.

On July 12, 2019, the Parent Company incorporated Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. JRIC is a wholly-owned, foreign subsidiary of the Parent Company

On July 19, 2019, the Makati City Council approved City Ordinance No. 2019-A-020 (the “Ordinance”) on third and final reading. The Ordinance approved the terms and conditions of the PPP JV Agreement between the Parent Company and the Makati City Government for the construction, establishment, management and operation of the Subway Project.

On July 30, 2019, the Parent Company’s BOD approved a resolution authorizing the Parent Company’s execution, delivery and performance of the PPP JV Agreement with the Makati City Government, and of other instruments contemplated in the PPP JV Agreement. On the same date, authorized representatives of the Parent Company and the Makati City Government signed the PPP JV Agreement and the Parent Company submitted to the Makati City Government the US$350 million performance bond which was accepted by the Makati City Government.

On February 18, 2020, the Notice to Proceed for the Subway Project was received by the Parent Company. The Subway project is expected to be completed within five (5) years for an estimated total project cost of US$3.5 billion.

The clearing of the Company's Binangonan property is still the focus of the Company's operations with the goal of completely freeing from third party claims 500 hectares of the 2,200-hectare property. Due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2019 and 2018. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

The Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments.

The company is not dependent upon any customer. It does not hold any right on patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements.

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The management, under the direction of the Board of Directors of the Company is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

As of December 31, 2019, the Company has total of Twenty-two (22) personnel excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary.

Item 2 - PROPERTIES

Binangonan Property

The company has a 2,200-hectare property located in the Municipality of Binangonan, Province of Rizal. The Binangonan property was acquired in 1978 and part and parcel of the 2,200-hectare property.

On November 21, 1991, the Supreme Court affirmed previous decisions by the Court of Appeals and the Regional Trial Court confirming the validity of the Parent Company's titles over its Binangonan property. However, in the same Supreme Court decision, it was also declared that the Parent Company's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants who have acquired ownership through acquisitive prescription of dominion and other real rights. The area of present claimants to certain parcels of land within the Parent Company's titled property is currently being identified and verified by the Group's legal counsel.

Based on the latest appraisal as at September 30, 2019 performed by an independent external firm of appraisers, the Binangonan property has a fair value of P23.18 billion as at December 31, 2019

(2018 - P14.71 billion). There were no significant changes in the fair value between September 30, 2019 and December 31, 2019.

Eastridge Property

The Eastridge project (Trocadero Residences) has been deferred until the Group finds a more opportune moment to develop a mix of condominium and townhouses within a 1.34-hectare property also in its Binangonan property adjacent to Thunderbird Resort and Casino and the 18-hole Eastridge Golf Club.

On April 1, 2016, an independent appraiser valued the property at P55,219,000 market value.

Makati property and the PPP JV Agreement

Under the PPP JV Agreement, the Makati City Government will provide MCSI through the Parent Company at least 32 hectares of land (the "Project Land"). The Project Land will consist of the areas required for the staging, construction, operation, maintenance and development of the Subway Project as indicated in the feasibility study and/or as may be mutually agreed upon by the Makati City Government and the Parent Company (the "JV Parties") that currently belong to: (i) the Makati City Government, (ii) the Parent Company and (iii) third parties, which must be delivered and made available to MCSI in accordance with the Subway Project's Land Acquisition Plan. The specific rights and obligations of the JV Parties are provided in the PPP JV Agreement.

On October 28, 2019, the Makati City Government transferred the beneficial ownership of a 7.90-hectare property in Makati City (the "Makati Land") to the Parent Company through an Asset Transfer Agreement in consideration for the issuance of the Parent Company's preferred shares (Note 14). These idle properties which are located at the identified stations of the Subway Project will be used in the construction of topside development for residential, commercial and public uses.

The PPP JV Agreement also grants to MCSI through the Parent Company floor-to-area ratio (FAR) of 20 in the areas where the Project Land are located which was approved through the Makati City Ordinance No. 2019-A-020 in 2019. In the event that the Subway Project is completed ahead of the completion target date, FAR will be increased to 22.

Until the issuance of the Certificate of Final Completion, the Makati Land can only be mortgaged, encumbered or used as collateral by MCSI upon the express consent and approval by all nominee directors of the Makati City Government in the Parent Company and MCSI.

The remaining Project Land of 27.27 hectares that are yet to be acquired by the MCSI from registered third-party owners has a total fair value of P30.53 billion as at December 31, 2019. As at the first quarter of 2020, third party owners of 2.2 hectares covered by the Project Land accepted the Group's voluntary sale offers amounting to P310.7 million.

Based on the latest appraisal as at December 31, 2019 performed by an independent external firm of appraisers, the Makati Land has a fair value of P14.34 billion as at December 31, 2019.

Item 3 - LEGAL PROCEEDINGS

Involvement in Certain Legal Proceedings

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

The Company and its consolidated subsidiary are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Company's financial position.

Item 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the Annual Stockholders' Meeting there were no other matters submitted to a vote of security holders during the period covered by this report. The last annual stockholders' meeting of the corporation was held on September 30, 2019.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5 - RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

There are no securities of the company sold by it within the past three (3) years which were not registered under the Code or any reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities.

Item 6 - MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Stock Prices

The shares of IRC traded along the following bands during 2019 and 2018:

	2019		2018	
	Common Stock		Common Stock	
	High	Low	High	Low
First Quarter	2.52	1.63	1.10	0.66
Second Quarter	2.05	1.55	1.62	0.99
Third Quarter	1.90	1.30	2.80	1.35
Fourth Quarter	1.66	1.20	2.97	2.01

Holder

The company has an authorized capital stock of Php 19.5 Billion divided into 9,500,000,000 common shares with par value of Php 1.00 per share and 1,000,000,000 preferred shares with par value of Php 10.00 per share. The number of stockholders of record as of December 31, 2019 is 560. Common and preferred shares outstanding as of December 31, 2019 amount to 6,061,560,322.00 and 7,223,209,400.00, respectively.

The preferred shares shall have full voting rights, preference as to liquidation, with cumulative, participating (with common shares) and fixed dividends at a rate of 2% per annum from issuance of the Parent Company's preferred shares for five years until the total amount of dividends paid amount to P656.66 million. The preferred shares are convertible to: (i) common shares of the Parent Company, or (ii) twenty-five percent (25%) of the post conversion total issued and outstanding capital stock of MCSI.

Stock Prices as of the latest trading date:

December 27, 2019 - Common share P 1.25

Stock prices as of the latest practicable date in 2020

June 30, 2020 - Common share P 0.82

There is no sale of unregistered securities for the year 2019.

The top 20 stockholders as of December 31, 2019 are as follows:

Common Stock

	Name of Stockholder	**Number of Shares**	**Percentage Ownership**
1	AGGREGATE BUSINESS GROUP HOLDINGS, INC.	4,552,220,000	*75.10%
2	PCD NOMINEE CORP. (NF)	632,885,011	10.44%
3	PCD NOMINEE CORP. (F)	432,619,503	7.14%
4	AUSPICIOUS ONE BELT ONE ROAD FUND	368,175,000	6.07%
5	RIZAL PARTNERS CO. LTD.	45,385,000	0.75%
6	MARILAQUE LAND INC.	5,998,000	0.1%
7	VALMORA INVESTMENT AND MANAGEMENT CORPORATION	2,300,000	0.04%
8	DEE ALICE T.	2,165,000	0.04%
9	EQUITY MANAGERS ASIA INC	1,000,000	0.02%
10	DAVID GO SECURITIES CORPO	729,000	0.01%
11	GOKONGWEI JR. JOHN	642,000	0.01%
12	UY IMELDA T.	621,000	0.01%
13	TAN HENRY L.	600,000	0.01%
14	BLUE RIDGE CORPORATION	500,000	0.01%
15	TANCHAN III SANTIAGO	500,000	0.01%
16	SIGUION-REYNA LEONARDO T	500,000	0.01%
17	LAO ALEX L.	500,000	0.01%
18	CHAM GRACE	480,000	0.01%
19	CO JR. TONG TE	401,000	0.01%
20	PASCUAL SECURITIES CORP.	400,250	0.01%

The above list is exclusive of 722,320,940 preferred shares with par value of Php 10 issued to City Government of Makati.

* Inclusive of shares lodged under PCD NOMINEE CORP.

Share warrants

On June 1, 2018, the BOD approved the issuance in favor of Cross Strait 1.2 billion warrants, American option, with the strike price of P1.00 per share, valid for 5 years from issuance, in exchange for Cross Strait's rights over the Subway System Project. This was subsequently approved by at least 2/3 of shareholders on July 20, 2018.

The Parent Company and Cross Strait finalized the contracts in 2019 in which Cross Strait formally transfers to the Company its rights to the Subway Project including the priority of bidding for the subway project, topside development projects, construction and operation rights for the subway project. The transaction also includes pre-feasibility studies, feasibility studies, legal due diligence, financial models, and business planning. The fair value of the share warrants amounted to P1.76 billion as at December 31, 2019.

Dividend Policy

The Company's Board is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board but shareholder approval is not necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds (2/3) of the Company's outstanding capital stock. Holders of outstanding shares as of a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Under the Company's By-Laws, dividends may be declared from its surplus profits at such time or times and in such percentage as the Board may deem proper. No dividend shall be declared that will impair the capital of the Company.

Under the Philippine Corporation Code, the Company may not make any distribution of dividends other than out of its unrestricted retained earnings.

The Company does not have a specific dividend policy.

The Company has not declared or paid out any dividend in the last three (3) years.

Pursuant to existing SEC rules, cash dividends declared by a listed company must have a record date not less than 10 or more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is not to be less than 10 or more than 30 days from the date of shareholder approval, provided however, that the record date shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Each holder of a Common Share is entitled to such dividends as may be declared in accordance with the Company's dividend policy.

Free Float Level

Based on the Public Ownership Report of the Company as of December 31, 2019, 15.53% of the total outstanding shares are owned by the public.

Item 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Philippine Infradev Holdings Inc. (*formerly IRC Properties, Inc.*) (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the "Group") were incorporated in the Philippines on February 24, 1975 and December 21, 1993, respectively. Parent Company is primarily involved in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

On March 4, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) that will be used as a special corporate vehicle for the Subway Project. MCSI is a wholly-owned, domestic subsidiary of the Parent Company.

On July 12, 2019, the Parent Company incorporated Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. JRIC is a wholly-owned, foreign subsidiary of the Parent Company.

As discussed in the Part I, Item 2 of this report, the company has a 2,200-hectare property located in the Municipality of Binangonan, Province of Rizal. The Binangonan property was acquired in 1978 and part and parcel of the 2,200-hectare property.

The fifth subdivision project located in Binangonan is being planned and to be called Casas Carlina. An 8.99 hectare-project will offer 744 townhouses and single-attached units.

As also discussed in the Part I, Item 2 of this report, the Makati City Government transferred the beneficial ownership of a 7.90-hectare property in Makati City (the "Makati Land") to the Parent Company through an Asset Transfer Agreement in consideration for the issuance of the Parent Company's preferred shares (Note 14). These idle properties which are located at the identified stations of the Subway Project will be used in the construction of topside development for residential, commercial and public uses (Please refer to Part I, Item 2 of this report for further discussion).

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company has enough resources to cover payment of liabilities through the sale of some of its properties and proceeds from its prospective investors. The management does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period. The Management is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

Results of Operations

December 31, 2019

Philippine Infradev Holdings Inc. sold 49 units of Casas Aurora amounting to P 53,618,450, net of P6,250 sales discount, and 13 units of Fiesta Casitas amounting to P 13,731,500. Moreover, the Company sold a parcel of raw land amounting to P 9,965,229. Casas Aurora project is the main sales contributor for the year ended 2019 in which the company started to sell the units in the year 2016.

Based on the latest appraisal as at September 30, 2019 performed by an independent external firm of appraisers, the Binangonan property has a fair value of P1891/sqm as at December 31, 2019. There were no significant changes in the fair value between September 30, 2019 and December 31, 2019.

December 31, 2018

Philippine Infradev Holdings Inc. sold 107 units of Casas Aurora amounting to P 115,249,120, net of P17,300 sales discount, and 12 units of Fiesta Casitas amounting to P 10,393,060. Casas Aurora project is the main sales contributor for the year ended 2018 in which the company started to sell the units in the year 2016.

As of December 27, 2018, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1200/sqm.

December 31, 2017

Philippine Infradev Holdings Inc. sold 160 units of Casas Aurora amounting to P151,390,935, net of P276,715 sales discount, and 15 units of Fiesta Casitas amounting to P12,069,400. Casas Aurora project is the main sales contributor for the year ended 2017 in which the company started to sell the units in the year 2016.

As of September 30, 2017, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1100/sqm.

Financial Condition

December 31, 2019

The financial position of the Company as of December 31, 2019, shows total assets of P150,190,588,391. Noncurrent assets were P147,242,134,508. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation), intangible assets and other assets. Current assets as of December 31, 2019 stood at P2,948,453,883.

The total liabilities of the Company as of December 31, 2019 is P 16,014,648,988 while current liabilities stood at P239,260,290. Non-current liabilities is P15,775,388,698 which includes the

3,020,701,435 deferred tax liability and P12,743,834,354 provision for clearing costs. Total stockholders' equity as of December 31, 2019 is P 134,175,939,403.

Material changes (2019 vs. 2018)

Cash increased by P693.4 million mainly because of the proceeds from deposits for future shares subscription and loans, net of settlements of principal loans, interest, clearing costs and documentary stamp tax on issuance of preferred shares.

Receivables decreased by 204.4 million mainly because of the reclassification of advances made to Makati City Subway, Inc. (MCSI) from receivable account to advances to subsidiary which was eliminated upon consolidation of accounts. MCSI will serve as the corporate vehicle for the Project.

Real properties held for sale and development decreased by P9 million brought by cost of sold units, net of additions related to the development costs.

Prepayments increased by P27.1 million mainly because of the input VAT transactions of the Company.

Investment property increased by P15 billion mainly due to the increase in the fair value of Binangonan Properties from P14.71 billion in 2018 to P23.18 billion in 2019. Moreover, the fair value of Makati Land also contributed to the increase of the investment property.

Property and equipment increased by P2 billion mainly because of the transactions of MCSI related to its project development costs.

Intangible assets as at December 31, 2019 pertain to contractual rights over the excess FAR granted to the Group.

The increase in the Other assets is brought by the acquisition of land which was initially classified by the Company as deposit since there is no actual transfer of title yet as at December 31, 2019.

Borrowings increased to P70.2 million as a result of the loan of Jiangsu Rizal Infradev Co., Ltd. (JRIC) from Shanghai Mintu Investment Holding Company for Makati City Subway project partnership. JRIC is a wholly-owned, foreign subsidiary of the Parent Company to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project.

Provision for clearing costs, current portion and non-current portion increased by 39.4% due to the change in estimate of clearing cost, net of unwinding of discount.

The material movement in the Deferred income tax liability is mainly brought by the cumulative unrealized fair value gain on investment property.

<u>December 31, 2018</u>
The financial position of the Company as of December 31, 2018, shows total assets of P17,165,443,581. Noncurrent assets were P14,722,332,254. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2018 stood at P2,443,111,327.

The total liabilities of the Company as of December 31, 2018 is P10,788,037,995 while current liabilities stood at P1,140,198,836. Non-current liabilities is P9,647,839,159 which includes the P1,685,007,200 deferred tax liability and P7,958,840,691 provision for clearing costs. Total stockholders' equity as of December 31, 2018 is P6,377,405,586.

Material changes (2018 vs. 2017)

Cash increased by P1.1 billion mainly because of the deposits for future shares subscription received by the Company from its shareholders amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital.

Receivables grew by 221 million mainly because of the advances made to Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Project.

Prepayments decreased by 59% or P23.7 million due to the usage of creditable withholding tax to pay for the income tax due for the year 2018. Moreover, Advances to Subcontractors were already capitalized as inventories.

Investment property increased by P12.2 billion mainly due to the recognition of additional recoverable land area and recognition of fair value gain on investments and the capitalizing of borrowing costs. As at December 31, 2018, this account represents the Company's 1,513-hectare property in Binangonan, Rizal, which is currently being cleared for future development. This property was acquired in 1978 and part and parcel of the 2,200-hectare property.

Property and equipment increased by P5 million mainly because of the acquisition of three (3) additional Company vehicles.

Accounts payable and accrued expenses decreased by P46 million or 31% mainly due to the payments of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion and non-current portion increased by P8.05 billion due to recognition of additional recoverable land area.

<u>December 31, 2017</u>

The financial position of the Company as of December 31, 2017, shows total assets of P3,653,685,334. Noncurrent assets were P2,491,050,195. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2017 stood at P1,162,014,759.

The total liabilities of the Company as of December 31, 2017 is P1,786,327,428 while current liabilities stood at P485,442,087. Non-current liabilities is P1,300,885,341 which includes the P436,799,331 deferred tax liability and P827,209,024 provision for clearing costs. Total stockholders' equity as of December 31, 2017 is P1,867,357,906.

Material changes (2017 vs. 2016)

Cash decreased by 92% or P21.9 million mainly due to payment made of loan to Tamura Kenzai.

Receivables grew by 23% or P14.7 million mainly because of the higher sales of Casas Aurora units during the year.

Prepayments likewise increased by 18% or P6 million due to payments of creditable withholding tax.

Land held for development is decreased by 1% or P6.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 6% or P140 million mainly due to the recognition of additional recoverable land area of 8 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses increased by P34 million or 30% mainly due to the accrual of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion decreased by P9.9 million or 10% due to Company's effort in clearing the land.

Provision for clearing costs, non-current increased by P79.3 million or 11% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Real properties held for sale and development decreased by 18.5 million or 32% mainly because of the higher sales for the year ended 2017.

December 31, 2016

The financial position of the Company as of December 31, 2016, shows total assets of P3,539,350,023. Noncurrent assets were P2,350,454,308. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2016 stood at P1,118,895,715.

The total liabilities of the Company as of December 31, 2016 is P1,695,260,707 while current liabilities stood at P461,669,109. Non-current liabilities is P1,233,591,598 which includes the P431,098,518 deferred tax liability and P747,892,943 provision for clearing costs. Total stockholders' equity as of December 31, 2016 is P1,844,089,316.

KEY PERFORMANCE INDICATORS ARE AS FOLLOWS:

Ratio	Formula	For the Year Ended December 31	
		2019	2018
Working Capital	Current assets minus current liabilities	2,709,193,593	1,302,912,491
Current Ratio	Current assets divided by current liabilities	12.32	2.14
Quick Ratio	Current assets minus	8.01	1.25

	prepayments, real properties held for sale and development and land held for development divided by current liabilities		
Asset to Equity Ratio	Total assets divided by stockholders' equity	1.12	2.69
Debt to Assets Ratio	Total liabilities divided by total assets	.11	.63
Debt to Equity Ratio	Total liabilities divided by total equity	.12	1.69
Gross Profit Margin	Gross profit divided by sales	.99	.98
Operating Profit Margin	Earnings before taxes and interest divided by sales	.95	.96
Net Profit Margin	Net profit divided by sales	.66	.68
Return on Assets	Net income divided by total assets	.02	.17
Return on Equity	Net income divided by stockholders' equity	.02	.47
Interest Coverage Ratio	Income before income tax and interest expense divided by interest payments	1,340.14	2,445.29

Item 8 - FINANCIAL STATEMENTS

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2019, as listed in the accompanying Index to Financial Statements and Supplementary Schedules, are filed as part of this Form 17-A.

The financial statements attached to the report include the audited statement of financial position, statements total comprehensive income, statements of changes in equity, statements of cash flows and the notes to the financial statements. Such reports form part of our attachment to our SEC Annual Report Form 17-A.

Item 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

(a) Audit and Audit-Related Fees

The Registrant continued the services of its external auditors from Isla Lipana & Co. There were no disagreements with the auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries a total amount of P907,200 and P499,600 for the year ending December 31, 2019 and December 31, 2018 respectively.

(b) Tax Fees
There were routinary professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2019 and 2018. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees
There were no other professional services rendered by the external auditors during the period.

(d) Company Policy in Appointment of Independent Auditor
The President and the Treasurer recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves their recommendation.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Directors and Executive Officers of the Company

The Company's Board of Directors is responsible for the over-all management and direction of the Company. There are eleven (11) members of the Company's Board of Directors, three of whom are independent directors. All directors were elected during the annual meeting of stockholders held on September 30, 2019 for the term 2019-2020.

Name	Age	Present Position	Citizenship
Ren Jinhua	56	Chairman	Chinese
Antonio L. Tiu	44	President / CEO	Filipino
Georgina A. Monsod	64	EVP / COO	Filipino
Cao Lei	43	Director	Chinese
Richard T. Amurao	45	Director	Filipino
He Guangping	58	Director	Hongkong
Ren Youmin	23	Director	Australian
Mary Kimberlie C. See	37	Director	Filipino
Rodolfo D. Santiago	59	Director	Filipino
Jose Gerardo A. Medina	62	Director	Filipino
Antonio T. Tan	58	Director	Filipino
Delfin P. Angcao	62	Corporate Secretary	Filipino
Ana Maria A. Katigbak-Lim		Asst. Corporate Secretary	Filipino

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business experience for the past five (5) years.

Ren Jinhua, Chairman of the Board. Mr. Ren Jinhua has a Master's Degree in Law. He has over 30 years of outstanding practice experience in macro economy, business management and finance investment. He is a former director of Yangzijiang Shipbuilding. He is currently a Director of Mingly China Growth Fund Co., Ltd. and Chairman of Sinobase International (HK) Co., Ltd. Mr. Ren, a Chinese citizen, is 56 years old.

Antonio L. Tiu, President and Chief Executive Officer. Mr. Tiu, 44, Filipino, is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenergy Holdings Incorporated. He was a part time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.
Georgina A. Monsod, EVP and Chief Operating Officer. Ms. Monsod, 64, Filipino. Her business experience for the last five years includes being the Treasurer and Compliance Officer of the Company since March 12, 2008. She has been involved with real estate development and financing for the past 17 years starting her career with Don Tim Development Corporation and moving to PrimeEast Properties Inc. Prior to this, she worked for the government sector from 1978 to 1994 in the field of tourism development. She holds a Postgraduate Course in Tourism and Hotel Management by the International School of Tourism Sciences in Rome, Italy. She was also a faculty member of the University of the Philippines (Diliman). She recently passed the licensure examination for Real Estate Brokers and is now a licensed Real Estate Broker.

Cao Lei - Mr. Lei, a Chinese national is 43 years old. He is a graduate of Nanjing University. His background is on financial management specifically for infrastructure projects all over Asia.

Richard Amurao, Director. Mr. Richard R.T. Amurao, 45, Filipino, finished his Bachelor of Arts in Management Economics in Ateneo De Manila in 1996 and thereafter obtained a Juris Doctor degree from the same university in 2001. He was admitted to the Philippine Bar the following year. In 2006, he was awarded as a British Chevening Scholar a Master of Laws degree with honors (with a concentration in International Business Law) at the London School of Economics. He graduated from the Harvard University Kennedy School of Government in 2017 as an Edward Mason fellow with a degree of Master of Public Administration with a certificate in Leadership, Management and Decision Making. He has occupied various key official positions in the Philippine government both in the Office of the President and Department of Justice. He was an Adviser to a universal bank and agricultural milling companies as well as a member of the board of various companies ranging from real estate development to financial institutions. He has consulted for Asian Development Bank and for Philippine Congress.

Ren Youmin, Director. Ren Youmin graduated from the University of New South Wales, Australia with a degree of Bachelor of Commerce, major in Finance. He is currently the Chairman and General Manager of Longsteel Technology Limited, a company based on Hong Kong. Ren Youmin, an Australian citizen, is 23 years old.

Mary Kimberlie C. See, Independent Director. Atty. Mary Kimberlie C. See, a Filipino, is presently a Lawyer at the SEE Law Offices, a Professor of the College of Law of Bulacan State University and a Supervising Lawyer on Developmental Legal Aid Clinic of the Dela Salle University College of Law. Her academic qualifications include: Doctor of Civil Laws and Master of Civil Laws from University of Santo Tomas; Juris Doctor from Ateneo Law School,Rockwell;

Bachelor of Science in Management, Major in Legal Management, Minor in English Literature and Certificate in Chinese Language Proficiency from Ateneo de Manila University, Loyola Heights, Quezon City. She held various positions in the past as follows: FF Cruz Co., Inc., Corporate Lawyer, 2015-2017; Philippine Dispute Resolution Center, Inc., File Counsel and Hearing Commissioner, 2016-2017; Ateneo de Manila University, Part-Time Instructor, 2010-2016; Bases Conversion and Development Authority, Attorney III, 2014 – 2015; Ongkiko Manhit Custodio & Acorda Law Office, Senior Associate, 2011 – 2014; Bernas Law Office, Associate, 2008 – 2011.

Rodolfo D. Santiago, Independent Director. Retired Major General Rodolfo D. Santiago, Filipino, 59, is a graduate of the Philippine Military Academy Class of 1982. He has more than 38 years of military service holding various positions in several specialized fields. He held command and staff positions of major importance in the fields of military communications, intelligence, civil military operations and infantry operations. He capped his military career as an educator serving as the 54th Commandant of the Armed Forces of the Philippines Command and General Staff College. He completed his 15-year intelligence career serving as a Commander of the Defense Intelligence and Security Group. His civil-military operations stint was topped by being designated as the Assistant Deputy Chief of Staff for Civil-Military Operations, J7 (AJ7). He also led the AFP in disaster response operations, training and education. He is currently serving as a member of the Board of Advisers of the Tech Peace, Build Peace Movement. He works as an independent consultant of the Department of Education since January 2017 dealing largely with other stakeholders, disaster resiliency, peace education and schools in conflict areas. He is also a research consultant of Ateneo de Manila University on disaster resiliency since May 2017. Maj. Gen. Santiago was elected an Independent Director of PHILIPPINE INFRADEV HOLDINGS, INC on Aug. 17, 2017.

Antonio T. Tan, a Filipino is 58 years old. His expertise is with engineering, procurement, infrastructure, business development, construction management and product innovation. He has had more than 30 years of experience in Philippine real estate development and oversaw the construction of at least twenty high rise buildings in Metro Manila."

Atty. Delfin P. Angcao, Corporate Secretary and Corporate Information Officer. Mr. Angcao, 62, Filipino, has been the Corporate Secretary and Corporate Information Officer since March 2008. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a Junior Associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was an Associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His business experience for the last five years includes being Director and/or Corporate Secretary of various client corporations of CLTPSJ including Mabuhay Holdings Corporation and The Manila Southwoods Golf & Country Club, Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

He Guangping, 58, is from HongKong. He is presently the Chairman of Jingpeng Holding Group Co. Ltd. From 1995 to 2001, he served as the General Manager of Hunan National Economic and Technological Development Corp. In 2001, he served as Chairman of Hunan Xin Wai Tan Real Estate Development Co. In 2003, he founded Jingpeng Holding Group Co. Ltd. and serves as Chairman. Also, since 2012, he has been the Chairman of HongKong Yilun Investment Co. Ltd.

Atty. Jose Gerardo A. Medina, 62**,** is a graduate of the University of the Philippines College of Law and has been active on the legal profession since 1990. He co-founded the Solis Medina Limpingco & Fajardo Law Offices in 1994. Atty. Medina currently serves as director, officer and legal counsel to numerous domestic and multinational corporations engaged in the fields of development, construction, engineering, banking, finch and agriculture. He also serves as a director of the UP Law Alumni Association and is a lecturer on business organizations and corporation law at the Philippine Law School.

Significant Employees

No single employee is expected to make a significant contribution to the business since the employees of the company are expected to work together as a team in order to achieve the corporation's set goals. All of the Company's employees are considered significant in their own particular way.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the directors or officers herein listed other than Mr. Ren Jinhua, Chairman of the Board and his son, Mr. Ren Youmin, director.

Item 11. EXECUTIVE COMPENSATION

DIRECTORS

The Directors receive P5,000 as per diem transportation allowance for every board meeting.

EXECUTIVE OFFICERS

The annual compensation of the Company's executive officers for the last two (2) fiscal years and the ensuing year 2020 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2020 (estimate)	2019	2018		
Ren Jinhua	Chairman					
Antonio L. Tiu	President / CEO					
Georgina A. Monsod	EVP / COO					
Richard T. Amurao	Director / Executive Committee					
Ren Youmin	Director / Executive Committee					
Antonio T. Tan	Director / Executive Committee					
Alwin P. Remante	SVP					
Total of all above named directors & officers as a group		P7.5M	P3.9M	P6.2M	None	None

The company has not granted/exercised any warrants and options to its directors or officers and as no plans to grant/exercise any warrants and options now or in the near future. The standard arrangements pursuant of which directors are compensated are attendance in board meetings, election as officer of the company, designation as person in charge of certain assignments to be performed, etc. There are no other arrangements pursuant to which any director of the company was compensated.

Item 12. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners, Stockholders, directly or indirectly, the record or beneficial owner of more than 5% of any class of Registrant's voting securities.

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

The Companies known to the Registrant to be the record or beneficial owner of more than 5% of any class of the Registrant's voting securities as of December 31, 2019, as follows:

*Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	AGGREGATE BUSINESS GROUP HOLDINGS, INC. Unit 627 City and Land Mega Plaza Building ABD Avenue Corner Garnet Road, Ortigas Center, Pasig City	AGGREGATE BUSINESS GROUP HOLDINGS, INC. Principal Stockholder	Filipino	4,320,905,000	71.28%
Common	**PCD NOMINEE CORP. (F) G/F MSE Bldg. Ayala Ave., Makati City	Various owners	Filipino	663,934,503	10.95%
Common	**PCD NOMINEE CORP. (NF) G/F MSE Bldg. Ayala Ave., Makati City	Various owners	Non-Filipino	632,885,011	10.44%
Common	AUSPICIOUS ONE BELT ONE ROAD FUND	AUSPICIOUS ONE BELT ONE ROAD FUND Principal Stockholder	British	368,175,000	6.07%

*The above list is exclusive of 722,320,940 preferred shares with par value of Php 10.00 per share issued to City Government of Makati.
**231,315,000 out of 1,296,819,514 common shares (17.84 %) is for the account of AGGREGATE BUSINESS GROUP HOLDINGS, INC. which owns a total of 4,552,220,000 (75.10%) common shares of the Company.

Security Ownership of Management

Title of Class	Name	Amount/Nature of Beneficial Ownership	Total	Citizenship	Percent of Class
Common	Ren Jinhua	50/Direct	50	Chinese	0.00%
	Antonio L. Tiu	50/Direct	50	Filipino	0.00%
	Georgina A. Monsod	1,000/Direct	1,000	Filipino	0.00%
	Cao Lei	50/Direct	50	Chinese	0.00%
	Richard T. Amurao	50/Direct	50	Filipino	0.00%
	He Guangping	50/Direct	50	Hongkong	0.00%
	Ren Youmin	50/Direct	50	Australian	0.00%
	Mary Kimberlie C. See	50/Direct	50	Filipino	0.00%
	Rodolfo D. Santiago	100/Direct	100	Filipino	0.00%
	Jose Gerardo A. Medina	50/Direct	50	Filipino	0.00%
	Antonio T. Tan	50/Direct	50	Filipino	0.00%
	Total		1,550		0.00%

The aggregate shareholdings of directors and officers as a group amounts to 1,850 shares. Registrant has no voting trust holders of 5% or more of its total outstanding capital stock. Registrant has no knowledge of any arrangements which may result in a change of control of the Registrant.

Item 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Certain Relationships and Related Transactions

See Note 20, Related Party Disclosures, of the Notes to the Consolidated Financial Statements

PART IV – CORPORATE GOVERNANCE

Corporate Governance

In order to institutionalize the principles of good corporate governance in the entire organization, the Company submitted its revised Manual on Corporate Governance to the SEC on January 28, 2011. The Company is committed to good corporate governance and continues to pursue efforts towards attaining full compliance with its Manual on Corporate Governance. Moreover, pursuant to SEC Memorandum Circular 15, Series of 2017, the Integrated Annual Corporate Governance Report (I-ACGR) of the Company for 2018 was filed with the SEC last May 28, 2019.

The Company has designated its Senior Vice President, Alwin P. Remante, as Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Company's Manual on Corporate Governance.

The Company is presently developing a plan and timetable for compliance with certain leading practices and principles of good corporate governance, such as structured monitoring of compensation, benefits, succession planning and continuous training for management and key personnel on the leading practices of good corporate governance.

PART V - EXHIBITS AND SCHEDULES
Item 14. EXHIBITS AND REPORT ON SEC FORM 17-C

(a) Exhibits - See accompanying Index to Exhibits
The following exhibit is filed as a separate section of this report.
Subsidiaries of the Registrant
The other exhibits, as indicated in the Index to Exhibits, are either not applicable to the company or require no answer.

(b) Report on SEC Form 17 – C
The following current reports have been disclosed by Philippine Infradev Holdings Inc. through official disclosure letters dated:

Date	Disclosures
January 04, 2019	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)-Resignation of Mr. Yasuhiro Ishikawa as a member of the IRC Board of Directors.
January 10, 2019	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)-Resignation of Mr. Kenneth S. Tan as Chief Finance Officer of Philippine Infradev Holdings Inc.
January 24, 2019	Material Information/Transactions- Memorandum of Agreement (MoA) between Philippine Infradev Holdings Inc. (The "Company") and China Civil Engineering Construction Corporation (CCECC), a 100% owned subsidiary of China Railway Construction Corporation Ltd. (CRCC), in connection with the Makati City Subway PPP Project of the Company (the “Makati Subway Project”)
March 13, 2019	Material Information/Transactions- Certificate of Incorporation of Makati City Subway Inc.
March 25, 2019	Change in Number of Issued and/or Outstanding Shares
March 27, 2019	Creation and Issuance of New Equity Security- Creation of Preferred Shares.
April 15, 2019	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)- Appointment of an Acting Treasurer/ CFO.
June 03, 2019	Clarification of News Reports- Infradev to pursue projects to complement Makati Subway
June 04, 2019	Material Information/Transactions- *Approval of Holding of the 2019 annual stockholders’ meeting *Authority to create a 10 million USD wholly owned subsidiary of INFRADEV in Jiangsu, China, to be named Infra China Limited or other similar names. *Authority to negotiate with Aggregate Business Group Holdings Inc. (ABG) for INFRADEV to be part of the consortium for the Pasig River project with Pasig River Rehabilitation Commission (PRRC).
June 04, 2019	Notice of Annual or Special Stockholders' Meeting- Holding of 2019 Annual Stockholders Meeting
July 18, 2019	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)- Election of two (2) new Board of Directors of Philippine Infradev Holdings Inc.
July 22, 2019	Material Information/Transactions- Letter from the Makati City Government informing that the ordinance approving the terms and conditions of the Joint Venture Agreement (JVA) to construct, operate and manage the Subway System (the “Project”) within Makati City has been approved by the City Council of Makati.
July 30, 2019	Material Information/Transactions- Submission to the Makati City Government (MCG) of the $350 million performance bond for the Makati City Subway PPP Project.

July 30, 2019	Material Information/Transactions- Board resolution authorizing the Company's execution, delivery and performance of the Joint Venture Agreement (JVA) with the Makati City Government.
July 30, 2019	Material Information/Transactions- Signing of the Joint Venture Agreement in connection with the Makati Subway Project.
August 16, 2019	Change in Corporate Contact Details and/or Website- Changes in the email address and company website.
August 19, 2019	Material Information/Transactions- Incorporation of JIANGSU RIZAL INFRADEV CO., LTD.
August 28, 2019	Reply to Exchange's Query- Reply to Exchange's Query on additional information from Philippine Infradev Holdings Inc. related to the disclosure dated August 19, 2019 with regard to the incorporation of a wholly-owned subsidiary, Jiangsu Rizal Infradev Co., Ltd. ("Jiangsu Rizal"), with a registered capital of USD 10 Million.
September 06, 2019	[Amend-1] Notice of Annual or Special Stockholders' Meeting- Holding of 2019 Annual Stockholders Meeting
October 01, 2019	Results of Annual or Special Stockholders' Meeting- Results of Annual Stockholders' Meeting held on September 30, 2019.
October 01, 2019	Results of Organizational Meeting of Board of Directors- Results of the Organizational Meeting held on September 30, 2019.
October 03, 2019	Clarification of News Reports- Revival of Manila tram system eyed
October 04, 2019	Change in Corporate Contact Details and/or Website- Change in Corporate Contact Details of Philippine Infradev Holdings Inc.
October 29, 2019	Material Information/Transactions- Execution of Investment and Subscription Agreements.
October 30, 2019	Acquisition or Disposition of Shares of Another Corporation- Acquisition of additional 51 million common shares of Makati City Subway, Inc. (MCSI).
October 31, 2019	Material Information/Transactions- Execution of Subscription Agreement.
December 02, 2019	Material Information/Transactions- Issuance of Environmental Compliance Certificate.
December 13, 2019	Material Information/Transactions- Acceptance of Makati City Subway Inc. (MCSI) of the Term Sheet from Megaworld Corporation (Megaworld) and execution of a Construction Agreement with China Construction First Group Corporation Limited (CCFG).

(c) Reports under SEC Form 17-C as amended (during the last 6 months):

Date	Disclosures
January 04, 2019	[Amend-1] Change in Corporate Name and/or Stock Symbol- Change of name of IRC Properties, Inc, to Philippine Infradev Holdings Inc.
March 04, 2019	[Amend-4] Amendments to Articles of Incorporation- Update on the Approval of Increase in Authorized Capital Stock of PHILIPPINE INFRADEV HOLDINGS INC. (formerly IRC Properties, Inc.) as a result of the Annual Stockholders' Meeting on July 20, 2018 and as approved by the Securities and Exchange Commission.
March 27, 2019	[Amend-1] Change in Number of Issued and/or Outstanding Shares
September 06, 2019	[Amend-1] Notice of Annual or Special Stockholders' Meeting- Holding of 2019 Annual Stockholders Meeting
November 08, 2019	[Amend-1] Creation and Issuance of New Equity Security- Creation and Issuance of Preferred Shares.

PHILIPPINE INFRADEV HOLDINGS INC. AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17 – A

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountants *Attachment*
Consolidated Balance Sheets as of December 31, 2019 and 2018 *Attachment*
Consolidated Statements of Income for the Years Ended
December 31, 2019, 2018 and 2017 *Attachment*
Consolidated Statements of Cash Flows for the Years Ended
December 31, 2019, 2018 and 2017 *Attachment*
Statements of Changes in Equity for the Years Ended December 31,
2019, 2018 and 2017 *Attachment*
Notes to Consolidated Balance Sheets *Attachment*

SUPPLEMENTARY SCHEDULES

Report of Independent Public Accountants on Supplementary Schedules
Marketable Securities – (Current Marketable Equity Securities and Other
Short-Term Cash Investments) *
A. Marketable Equity Securities, Other Long-Term Investments in
Stock, and Other Investments *
B. Amounts Receivables from Directors, Officers, Employees, Related Parties,
and Principal Stockholders (Other than Affiliates) *
C. Current Marketable Equity Securities, Other Long-term Investments in Stock, and Other
Investments*
D. Indebtedness of Unconsolidated Subsidiaries and Affiliates *
E. Intangible Assets and Other Assets *
F. Long-Term Debt *
G. Indebtedness of Affiliates and Related Parties
H. Guarantees of Securities and Other Issuers *
I. Capital Stock *

*These schedules, which are required by Part IV (e) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the company's consolidated balance sheets or notes to the consolidated balance sheets.

PHILIPPINE INFRADEV HOLDINGS INC. AND SUBSIDIARY
INDEX TO EXHIBITS
SEC FORM 17 – A

Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession *
Instruments Defining the Rights of Security Holders, Including Indentures *
Voting Trust Agreement *
Material Contracts *
Annual Report of Security Holders, FORM 11 – Q or Quarterly Reports to Security Holders*
Subsidiary of the Registrant
Published Report Regarding Matters Submitted to Vote of Security Holders *
Consents of Experts and Independent Counsel *
Power of Attorney *
Additional Exhibits *
*These Exhibits are either not applicable to the company or require no answer

EXHIBIT 18 SUBSIDIARY OF THE REGISTRANT

Philippine Infradev Holdings Inc. has three consolidated subsidiaries which are wholly-owned, Interport Development Corporation, Makati City Subway, Inc. and Jiangsu Rizal Infradev Co. Ltd.

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporate Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on July,15, 2020.

Issuer: **PHILIPPINE INFRADEV HOLDINGS INC.**

By:

Directors/ Officers and Control Persons

Chairman of the Board	REN JINHUA
President	ANTONIO L. TIU
Corporate Secretary	DELFIN P. ANGCAO
Treasurer	GEORGINA A. MONSOD

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S. S.

SUBSCRIBED AND SWORD TO before me, a Notary Public, for and in Makati City, this JUL 1 5 2020 day of ________ 2020, affiants exhibiting to me their Community Tax Certificates and/or Passports, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
GEORGINA A. MONSOD	P7698623A	27 JUN 2018	DFA MANILA
REN JINHUA	KJ013538	07 OCT 10	CHINA
ANTONIO L. TIU	P5749783A	25 JAN 2018	DFA MANILA
DELFIN P. ANGCAO	P0113420A	31 AUG 2016	DFA, MANILA

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 404
Page No. 82
Book No. XV
Series of 2020

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Financial Statements
As at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019

Independent Auditor's Report

To the Board of Directors and Shareholders of
Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2019 and 2018, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2019;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2019;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2019; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the "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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matters identified in our audit are summarized as follows:

- Recognition of assets contributed by the Joint Venture Partner under the Public-Private Partnership Joint Venture Agreement
- Estimation of fair value of investment properties
- Estimation of provision for clearing costs of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of assets contributed by the Joint Venture (JV) Partner under the Public-Private Partnership Joint Venture (PPP JV) Agreement As disclosed in Note 1 to the consolidated financial statements, the Group entered into a PPP JV agreement with the JV Partner in 2019.	Our audit procedures to address the matter included the following: • Obtained the PPP JV Agreement and relevant contracts arising from the joint venture. We read the provisions on terms and conditions relevant to the contractual rights and obligations used as basis of the assets' recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Continued This is an area of focus mainly due to the significance of the transaction and material financial impact, and the significant judgement and critical accounting estimates applied in the initial recognition and measurement of the assets. Under the PPP JV Agreement, the Group received certain properties and has been granted enforceable contractual rights to enable the construction and development of the Makati City Subway System. In 2019, the Group recognized investment properties amounting to P6.57 billion (see Note 7 for details) and intangible assets amounting to P115.28 billion (see Note 9 for details) which were contributed by the JV Partner. The recognition of these assets meets the recognition criteria of Philippine Accounting Standards (PAS) 40, Investment Property, and PAS 38, Intangible Assets. The initial costs, which is the fair value at acquisition date of the recognized assets, were based on valuation reports prepared by independent appraisers using the market approach (for investment properties) and income approach (for intangible assets). The key assumptions used in the valuations are discussed in Note 25.1 to the consolidated financial statements.	• Extensively discussed during the audit the terms and conditions of the PPP JV Agreement including the nature of the assets arising from the said agreement with the legal counsels of the Group and JV Partner. Among the significant matters discussed and confirmed with the legal counsels of the Group and JV Partner are the enforceability of the contractual rights at the reporting date. Moreover, we also consulted an independent legal expert and obtained a formal legal opinion supporting management's assertion that the recognized intangible assets are enforceable and distinct assets at the reporting date. • Involved our internal legal experts in the interpretations of the clauses and terms of the PPP JV Agreement and other relevant contracts, and related laws and regulations. • Obtained and read the Asset Transfer Agreement and other relevant documents supporting the transfer of ownership of certain properties by the JV Partner to the Group. • Independently assessed the recognition criteria applied to the recognized assets under the requirements of PAS 38 and PAS 40 by examining the economic benefits and contractual rights in consultation with our technical accounting experts. • Evaluated the competence, capabilities and objectivity of the independent legal expert consulted by us through inspection of available public information regarding his background and standing in the legal profession. • Performed an understanding of the Group's process in making accounting estimates in relation to estimating the initial measurement of the fair value of the recognized assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
Continued	• Evaluated the competence, capabilities and objectivity of the independent appraisers engaged by the Group by inspecting available public information regarding their profiles, licenses, and client portfolios. • Obtained and evaluated the appraisal reports of the independent third-party appraisers commissioned by the Group to determine the costs of the recognized assets at transaction date. We involved our valuation experts in independently assessing the appropriateness of the methodology and the reasonableness of management's assumptions which include, among others, the following: Investment properties - *Sales price.* We independently verified the fair value assumptions used (e.g., similar market listing in the areas for sales prices, and market data and industry research for physical adjustment rates) in valuing the land properties contributed to the Group. Intangible assets - *Expected annual cashflows.* We examined the basis of expected future revenues and costs based on relevant market data used in preparing the valuation and compared them against available third-party sources. - *Forecasted revenue growth.* We compared the growth rates used in the valuation against the average historical increase in prices in the Philippine real estate industry. - *Pre-tax adjusted discount rate.* We involved our valuations experts to compare the discount rates used against our internally developed benchmarks and our recalculation of the Group's weighted average cost of capital.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Estimation of fair value of investment properties

Refer to Notes 7 and 25.1 to the consolidated financial statements for the details of the investment properties and for the discussion on critical accounting estimates.

This is an area of focus mainly due to the materiality of the asset and accounting estimation involved in valuing the asset. As at December 31, 2019, the Group reported investment properties in Binangonan, Rizal, carried at fair value, amounting to P23.18 billion. An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and PAS 40, Investment Property.

During the year, management recognized a fair value gain on investment properties in Binangonan, Rizal amounting to P4.65 billion. This is based on the valuation report prepared by an independent appraiser using the income approach.</td><td>Our audit procedures to address the matter included the following:

• Performed an understanding of the Group's process in making accounting estimates and determining whether there were any changes from the prior period in the method, judgement and assumptions used by the Group in relation to the fair value estimates of investment properties.
• Evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group through inspection of available public information regarding their profile, license, and client portfolio.
• Obtained and evaluated the appraisal report of the independent third-party appraiser commissioned by the Group to determine the fair values of the investment properties at the reporting date. We involved our valuation experts in assessing the appropriateness of the methodology and the reasonableness of management's assumptions which include, among others, the following:

- Expected annual cashflows. We examined the expected future revenues and costs based on relevant market data used in preparing the valuation and compared them against available third-party sources.
- Forecasted revenue growth. We compared the growth rates used in the valuation against the average historical increase in prices in the Philippine real estate industry.
- Pre-tax adjusted discount rate. We involved our valuation experts to compare the discount rates used against our internally developed benchmarks and our recalculation of the Group's weighted average cost of capital.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of provision for clearing costs Refer to Notes 12 and 25.1 to the consolidated financial statements for the details of provision for clearing costs and for the discussion on critical accounting estimates. This is an area of focus mainly due to the materiality of the liability and accounting estimation involved in calculating the balance of the liability. As at December 31, 2019, the Group reported provision for clearing costs amounting to P12.79 billion in the consolidated statement of financial position. The Group estimates the provision for clearing costs based on the land area expected to be issued with clear title. The clearing activities include negotiating with informal settlers to facilitate issuance of clear title.	Our audit procedures to address the matter included the following: • Performed an understanding of the Group's process in making accounting estimates and determining whether there were any changes from the prior period in the method, judgement and assumptions used by the Group in relation to the cost estimates of the provision for clearing costs. • Assessed the reasonableness of the projected cash flows, discount rate and timing of settlement used in calculating the present value of the provision by comparing the inputs and assumptions with the historical information on actual settlements per year, timing of clearing of titles, and with published market rates.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A 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 audit, or otherwise appears to be materially misstated.

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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 ability of each entity within the Group 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 an entity within the Group to cease to continue as a going concern.

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

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 Paul Chester U. See.

Isla Lipana & Co.

Paul Chester See

Paul Chester U. See
Partner
CPA Cert. No. 104941
P.T.R. No. 0011425; issued on January 7, 2020 at Makati City
SEC A.N. (individual) as general auditors 1518-AR-1, Category A; effective until October 17, 2021
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
T.I.N. 202-215-515
BIR A.N. 08-000745-122-2018; issued on April 2, 2018; effective until April 1, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
July 15, 2020

pwc

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited the consolidated financial statements of Philippine Infradev Holdings Inc. and Subsidiaries (formerly IRC Properties, Inc. and Subsidiary) as at and for the year ended December 31, 2019, on which we have rendered the attached report dated July 15, 2020. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration and Map of the Group of Companies within which the Reporting Entity Belongs as required by Part I of SRC Rule 68, and Schedules A, B, C, D, E, F and G as required by Part II of SRC Rule 68, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Parts I and II of SRC Rule 68.

Isla Lipana & Co.

Paul Chester See

Paul Chester U. See
Partner
CPA Cert. No. 104941
P.T.R. No. 0011425; issued on January 7, 2020 at Makati City
SEC A.N. (individual) as general auditors 1518-AR-1, Category A; effective until October 17, 2021
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
T.I.N. 202-215-515
BIR A.N. 08-000745-122-2018; issued on April 2, 2018; effective until April 1, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
July 15, 2020

pwc

Isla Lipana & Co.

Independent Auditor's Report on
Components of Financial Soundness Indicators

To the Board of Directors and Shareholders of
Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) and Subsidiaries (the "Group") as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated July 15, 2020. 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 (PFRS) 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 Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

Isla Lipana & Co.

Paul Chester See

Paul Chester U. See
Partner
CPA Cert. No. 104941
P.T.R. No. 0011425; issued on January 7, 2020 at Makati City
SEC A.N. (individual) as general auditors 1518-AR-1, Category A; effective until October 17, 2021
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
T.I.N. 202-215-515
BIR A.N. 08-000745-122-2018; issued on April 2, 2018; effective until April 1, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
July 15, 2020

File Upload

All files successfully uploaded

Transaction Code:
AFS-2019-9FEE9JAA0QWZZVPPPMVWRXZ2206H7JDCL6

Submission Date/Time:
Jul 15, 2020 05:30 PM

Back To Upload

Gmail Keinth Roger Castillo <krbcastillo.irc@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, Jul 15, 2020 at 5:30 PM
To: KBCASTILLO@infra.com.ph
Cc: KBCASTILLO@infra.com.ph

Hi INFRADEV,

Valid files

- EAFS000464876ITR2019.pdf
- EAFS000464876AFS2019.pdf
- EAFS000464876OTH2019-01.pdf
- EAFS000464876OTH2019-02.pdf

Invalid file

- <None>

Transaction Code: **AFS-2019-9FEE9JAA0QWZZVPPPMVWRXZ2206H7JDCL6**
Submission Date/Time: **Jul 15, 2020 05:30 PM**
Company TIN: **000-464-876**

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.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE INFRADEV HOLDINGS INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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 crease operations, or has no realistic alternative but to do so.

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

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

Isla Lipana & Co., PwC (PricewatehouseCoopers), the independent auditors, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing and in its report the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

REN JINHUA
Chairman of the Board of Directors

ANTONIO L. TIU
Chief Executive Officer

GEORGINA A. MONSOD
Treasurer

Signed this 15th day of July 2020

SUBSCRIBED AND SWORD TO before me, a Notary Public, for and in Makati City, this JUL 15 2020 day of ________ 2020, affiants exhibiting to me their Community Tax Certificates and/or Passports, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
REN JINHUA	KJ013538	07 OCT 10	CHINA
ANTONIO L. TIU	P5749783A	25 JAN 2018	DFA MANILA
GEORGINA A. MONSOD	P7698623A	27 JUN 2018	DFA MANILA

Doc. No. 403
Page No. 82
Book No. XX
Series of 2020

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(All amounts in Philippine Peso)

	Notes	2019	2018
ASSETS			
Current assets			
Cash	2	1,802,077,586	1,108,701,953
Receivables, net	3	96,882,434	301,234,739
Funds held by custodian bank	4, 14	17,360,050	16,757,927
Real estate held for sale and development	5	988,747,665	1,000,139,393
Prepayments and other current assets	6	43,386,148	16,277,315
Total current assets		2,948,453,883	2,443,111,327
Non-current assets			
Investment properties	7	29,747,535,465	14,713,619,640
Property and equipment, net	8	2,027,988,910	6,814,193
Intangible assets	9	115,278,746,000	-
Other assets, net	10	187,864,133	1,898,421
Total non-current assets		147,242,134,508	14,722,332,254
Total assets		150,190,588,391	17,165,443,581
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	11	100,973,821	100,092,713
Provision for clearing costs	12	42,413,513	1,014,996,289
Borrowings	13	78,512,906	8,351,907
Liability for refund of stock rights subscription	4, 14	17,360,050	16,757,927
Total current liabilities		239,260,290	1,140,198,836
Non-current liabilities			
Provision for clearing costs	12	12,743,834,354	7,958,840,691
Borrowings, net of current portion	13	1,321,909	1,321,909
Deferred income tax liabilities, net	18	3,020,701,435	1,685,007,200
Retirement benefit obligation	21	3,727,173	2,669,359
Lease liabilities, net of current portion	17	5,803,827	-
Total non-current liabilities		15,775,388,698	9,647,839,159
Total liabilities		16,014,648,988	10,788,037,995
Equity			
Share capital	14	10,223,729,889	1,499,913,964
Share premium	14	669,800,642	200,018,642
Share warrants	14	1,755,520,000	-
Deposits for future shares subscription	14	-	1,276,099,000
Treasury shares	14	(18,642)	(18,642)
Remeasurement reserve on retirement benefit obligation	21	638,047	803,918
Fair value reserve on investments in equity instruments		(416,223)	(416,223)
Other reserves	14	115,278,768,251	-
Retained earnings	14	6,247,917,439	3,401,004,927
Total equity		134,175,939,403	6,377,405,586
Total liabilities and equity		150,190,588,391	17,165,443,581

The notes on pages 1 to 54 are integral part of these consolidated financial statements.

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Income				
Sales of real estate, net	5	77,315,179	125,642,180	163,460,335
Unrealized fair value gain on investment properties	7	4,650,192,348	4,148,949,957	31,764,573
Rental income	17	1,600	118,864	350,721
Interest income from cash	2	441,062	57,525	11,391
Gain on extinguishment of debt	13	-	144,026,873	-
Other income		1,876,612	496,280	60,858
		4,729,826,801	4,419,291,679	195,647,878
Expenses				
Costs of real estate sold	5	44,474,359	87,504,052	109,311,571
Taxes and licenses		113,765,196	10,852,133	3,594,349
Unrealized foreign exchange loss, net	24	42,799,697	114,654	-
Salaries, wages and employee benefits	15	10,413,730	14,962,495	9,993,492
Professional fees and other outside services		7,473,718	11,116,341	5,730,094
Commission		5,353,704	9,233,175	14,552,114
Meeting expenses		4,934,315	8,200,002	4,639,279
Depreciation	8	4,304,115	789,146	897,922
Rent	17	4,055,993	4,015,889	4,558,625
Office supplies		2,020,572	2,360,262	1,538,059
Retirement benefit expense	21	820,855	1,077,635	978,123
Loss on relinquishment of investment property		-	-	1,182,929
Other expenses	16	13,463,956	14,514,600	9,034,668
		253,880,210	164,740,384	166,011,225
Income before income tax		4,475,946,591	4,254,551,295	29,636,653
Income tax expense	18	(1,336,459,705)	(1,262,617,747)	(6,680,458)
Net income		3,139,486,886	2,991,933,548	22,956,195
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss:				
Remeasurement gain (loss) of retirement benefit obligation, net of tax	21	(165,871)	502,412	312,395
Fair value loss on investments in equity securities		-	(407,280)	-
Items that will be reclassified to profit or loss:				
Translation gain on foreign subsidiary		22,251	-	-
		(143,620)	95,132	312,395
Total comprehensive income		3,139,343,266	2,992,028,680	23,268,590
Basic earnings per share	14	1.06	2.07	0.02
Diluted earnings per share	14	0.85	2.07	0.02

The notes on pages 1 to 54 are integral part of these consolidated financial statements.

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium (Note 14)	Deposits for future shares subscription (Note 14)	Share warrants payable (Note 14)	Treasury shares (Note 14)	Remeasurement reserve (Note 21)	Fair value reserve	Other reserves (Note 14)	Retained earnings (Note 14)	Total equity
Balances as at January 1, 2017	1,327,113,978	130,880,000	-	-	(14)	(10,889)	(8,943)	-	386,115,184	1,844,089,316
Comprehensive income										
Net income	-	-	-	-	-	-	-	-	22,956,195	22,956,195
Other comprehensive income	-	-	-	-	-	312,395	-	-	-	312,395
Total comprehensive income	-	-	-	-	-	312,395	-	-	22,956,195	23,268,590
Reclassification of shares	(14)	18,642	-		(18,628)	-	-		-	-
Balances as at December 31, 2017	1,327,113,964	130,898,642	-	-	(18,642)	301,506	(8,943)	-	409,071,379	1,867,357,906
Comprehensive income										
Net income	-	-	-	-	-	-	-	-	2,991,933,548	2,991,933,548
Other comprehensive income (loss)	-	-	-	-	-	502,412	(407,280)	-		95,132
Total comprehensive income	-	-	-	-	-	502,412	(407,280)	-	2,991,933,548	2,992,028,680
Transaction with owners										
Deposits for future shares subscription	-	-	1,276,099,000	-	-	-	-	-	-	1,276,099,000
Issuance of common shares	172,800,000	69,120,000	-	-	-	-	-	-	-	241,920,000
	172,800,000	69,120,000	1,276,099,000	-	-	-	-	-	-	1,518,019,000
Balances as at December 31, 2018	1,499,913,964	200,018,642	1,276,099,000	-	(18,642)	803,918	(416,223)	-	3,401,004,927	6,377,405,586
Comprehensive income										
Net income	-	-	-	-	-	-	-	-	3,139,486,886	3,139,486,886
Other comprehensive loss	-	-	-	-	-	(165,871)	-	22,251	-	(143,620)
Total comprehensive income	-	-	-	-	-	(165,871)	-	22,251	3,139,486,886	3,139,343,266
Transaction with owners										
Issuance of common shares	2,157,261,925	469,782,000	(1,276,099,000)	-	-	-	-	-	-	1,350,944,925
Subscription of preferred shares	6,566,554,000	-	-	-	-	-	-	-	-	6,566,554,000
Transaction costs of share issuance	-	-	-	-	-	-	-	-	(292,574,374)	(292,574,374)
Reserve from contractual rights granted	-	-	-	-	-	-	-	115,278,746,000	-	115,278,746,000
Share warrants	-	-	-	1,755,520,000	-	-	-	-	-	1,755,520,000
	8,723,815,925	469,782,000	(1,276,099,000)	1,755,520,000	-	-	-	115,278,746,000	(292,574,374)	124,659,190,551
Balances as at December 31, 2019	10,223,729,889	669,800,642	-	1,755,520,000	(18,642)	638,047	(416,223)	115,278,768,251	6,247,917,439	134,175,939,403

The notes on pages 1 to 54 are integral part of these consolidated financial statements.

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Cash flows from operating activities				
Income before income tax		4,475,946,591	4,254,551,295	29,636,653
Adjustments for:				
Unrealized foreign exchange loss	24	42,799,697	114,654	-
Depreciation expense	8	4,304,115	789,146	897,922
Interest expense	16	3,342,405	1,740,610	-
Input value-added tax write-off	6	1,146,998	798,756	2,583,950
Retirement benefit expense	21	820,855	1,077,635	978,123
Amortization of computer software	10	101,568	79,628	64,352
Loss on relinquishment of investment property		-	-	1,182,929
Gain on extinguishment of debt	13	-	(144,026,873)	-
Interest income from cash in banks	2	(441,062)	(57,525)	(11,391)
Unrealized fair value gain on investment properties	7	(4,650,192,348)	(4,148,949,957)	(31,764,573)
Operating income (loss) before changes in working capital		(122,171,181)	(33,882,631)	3,567,965
Changes in working capital:				
Receivables		204,352,305	(220,925,474)	(14,793,171)
Real estate held for sale and development		11,391,728	23,344,802	26,284,502
Prepayments and other current assets		(28,950,213)	8,243,071	(9,729,556)
Other assets		(186,067,280)	100,000	(579,185)
Accounts payable and other liabilities		(7,454,823)	3,230,811	13,432,828
Cash generated from (absorbed by) operations		(128,899,464)	(219,889,421)	18,183,383
Interest received	2	441,062	57,525	11,391
Retirement benefits paid	21	-	(2,643,771)	-
Net cash provided by (used in) operating activities		(128,458,402)	(222,475,667)	18,194,774
Cash flows from investing activities				
Proceeds from relinquishment of investment property		-	-	1,116,071
Payments for acquisition of computer software		-	(113,581)	(95,774)
Payments for expenditures on investment properties	7	-	(4,596,557)	-
Settlement of clearing costs	12	(4,758,590)	(3,829,048)	(10,555,672)
Payments for acquisition of property and equipment	8	(258,755,020)	(5,789,182)	(182,202)
Net cash used in investing activities		(263,513,610)	(14,328,368)	(9,717,577)
Cash flows from financing activities				
Proceeds from issuance of shares	14	1,350,944,925	241,920,000	-
Proceeds from availment of borrowings	13	72,512,000	51,039,200	56,700,000
Proceeds from deposits for future shares subscription	14	-	1,294,313,000	-
Payment for interest on borrowings	13	(406,459)	(66,089,837)	(11,584,857)
Payments for principal on borrowings	13	(2,351,001)	(159,256,618)	(75,519,141)
Payment for share issuance costs	14	(292,574,374)	-	-
Net cash provided by (used in) financing activities		1,128,125,091	1,361,925,745	(30,403,998)
Net increase (decrease) in cash for the year		736,153,079	1,125,121,710	(21,926,801)
Cash as at January 1		1,108,701,953	1,908,897	23,835,698
Effect of exchange rate changes and other valuation adjustments on cash	24	(42,777,446)	(18,328,654)	-
Cash as at December 31	2	1,802,077,586	1,108,701,953	1,908,897

The notes on pages 1 to 54 are integral part of these consolidated financial statements.

Note 1 - General information

(a) Registration and organization

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") was incorporated in the Philippines on February 24, 1975. The Parent Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms.

The Parent Company became a public company through an initial public offering at the Philippine Stock Exchange (PSE) on February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010. As at December 31, 2019, about 71.10% (2018 - 41.43%) of the total outstanding common shares of the Parent Company is listed in the PSE. As at December 31, 2018 and 2017, there is no single shareholder owning at least 50% of the total outstanding common shares of the Parent Company.

In 2018, Aggregate Business Group (ABG) Holdings Inc. (ABG) purchased 26.94% ownership out of the 29.62% equity interest in the Parent Company previously held by Mabuhay Holdings Corporation, a minority shareholder. ABG is a domestic holding company. In 2019, ABG increased its ownership in the Parent Company to 71.28% through the purchase of additional shares making it the Group's ultimate parent company as at December 31, 2019.

On July 20, 2018, the Parent Company's Board of Directors (BOD) and shareholders approved the change in the Parent Company's corporate name from IRC Properties, Inc. to Philippine Infradev Holdings Inc. Such change was subsequently approved by the Securities and Exchange Commission (SEC) on October 30, 2018.

The Parent Company and its subsidiaries have been collectively referred hereinto as the Group.

The registered office and principal place of business of the Group is at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(b) Significant events

On October 23, 2018, the Parent Company received from Public-Private Partnership (PPP) Selection Committee of the Makati City Government a Notice of Award for the construction and operation of the Makati City Subway System (the "Subway System") to be implemented through the PPP Joint Venture (PPP JV) Agreement. The Subway System Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 4, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) that will be used as a special corporate vehicle for the Subway System Project. MCSI is a wholly-owned, domestic subsidiary of the Parent Company (Note 26.1).

On July 12, 2019, the Parent Company incorporated Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway System Project. JRIC is a wholly-owned, foreign subsidiary of the Parent Company (Note 26.1).

On July 19, 2019, the Makati City Council approved City Ordinance No. 2019-A-020 (the "Ordinance") on third and final reading. The Ordinance approved the terms and conditions of the PPP JV Agreement between the Parent Company and the Makati City Government for the construction, establishment, management and operation of the Subway System.

On July 30, 2019, the Parent Company's BOD approved a resolution authorizing the Parent Company's execution, delivery and performance of the PPP JV Agreement with the Makati City Government as the Joint Venture (JV) Partner, and of other instruments contemplated in the PPP JV Agreement. On the same date, authorized representatives of the Parent Company and the Makati City Government signed the PPP JV Agreement and the Parent Company submitted to the Makati City Government the US$350 million performance bond which was accepted by the Makati City Government.

On February 18, 2020, the Notice to Proceed for the Subway System Project was received by the Parent Company. The Subway System Project is expected to be completed within five (5) years for an estimated total project cost of US$3.5 billion.

Additional information on the PPP JV Agreement is disclosed in Notes 7 and 9.

(c) Subsequent events

In the middle of March 2020, the President of the Philippines imposed a Community Quarantine (CQ) throughout the country in varying degrees as a result of the spread of the Corona Virus Disease 2019 (COVID-19) pandemic. The CQ significantly restricts the movement of people and most businesses are temporarily closed. The government is continuously implementing a series of measures to curb the effects of the COVID-19 pandemic.

The Group has observed the government mandate and directives. The Group's operations, both in real estate and infrastructure, are in the low-risk category. The bulk of its activities in the real estate operations is the land development and house construction of its current subdivision projects. There is little personal contact, except with its contractors. Selling is limited to its broker networks. As to the infrastructure operations, the Group continues to research, design and cooperate overseas in workplaces that are externally coordinated in various professional fields. Due to the CQ being implemented, the Group is experiencing an inevitable slowdown in operations. This major crisis constitutes a post-closing event, with no impact on the value of the Group's assets and liabilities in the accounts as at December 31, 2019. As at the date of BOD approval and authorization of issuance of the 2019 consolidated financial statements, the BOD and management are not aware of any material impact on the Group's 2020 financial position and results of operations.

(d) Approval of consolidated financial statements

The consolidated financial statements have been approved and authorized for issue by the BOD on July 15, 2020.

Note 2 - Cash

This account as at December 31 consists of:

	2019	2018
Cash in banks	1,801,769,293	1,108,378,953
Cash on hand	308,293	323,000
	1,802,077,586	1,108,701,953

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the year ended December 31, 2019 amounted to P0.44 million (2018 - P57,525; 2017 - P11,391).

Significant judgment - Expected credit loss (ECL)

Bank deposits are deemed by the Group to have low credit risk as the counterparty banks have strong capacity to meet their contractual obligations. The Group uses external ratings in assessing the credit risk arising from these exposures. Under Philippine Financial Reporting Standards (PFRS) 9, the low credit risk assets are, at a minimum, subject to 12-month ECL. Management has ascertained that the corresponding 12-month ECL is not material for financial reporting purposes.

The detailed accounting policy for impairment losses is disclosed in Note 26.2. Likewise, information on the credit quality of cash in banks is presented in Note 24.

Note 3 - Receivables, net

This account as at December 31 consists of:

	Note	2019	2018
Receivables from subcontractors		63,938,746	59,126,436
Receivables from sale of real estate held for sale and development		34,238,681	32,554,971
Advances to shareholder	20	-	211,020,846
Advances to officers and employees		456,980	387,396
Others		248,027	145,090
		98,882,434	303,234,739
Allowance for impairment losses		(2,000,000)	(2,000,000)
		96,882,434	301,234,739

Advances to officers and employees pertain to unliquidated cash advances.

Note 4 - Funds held by custodian bank

This account represents restricted funds from the proceeds of the Parent Company's cancelled stock rights offering in 1996, which was deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Group to the SEC in connection with the stock rights offering (Note 14).

Following SEC's order to refund the money, the proceeds have been presented as liability in the consolidated statements of financial position. The Group does not have legal right to defer payment beyond one (1) year for any claims received, hence, the amount was presented as current liability.

During 2019 and 2018, there were neither payments of principal nor withdrawals from the account.

Note 5 - Real estate held for sale and development

This account represents cumulative development and construction costs of on-going housing projects in Binangonan, Rizal.

Details and movements of this account as at and for the years ended December 31 are as follows:

	2019	2018
At cost		
At January 1	999,284,393	1,022,629,195
Additions, including capitalized interest	33,082,631	64,159,250
Charged to costs of real estate sold	(44,474,359)	(87,504,052)
At December 31	987,892,665	999,284,393
At net realizable value (NRV)		
Allowance for write-down	855,000	855,000
At December 31	988,747,665	1,000,139,393

Total real estate sold in 2019 amounted to P77.32 million (2018 - P125.64 million; 2017 - P163.46 million).

Interest expense capitalized as part of real estate held for sale and development are disclosed in Note 13.

Critical accounting estimate - Determining NRV of real estate held for sale and development

Real estate held for sale and development are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. As at December 31, 2019 and 2018, allowance for NRV amounted to P0.45 million. Management has not identified any conditions or factors that would cause additional write-down of real estate held for sale and development to NRV.

Note 6 - Prepayments and other current assets

This account as at December 31 consist of:

	2019	2018
Input value-added tax (VAT)	28,131,851	3,514,245
Prepaid taxes	11,806,549	9,704,144
Advances to subcontractors	2,315,704	1,926,882
Prepaid insurance	77,588	77,588
Others	1,054,456	1,054,456
	43,386,148	16,277,315

In 2019, the Parent Company wrote-off input VAT which was presented as part of other expenses in Note 16.

Note 7 - Investment properties

This account consists of the Group's 1,513-hectare property in Binangonan, Rizal, which is currently being cleared for future development, and 7.87-hectare property in Makati City relative to the Subway System Project (Note 1).

Movements of this account for the years ended December 31 are as follows:

	Note	2019	2018
At January 1		14,713,619,640	2,487,484,670
Unrealized fair value gain on land		4,650,192,348	4,148,949,957
Provision for clearing costs	12	3,817,169,477	8,057,485,719
Additions		6,566,554,000	19,699,294
At December 31		29,747,535,465	14,713,619,640

As at December 31, 2019 and 2018, no investment properties have been pledged as security for any of the Group's liabilities. The Group has contractual obligation to develop the land acquired from Makati City Government based on the PPP JV Agreement and the Binangonan property as discussed below.

As at December 31, 2019 and 2018, no borrowing costs were capitalized as investment properties.

Binangonan property

The Binangonan property was acquired in 1978 and part and parcel of the 2,200-hectare property.

On November 21, 1991, the Supreme Court affirmed previous decisions by the Court of Appeals and the Regional Trial Court confirming the validity of the Parent Company's titles over its Binangonan property. However, in the same Supreme Court decision, it was also declared that the Parent Company's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants who have acquired ownership through acquisitive prescription of dominion and other real rights. The area of present claimants to certain parcels of land within the Parent Company's titled property is currently being identified and verified by the Group's legal counsel.

The cumulative unrealized fair value gain recognized amounting to P10.27 billion as at December 31, 2019 (2018 - P5.62 billion) is not available for dividend declaration (Note 14). Unrealized fair value gain on land for the year ended December 31, 2019 amounting to P4.65 billion (2018 - P4.15 billion; 2017 - P31.76 million) has been recognized in profit or loss.

Based on the latest appraisal as at September 30, 2019 performed by an independent external firm of appraisers, the Binangonan property has a fair value of P23.18 billion as at December 31, 2019 (2018 - P14.71 billion). There were no significant changes in the fair value between September 30, 2019 and December 31, 2019.

Makati property and the Public-Private Partnership Joint Venture (PPP JV) Agreement

Under the PPP JV Agreement, the Makati City Government, as the JV Partner, will provide MCSI through the Parent Company at least 32 hectares of land (the "Project Land"). The Project Land will consist of the areas required for the staging, construction, operation, maintenance and development of the Subway System as indicated in the feasibility study and/or as may be mutually agreed upon by the Makati City Government and the Parent Company (the "JV Parties") that currently belong to: (i) the Makati City Government, (ii) the Parent Company and (iii) third parties, which must be delivered and made available to MCSI in accordance with the Subway System Project's Land Acquisition Plan. The specific rights and obligations of the JV Parties are provided in the PPP JV Agreement.

On October 28, 2019, the Makati City Government transferred the beneficial ownership of a 7.90-hectare property in Makati City (the "Makati Land") to the Parent Company through an Asset Transfer Agreement in consideration for the issuance of the Parent Company's preferred shares (Note 14). These idle properties which are located at the identified stations of the Subway System will be used in the construction of topside development for residential, commercial and public uses.

The PPP JV Agreement also grants to MCSI through the Parent Company contractual rights over the Floor-to-Area Ratio (FAR) of 20 in the areas where the Project Land are located which was approved through the Makati City Ordinance No. 2019-A-020 in 2019. In the event that the Subway System is completed ahead of the completion target date, FAR will be increased to 22.

Until the issuance of the Certificate of Final Completion, the Makati Land can only be mortgaged, encumbered or used as collateral by MCSI upon the express consent and approval by all nominee directors of the Makati City Government in the Parent Company and MCSI.

The remaining Project Land that are yet to be acquired by MCSI from registered third-party owners has a total land area of 27.27 hectares as at December 31, 2019. As at the first quarter of 2020, third party owners of 2.2 hectares covered by the Project Land accepted the Group's voluntary sale offers.

Based on the latest appraisal as at September 13, 2019 performed by an independent external firm of appraisers, the Makati Land has a fair value of P6.57 billion as at acquisition date and as at December 31, 2019. No significant changes in the fair value between September 13, 2019 and December 31, 2019.

Significant judgement - Recognizing investment properties from the PPP JV Agreement

The Parent Company has substantially complied with the requirements of the PPP JV Agreement to acquire beneficial ownership of the Makati Land which was transferred to MCSI. While the beneficial ownership has been conveyed to MCSI through the Parent Company, the actual transfer and registration of the Makati Land in the name of MCSI has not yet been completed as the request for tax-free exchange ruling filed by the Makati City Government with the Bureau of Internal Revenue on November 7, 2019 is pending for approval. The Group's management and legal counsels believed that, based on current circumstances, there are no legal contingencies nor adverse claims by third parties affecting the status and titling of the Makati Land.

Critical accounting estimate - Determining initial cost of Makati property at acquisition date and fair value of investment properties at reporting date

In 2019, the fair values (Level 3) of the investment properties in Binangonan and Makati were determined based on the latest appraisal performed by an independent external firm of appraisers. The appraiser determined that the highest and best use of the Binanongan and Makati properties are mainly that of mixed-use development (residential, institutional or commercial).

For the Binangonan property, the appraisal method involved a valuation technique that determined the value of the property by reference to the value of income or cash flows generated by the asset. This approach considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year's income), called the direct capitalization technique. This approach reflects the principles of substitution and anticipation.

For the Makati property, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparision was premised on the factors of location, size and shape of the lot, time element and others.

In 2018, the fair value (Level 3) of the investment property in Binangonan was determined based on the appraisal as at December 27, 2018 performed by an independent external firm of appraisers. The appraiser determined that the highest and best use of the subject properties is mainly that of an residential utility. The appraisal method involved comparing the market price of similar properties near the vicinity, which range from P1,000 to P6,000 per square meter, and other significant Level 3 inputs. Factors considered also include zonal value, size and shape of the property, desirability, and other characteristics of the lots and properties.

For consolidated statement of cash flows purposes, the unrealized fair value gain and provision for clearing costs are considered non-cash transactions.

Estimating initial cost of Makati property and fair value of investment properties are further discussed in Note 25.1.

Note 8 - Property and equipment, net

Details of and movements in this account as at and during the years ended December 31 are as follows:

	Right-of-use assets - Residential units and parking lots	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Construction-in-progress	Total
Cost							
January 1, 2018	-	3,020,039	2,497,053	3,083,865	230,846	-	8,831,803
Additions	-	245,917	165,044	5,378,221	-	-	5,789,182
Disposals	-	(462,607)	(2,191,299)	(391,268)	(203,864)	-	(3,249,038)
December 31, 2018	-	2,803,349	470,798	8,070,818	26,982	-	11,371,947
Additions	11,203,812	46,953	1,251,921	-	-	2,012,976,146	2,025,478,832
Disposals	-	(1,190,396)	-	-	-	-	(1,190,396)
December 31, 2019	11,203,812	1,659,906	1,722,719	8,070,818	26,982	2,012,976,146	2,035,660,383
Accumulated depreciation							
January 1, 2018	-	2,567,838	2,240,718	1,997,889	211,201	-	7,017,646
Depreciation	-	351,105	180,672	244,469	12,900	-	789,146
Disposals	-	(462,607)	(2,191,299)	(391,268)	(203,864)	-	(3,249,038)
December 31, 2018	-	2,456,336	230,091	1,851,090	20,237	-	4,557,754
Depreciation	1,867,301	215,695	212,398	2,003,366	5,355	-	4,304,115
Disposals	-	(1,190,396)	-	-	-	-	(1,190,396)
December 31, 2019	1,867,301	1,481,635	442,489	3,854,456	25,592	-	7,671,473
Net book value							
December 31, 2019	9,336,511	178,271	1,280,230	4,216,362	1,390	2,012,976,146	2,027,988,910
December 31, 2018	-	347,013	240,707	6,219,728	6,745	-	6,814,193

Construction-in-progress pertains to development costs such as architectural designs, environmental impact assessments, concept design and master planning for the Subway System Project.

The right-of-use assets arising from leasing arrangements as at December 31, 2019 are presented together with the Group's owned assets of the same class and discussed in detail in Note 17.

Depreciation expense for the year ended December 31, 2017 amounted to P0.90 million.

For cash flows purposes, additions in construction-in-progress that was paid through issuance of share warrants (Note 14) are considered as a non-cash financing activity.

Note 9 - Intangible assets

Intangible assets as at December 31, 2019 pertain to contractual rights over the excess FAR granted to the Group.

As discussed in Note 7, the Group has been granted enforceable contractual rights under the under the PPP JV Agreement with the Makati City Government (Note 1). These rights include contractual rights over the excess FAR (the "Rights") under an ordinance issued and approved by the City Council of the Makati City Government as part of the terms of the conditions of the PPP JV Agreement to make the Subway System Project economically viable for the Group with the Parent Company being the main proponent. The Rights granted are a fundamental component of the PPP JV Agreement given the substantial amount of financial investments and risks associated with the Subway System Project. The Rights are distinct assets and separate from ownership of the Project Land. The Rights may be transferred, sold or conveyed to other parties without conditions at reporting date. However, utilization of the excess FAR is subject to ultimate ownership of the Project Land covered by the Subway System Project, either legally or economically or any other legal way of conveyance or transfer.

As at December 31, 2019, the Project Land include certain land properties not yet legally or economically acquired by the Group. Pursuant to the PPP JV Agreement, the acquisitions of these properties are the ultimate obligation of the Makati City Government to the Group.

The initial cost of the intangible assets amounting to P115.28 billion was based on the final appraisal report dated December 31, 2019 that was prepared by an independent external firm of appraisers.

The intangible assets recognized is considered a non-cash acquisition in the consolidated statements of cash flows and were credited to the other reserves account in equity (Note 14).

Significant judgement - Recognizing intangible assets from the PPP JV Agreement

Management believes that the recognition of the Rights as intangible assets meets the definition and recognition criteria of PAS 38, Intangible Assets, because of the following:

- The Rights are enforceable and legally owned by the Group as at December 31, 2019;
- The Rights are distinct assets, separate from land ownership;
- The Rights can be transferred, sold or otherwise conveyed to other parties; and
- The inflow of economic benefits from the above Rights is more likely than not or probable as at December 31, 2019. While the ultimate development of the underlying properties is conditioned upon land acquisition, the Group and the Makati City Government do not anticipate any significant risk associated with the acquisitions of such properties prior to actual implementation of development plans.

Management also believes that the value of the intangible assets is expected to increase after the construction of the Subway System and when it becomes operational.

Critical accounting estimates - Determining useful life and carrying value of intangible assets

The Group's intangible assets has a useful life of 50 years, which is the contractual life of the assets. The amortization will start upon commencement of the constructions activities which is expected to happen in 2020.

The value of intangible assets at initial recognition has been determined using a valuation technique based on income approach. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow generated by the asset. This approach considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate.

This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year's income) called the direct capitalization technique. The income approach reflects the principles of substitution and anticipation.

While the economic ownership has been conveyed to the Group, the assessment of the fair value of intangible assets at initial recognition is dependent on future cash flows and if these are below initial expectations, there is a risk that the assets will be impaired.

Estimating initial cost of intangible assets is further discussed in Note 25.1.

Note 10 - Other assets

This account as at December 31 consist of:

	2019	2018
Advances to suppliers	184,835,000	-
Refundable deposits	2,676,550	1,486,948
Investment in equity securities	213,100	213,100
Computer software, net	77,433	136,323
Others	62,050	62,050
	187,864,133	1,898,421

Advances to suppliers pertain to advance payments to the land owners where the Subway System Project will be situated (Note 7).

Amortization of computer software recognized for the year ended December 31, 2019 amounted to P0.10 million (2018 - P79,628; 2017 - P64,352) (Note 16).

Note 11 - Accounts payable and other liabilities

This account as at December 31 consist of:

	Note	2019	2018
Accounts payable		15,057,145	14,713,098
Customers' deposits		34,130,615	34,781,542
Lease liabilities	17	7,325,775	-
Retention payable		6,479,489	6,798,117
Accrued expenses and other liabilities			
Real property taxes		26,683,320	27,001,708
Interest, penalties and related charges		6,214,208	3,301,474
Salaries, wages and benefits		130,557	251,604
Others		10,756,539	13,245,170
		106,777,648	100,092,713
Less: Non-current portion of lease liabilities	17	5,803,827	-
		100,973,821	100,092,713

Accounts payable are generally non-interest bearing and normally settled on a 30 to 60-day term.

Customers' deposits pertain to cash collected from customers for reservation fee, titling fee, processing fee and other fees.

Retention payable pertains to withheld amount to be paid to the contractor upon completion of project.

Note 12 - Provision for clearing costs

This account represents estimated costs to clear the investment properties of Binangonan properties (Note 7).

As discussed in Note 7, the Supreme Court affirmed the validity of the Parent Company's titles over its 2,200-hectare property in Binangonan, Rizal. However, due to a number of factors, including the recognition of the Supreme Court of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of the said property, the Group has set up the provision for clearing costs based on the estimated expenditure to clear the property, including compensation for current occupants to vacate the property.

The movements in the account for the years ended December 31 are as follows:

	Note	2019	2018
At January 1		8,973,836,980	920,180,309
Change in estimate, net of unwinding of discount	7	3,817,169,477	8,057,485,719
Actual clearing costs paid		(4,758,590)	(3,829,048)
Total		12,786,247,867	8,973,836,980
Less: Non-current portion		12,743,834,354	7,958,840,691
Total current portion		42,413,513	1,014,996,289

Critical accounting estimate - Provision for clearing costs

The provision for clearing costs represents the present value of expected pay-outs using a pre-tax rate of 13.00% (2018 - 7.70%), which management assessed as reflective of current market assessments of the time value of money and the risks specific to the liability. Each year, the provision is reviewed for any change in estimate and consider accretion of discount, if any.

Where the discount rate used increased/decreased by 1% from management's estimates, the provision for clearing costs would be P841.03 million lower/P954.55 million higher (2018 - P869.20 million lower/P1.04 billion higher).

Note 13 - Borrowings

This account represents unsecured loans from various creditors, with interest rates ranging from 6% to 18% and payment terms up to five (5) years. The loan availment in 2019 is due in 2020.

The movements in the account and net debt reconciliation as at and for the years ended December 31 are as follows:

	2019	2018
At January 1	9,673,816	261,918,107
Cash flow changes:		
Availments	72,512,000	51,039,200
Payments	(2,351,001)	(159,256,618)
Non-cash flow changes: Reversals	-	(144,026,873)
At December 31	79,834,815	9,673,816
Cash	(1,802,077,586)	(1,108,701,953)
Net debt	(1,722,242,771)	(1,099,028,137)
Borrowings		
Current	78,512,906	8,351,907
Non-current	1,321,909	1,321,909
	79,834,815	9,673,816

A portion of the borrowings was used to fund the on-going housing projects (Note 5) and clearing activities to prepare the investment properties for their intended use (Note 7). Details of interest from borrowings for the years ended December 31 are as follows:

	2019	2018	2017
Capitalized to:			
Real estate held for sale and development	-	15,102,737	31,310,219
Investment properties	-	-	892,072
Expensed	3,121,176	1,740,610	-
	3,121,176	16,843,347	32,202,291

In 2018, the Group recognized a gain on extinguishment of debts amounting to P144.02 million as a result of debt restructuring with certain creditors. There were no such gain in 2019 and 2017.

Interest payments on borrowings for the year ended December 31, 2019 amounted to P0.41 million (2018 - P66.09 million; 2017 - P11.58 million) as shown in the consolidated statements of cash flows.

Note 14 - Equity

(a) Share capital, share premium and deposits for future share subscription

Details of share capital as at December 31 are as follows:

	Authorized		Subscribed		Paid-up	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
2019						
Common shares with par value of P1 per share*	9,500,000,000	9,500,000,000	6,061,578,964	6,061,578,964	3,657,175,889	3,657,175,889
Preferred shares with par value of P10 per share**	1,000,000,000	10,000,000,000	656,655,400	6,566,554,000	656,655,400	6,566,554,000
			6,718,234,364	12,628,132,964	4,313,831,289	10,223,729,889
2018						
Common shares with par value of P1 per share	1,500,000,000	1,500,000,000	3,755,348,000	3,755,348,000	1,499,913,964	1,499,913,964

**Issued and outstanding*
***Not yet issued but fully paid*

The movements in share capital and share premium for the years ended December 31 are as follows:

	Number of shares	Paid-up	Share premium	Total
Common shares				
At January 1, 2018	1,327,113,964	1,327,113,964	130,898,642	1,458,012,606
Issuance of ordinary shares (at P1.40)	172,800,000	172,800,000	69,120,000	241,920,000
At December 31, 2018	1,499,913,964	1,499,913,964	200,018,642	1,699,932,606
Issuance of ordinary shares				
Subscription of ordinary shares (at P1.10)	4,516,280,000	4,516,280,000	451,628,000	4,967,908,000
Subscription of ordinary shares (at P1.40)	45,385,000	45,385,000	18,154,000	63,539,000
Outstanding subscription receivable	(2,404,403,075)	(2,404,403,075)	-	(2,404,403,075)
At December 31, 2019	3,657,175,889	3,657,175,889	669,800,642	4,326,976,531
Preferred shares				
Paid-up preferred shares	656,655,400	6,566,554,000	-	6,566,554,000
At December 31, 2019	656,655,400	6,566,554,000	-	6,566,554,000

The proceeds from issuances of shares in 2019 totaling to P1.35 billion was presented under cash flows from financing activities in the consolidated statements of cash flows. Such amount excludes the conversion of deposits for future share subscription as at December 31, 2018 as discussed below.

Costs for share issuances incurred in 2019 amounting to P292.57 million include payments for documentary stamp taxes, SEC filing fees, and other direct fees.

Deposits for future shares subscription

On July 20, 2018, the BOD and shareholders approved the increase in the authorized share capital from P1.50 billion to P19.5 billion, composed of P9.50 billion common shares and P10.00 billion preferred shares.

Subsequently, the Parent Company received from its shareholders deposits for future common shares subscription amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital. On March 15, 2019, following SEC's approval the Parent Company issued the corresponding 4.56 billion common shares. Accordingly, the deposits for future common shares subscription have been presented as part of equity as at December 31, 2018.

For consolidated statements of cash flows purposes, the conversion from deposits for future share subscription to common shares is considered a non-cash financing transaction.

Subscription of preferred shares

The PPP JV Agreement provides that the Makati City Government shall contribute to MCSI, through the Parent Company, a total of 7.90-hectare properties in exchange for the Parent Company's preferred shares equivalent to the appraised value of the properties (Notes 1 and 7).

On October 31, 2019, relative to the PPP JV Agreement, the Parent Company entered into the Subscription Agreement with the Makati City Government for 656.66 million preferred shares of the Parent Company at P10 per share in exchange for the delivery of the Makati Land (Note 7).

In February 2020, the Parent Company and the Makati City Government agreed to split the Subscription Agreement into two: (i) 656.66 million preferred shares to be paid with land properties owned by the Makati City Government with an appraised value of P6.57 billion as at September 13, 2019, and (ii) 65.67 million preferred shares to be acquired through 2% annual stock dividends for 5 (five) years until the 722.32 million preferred shares are fully issued.

The preferred shares shall have full voting rights, preference as to liquidation, with cumulative, participating (with common shares) and fixed dividends at a rate of 2% per annum from issuance of the Parent Company's preferred shares for five years until the total amount of dividends paid is P656.66 million. The preferred shares are convertible to: (i) common shares of the Parent Company, or (ii) twenty-five percent (25%) of the post conversion total issued and outstanding share capital of MCSI. The preferred shares are considered equity instruments based on their features.

Based on SEC Opinion Number 06-35 dated September 7, 2006, the terms and conditions for the issuance of preferred shares may be stated in the Articles of Incorporation (AOI) or the same may be fixed, by the board of directors provided they are authorized under the AOI to fix the said terms and conditions. On October 30, 2019, the Parent Company's BOD approved the Asset Transfer Agreement, including the terms and conditions for the issuance of preferred shares to the Makati City Government.

(b) Treasury shares

The Parent Company acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent's records but not in its accounts. It is the Group's policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

In 2017, the Group recorded reclassifications from share capital and share premium to treasury shares to align with the records maintained by the stock transfer agent. Due to impracticability and materiality, this was adjusted prospectively. This transaction did not generate any cash flow.

(c) Share warrants

In 2017, the Makati City Government entered into a Memorandum of Agreement with private entities, including Cross-Strait Common Development Fund Co. ("Cross Strait"), for the latter to conduct a study that aims to provide convenience to commuters in the Philippines' financial district, alleviate traffic congestion and spur development to areas outside of the central business district through the Subway System Project, and to cooperate with the Makati City Government in entering into a PPP, JV, build-operate-transfer contract or any of its variants, or any appropriate collaborative engagement upon successful awarding of the Subway System Project.

On June 1, 2018, the Parent Company's BOD approved the issuance in favor of Cross Strait 1.2 billion warrants, American option, with the strike price of P1.00 per share, valid for 5 years from issuance, in exchange for Cross Strait's rights over the Subway System Project. This was subsequently approved by at least 2/3 of the Parent Company's shareholders on July 20, 2018.

The Parent Company and Cross Strait finalized the agreement in 2019 in which Cross Strait formally transfers to the Parent Company its rights to the Subway System Project including the priority of bidding for the said project, topside development projects, construction and operation rights for the Subway System. The transaction also includes pre-feasibility studies, feasibility studies, legal due diligence, financial models, and business planning. The carrying value of the share warrants, based on the fair value of the assets received at transaction date, amounted to P1.76 billion as at December 31, 2019. The value of such assets which are required to complete the construction of the Subway System are included as part of construction-in-progress account under property and equipment in the consolidated statements of financial position.

For consolidated statements of cash flows purposes, the issuance of share warrants is considered a non-cash financing transaction.

(d) Earnings per share

Basic earnings per share for the years ended December 31 are as follows:

	2019	2018	2017
Net income	3,139,486,886	2,991,933,548	22,956,195
Weighted average number of shares outstanding	2,970,374,494	1,442,313,964	1,327,113,971
Earnings per share	1.06	2.07	0.02

Diluted earnings per share for the years ended December 31 are as follows:

	2019	2018	2017
Net income	3,139,486,886	2,991,933,548	22,956,195
Weighted average number of shares			
Common shares outstanding	2,970,374,494	1,442,313,964	1,327,113,971
Diluted shares	709,442,567	-	-
	3,679,817,061	1,442,313,964	1,327,113,971
Earnings per share	0.85	2.07	0.02

(e) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Parent Company's application for the issuance of 40.00 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Parent Company commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Group and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (Note 4). The proceeds from the offering, which remained unclaimed by the subscribers, are shown as liability for refund of stock rights subscription in the current liabilities section of the consolidated statements of financial position.

(f) Retained earnings

As at December 31, 2019, the Group has retained earnings of P6.25 billion (2018 - P3.40 billion) which include cumulative unrealized fair value gain on the Parent Company's investment properties amounting to P10.27 billion as at December 31, 2019 (2018 - P5.62 billion) that is not available for dividend declaration (Note 7).

(g) Other reserves

Details of this account as at December 31 are as follows:

	2019
Reserve from contractual rights granted	115,278,746,000
Cumulative translation reserve on foreign subsidiary	22,251
	115,278,768,251

Note 15 - Salaries, wages and employee benefits

Details of this account for the years ended December 31 are as follows:

	2019	2018	2017
Salaries and wages	7,973,651	8,115,562	7,073,411
Bonus and allowances	1,900,336	6,165,862	1,930,029
SSS, Philhealth and HDMF	467,743	446,882	390,052
Separation pay	72,000	234,189	600,000
	10,413,730	14,962,495	9,993,492

Note 16 - Other expenses

Details of this account for the years ended December 31 are as follows:

	Notes	2019	2018	2017
Interest	13, 17	3,342,405	1,740,610	-
Transportation and travel		1,639,007	2,556,701	717,820
Gasoline, oil and parking		1,216,868	1,358,743	1,104,730
Input VAT write-off	6	1,146,998	798,756	2,583,950
Repairs and maintenance		1,054,392	864,062	546,355
Medical		785,157	782,864	898,273
Light and water		560,311	1,773,152	709,818
Dues and subscription		496,092	427,465	432,130
Communication		377,842	377,032	222,433
Marketing		335,621	111,889	63,678
Meals		326,560	353,768	354,660
Amortization of computer software	10	101,568	79,628	64,352
Personnel		7,550	388,723	647,384
Miscellaneous		2,073,585	2,901,207	689,085
		13,463,956	14,514,600	9,034,668

Miscellaneous mainly include insurance, contractual fees, training expenses, and other operating costs.

Note 17 - Leases

(a) Group as lessor

Rental income represents income from lease of a parcel of the Group's land property to a third party for a period of one (1) year, renewable thereafter every April 1 upon mutual agreement by the Group and its respective lessee.

Rental income recognized amounted P1,600 in 2019 (2018 - P0.11 million; 2017 - P0.35 million). As at December 31, 2019 and 2018, the estimated future minimum lease payments within the next year amount to P0.12 million (2018 and 2017 - P0.10 million).

There is no change in accounting of lessors on adoption of PFRS 16, Leases (Note 26.1).

(b) Group as lessee

The Group has a non-cancellable lease agreement for its office spaces. The original agreement has a term of three (3) years, expiring in 2015, and is renewable on an annual basis thereafter. In 2018 and 2017, the Group renewed its lease. In 2019, 2018 and 2017, the Group also entered into other non-cancellable lease agreements with third parties for the accommodation of its officers, with terms of one (1) to three (3) years.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

The refundable deposits recognized from the above lease agreements are presented under other assets account in the consolidated statements of financial position amounting to P1.61 million (2018 - P.093 million). These deposits are refundable at the end of the lease terms.

(i) From January 1, 2019 on adoption of PFRS 16

The Group has adopted PFRS 16 effective January 1, 2019. The lease payments with the Group as lessee have been recognized as right-of-use assets and lease liabilities in the consolidated statements of financial position as at January 1, 2019 and December 31, 2019. The Group applied the modified retrospective approach in transitioning to PFRS 16 (Note 26.1).

As at December 31, 2019, leased assets, which are classified as part of property and equipment, and corresponding liabilities are included as components of the consolidated statement of financial position as follows:

	Notes	Amount
Right-of-use assets		
Residential units and parking lots	8	9,336,511
Lease liabilities		
Current		1,521,948
Non-current		5,803,827
	11	7,325,775

Payments for leases of residential units and parking lots are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group used a discount rate of 7.38%. Estimation involved in determining the discount rate is discussed in Note 25.1.

Movements in lease liabilities for the year ended December 31, 2019 are as follows:

	Amount
At January 1	-
Non-cash changes:Addition	
Additions	7,104,546
Interest expense	221,229
At December 31	7,325,775

The consolidated statement of total comprehensive income for the year ended December 31, 2019 includes the following amounts under 'Expenses' relating to the Group's leases:

	Notes	Amount
Depreciation of right-of-use assets	8	1,867,301
Rent expense from short-term and low-value leases		4,055,993
Interest expense from lease liabilities	16	221,229
		6,144,523

The Parent Company's lease for its office spaces is considered as short-term and low-value lease under PFRS 16 and hence, continues to be recognized on a straight-line basis as rent expense in profit or loss.

The total cash outflows for leases for the year ended December 31, 2019 are as follows:

	Amount
Prepaid rent on right-of-use assets	4,099,266
Rent expense from short-term and low-value leases	4,055,993
	8,155,259

The reconciliation between the operating lease commitments disclosed in applying Philippine Accounting Standards (PAS) 17, Leases, as at December 31, 2018 discounted using the Group's incremental borrowing rates and the lease liabilities recognized as at January 1, 2019 is as follows:

	Amount
Operating lease commitments, December 31, 2018	4,055,993
Short-term and low-value leases	(4,055,993)
Lease liabilities, January 1, 2019	-

(ii) Until December 31, 2018 under PAS 17

Until December 31, 2018, the Group recognized rent expenses related to its lease agreement on office spaces on a straight-line basis in accordance with PAS 17. Rent expense charged to profit or loss for the years ended December 31, 2018 and 2017 amounted to P4.02 million and P4.56 million, respectively. As at December 31, 2018, the estimated future minimum lease payments within the next year amounted to P4.06 million.

Note 18 - Income taxes

Deferred income tax liabilities, net as at December 31 consist of the tax effects of the following:

	2019		2018	
	Tax base	Tax effect	Tax base	Tax effect
Deferred income tax assets				
Net operating loss carry over (NOLCO)	167,445,223	50,233,567	-	-
Unrealized foreign exchange loss	33,367,213	10,010,167	114,654	34,396
Minimum corporate income tax (MCIT)	-	1,807,909	-	2,121,643
		62,051,643		2,156,039
Deferred income tax liabilities				
Unrealized fair value gain on investment properties	(10,272,921,357)	(3,081,876,408)	(5,622,729,009)	(1,686,818,703)
Lease liabilities, net of right-of-use assets	(2,010,736)	(603,221)	-	-
Remeasurement reserve on retirement benefit obligation	(911,496)	(273,449)	(1,148,454)	(344,536)
		(3,082,753,078)		(1,687,163,239)
		(3,020,701,435)		(1,685,007,200)

Deferred income tax assets relating to unrealized foreign exchange loss is expected to be realized within 12 months after reporting date. Deferred income tax assets on NOLCO and MCIT are expected to be realized within 3 years from the year of incurrence.

Deferred income tax liabilities are expected to be settled beyond 12 months after reporting date.

Deferred income tax assets are recognized to the extent that the realization of the related tax benefits through future taxable profits is probable.

The movements in the deferred income tax liabilities, net for the year ended December 31 are as follows:

	Note	2019	2018
January 1		1,685,007,200	436,799,331
Charged to profit or loss		1,336,459,705	1,247,992,549
Charged (Credited) to other comprehensive income	21	(71,089)	215,320
MCIT incurred		(694,381)	-
December 31		3,020,701,435	1,685,007,200

Details of deferred income tax assets of the Group that were not recognized as at December 31 since management believes that these may not be recovered in the immediately succeeding years given the ongoing development activities:

	2019		2018	
	Tax base	Tax effect	Tax base	Tax effect
NOLCO of subsidiaries	248,346,166	74,503,850	121,452	36,435
Accrued real property taxes	26,683,320	8,004,996	27,001,708	8,100,512
Unrealized foreign exchange loss of a subsidiary	9,547,138	2,864,141	-	-
Retirement benefit obligation recognized in profit or loss	4,638,669	1,391,601	3,817,813	1,145,344
Accrued interest, penalties and related charges	3,293,860	988,158	3,301,474	990,442
Others	2,821,838	705,460	-	-
	295,330,991	88,458,206	34,242,447	10,272,733

Details of NOLCO of the Parent Company as at December 31, which could be carried over as deduction from taxable income for three (3) consecutive years following the year of incurrence, are as follows:

		2019		2018	
Year incurred	Valid until	Tax base	Tax effect	Tax base	Tax effect
2019	2022	167,445,223	50,233,567	-	-
2015	2018	-	-	9,878,918	2,963,675
		167,445,223	50,233,567	9,878,918	2,963,675
Expired		-	-	(9,878,918)	(2,963,675)
		167,445,223	50,233,567	-	-

Details of NOLCO of subsidiaries as at December 31, which could be carried over as deduction from taxable income for three (3) consecutive years following the year of incurrence, are as follows:

		2019		2018	
Year incurred	Valid until	Tax base	Tax effect	Tax base	Tax effect
2019	2022	248,265,198	74,479,560	-	-
2018	2021	40,484	12,145	40,484	12,145
2017	2020	40,484	12,145	40,484	12,145
2016	2019	40,484	12,145	40,484	12,145
2015	2018	-	-	40,484	12,145
		248,386,650	74,515,995	161,936	48,580
Expired		(40,484)	(12,145)	(40,484)	(12,145)
		248,346,166	74,503,850	121,452	36,435

The Parent Company is liable to pay MCIT equivalent to 2% of gross income as defined in the tax regulations. The details of the Parent Company's excess MCIT over normal income tax, which can be claimed as deduction against future corporate income tax due three (3) consecutive years following the year of incurrence, are as follows:

Year	Valid until	2019	2018
2019	2022	694,381	-
2017	2020	1,113,528	1,113,528
2016	2019	1,008,115	1,008,115
2015	2018	-	378,284
		2,816,024	2,499,927
Expired		(1,008,115)	(378,284)
		1,807,909	2,121,643

The components of income tax expense in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	2019	2018	2017
Current	-	14,625,198	-
Deferred	1,336,459,705	1,247,992,549	6,680,458
	1,336,459,705	1,262,617,747	6,680,458

The reconciliation of the income tax expense computed at the statutory tax rates of 25% (for the foreign subsdiary) and 30% (for domestic entities in the Group) to actual income tax as shown in the consolidated statements of total comprehensive income for the years ended December 31 is as follows:

	2019	2018	2017
Income tax expense computed at statutory tax rates	1,342,925,070	1,276,365,389	8,890,996
Adjust for tax effects resulting from:			
Change in unrecognized deferred income tax assets	78,197,617	(15,273,043)	(5,173,016)
Non-deductible expenses	2,153,582	1,164,375	2,515,569
Expired MCIT	1,008,115	378,284	115,505
Taxable consideration on the relinquishment of investment property	-	-	334,821
Interest income subjected to final tax	(52,367)	(17,258)	(3,417)
Deductible costs of share issuance	(87,772,312)	-	-
Actual income tax expense	1,336,459,705	1,262,617,747	6,680,458

Note 19 - Contingencies

The Group has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. The detailed information about these claims, lawsuits and taxes has not been disclosed as it might prejudice the ongoing claims and litigations. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable, thus, no provisions were made during the year.

The Group also has unrecognized contingent assets pertaining to Binangonan properties (Note 7). Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Group.

Note 20 - Related party transactions and balances

In the normal course of business, the Group transacts with entities which are considered related parties. The significant related party transactions and balances as at and for the year ended December 31 are as follows:

	Notes	Transactions	Outstanding receivable (payable)	Terms and conditions
2019				
Ultimate parent				
Subscription receivable		(1,350,944,925)	2,404,403,075	Please refer to Note 14.
Key management personnel				
Salaries, wages and short-term benefits		3,899,394	-	Unsecured, with no guarantee and is payable every payroll period.
Retirement benefits	21	765,605	(2,170,205)	Please refer to Note 21.

	Notes	Transactions	Outstanding receivable (payable)	Terms and conditions
2018				
Entity with significant influence				
Advances	3	211,020,846	211,020,846	Unsecured, non-interest bearing and payable in cash on demand
Key management personnel				
Salaries, wages and short-term benefits		7,873,169	-	Unsecured, with no guarantee and is payable every payroll period.
Retirement benefits	21	567,045	(1,404,600)	Please refer to Note 21.

In 2018, the Parent Company made advances to a shareholder to cover the assets and expenditures for the initiation and execution of the Subway System Project. These include pre-operating expenses, properties for development, pre-feasibility and feasibility studies, and master planning, among others.

Note 21 - Retirement benefits

An actuarial valuation of the retirement benefits was sought from an independent actuary as at December 31, 2019 and 2018 and for each of the three years for the period December 31, 2019. As at December 31, 2019, the Parent Company has 23 regular employees (2018 - 28 regular employees) making it mandatory for the Parent Company to adopt the requirements of Republic Act (RA) No. 7641, also known as the "Retirement Pay Law".

The Parent Company provides for a defined benefit plan which covers the retirement, death, and disability benefits of all its qualified employees in accordance with the provisions of RA No. 7641. Under the plan, the normal retirement age is 60 with at least five (5) years of credited service and the normal retirement benefit is equal to one-half (1/2) of monthly salary for every year of credited service. The plan is unfunded as at December 31, 2019 and 2018.

The defined benefit obligation is determined using the projected unit credit (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

Details of the Group's retirement benefit accounts as at and for the years ended December 31 are as follows:

	2019	2018
Consolidated Statements of Financial Position		
Retirement benefit obligation	3,727,173	2,669,359
Remeasurement reserve	(638,047)	(803,918)
Consolidated Statements of Total Comprehensive Income		
Retirement benefit expense in profit or loss	820,855	1,077,635
Remeasurement loss (gain), net of tax, in other comprehensive loss (income)	165,871	(502,412)

The movements in retirement benefit obligation as at December 31 are as follows:

	2019	2018
January 1	2,669,359	4,953,227
Expense for the year	820,855	1,077,635
Benefits paid	-	(2,643,771)
Remeasurement loss (gain)	236,959	(717,732)
December 31	3,727,173	2,669,359

Changes in the present value of the defined benefit obligation as at December 31 are as follows:

	2019	2018
January 1	2,669,359	4,953,227
Current service cost	615,314	791,834
Interest cost	205,541	285,801
Benefits paid	-	(2,643,771)
Remeasurement loss (gain) from:		
Changes in financial assumptions	620,551	(452,254)
Experience adjustments	(383,592)	(265,478)
December 31	3,727,173	2,669,359

Changes in remeasurement reserve as at December 31 are as follows:

	2019	2018
January 1	(803,918)	(301,506)
Remeasurement loss (gain) during the year, net of tax	165,871	(502,412)
December 31	(638,047)	(803,918)

The components of the retirement benefit expense for each of the three years for the period ended December 31 are as follows:

	2019	2018	2017
Current service cost	615,314	791,834	719,030
Interest cost	205,541	285,801	259,093
	820,855	1,077,635	978,123

The sensitivities of the defined benefit obligation as at December 31 to changes in the principal assumptions are as follows:

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2019			
Discount rate	1.00%	(318,084)	385,953
Salary increase rate	1.00%	384,103	(322,358)
2018			
Discount rate	1.00%	(178,113)	213,590
Salary increase rate	1.00%	217,356	(183,888)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the consolidated statements of financial position.

The expected maturity analysis of undiscounted benefit payments as at December 31 are as follows:

	2019	2018
Within one year	1,649,391	1,517,440
More than one year but less than five years	663,996	1,706,642
	2,313,387	3,224,082

The principal actuarial assumptions used for the years ended December 31 are as follows:

	2019	2018
Discount rate	5.54%	7.70%
Expected rate of salary increase	5.00%	5.00%

There is no expected contribution to the plan for the year ending December 31, 2020.

Note 22 - Agrarian reform law and land use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform (DAR), land classified for agricultural purposes as at or after June 15, 1988 cannot be converted to non-agricultural use without the prior approval of DAR.

The Group obtained from concerned government agencies Exemption/Exclusion Orders dated August 11, 2008 and October 17, 2008 over several parcels of land with an area of 29.23 hectares and 27.97 hectares, respectively, in Binangonan, Rizal.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome. The Group's management considers it impracticable to disclose with sufficient reliability the possible financial impact surrounding the above provisions.

Note 23 - Segment information

As at December 31, 2018, the Group has only one segment as it derives its revenues primarily from sales of real properties. The incorporation of MCSI and JRIC resulted in an additional segment for Subway System operations as at December 31, 2019. Significant information on the reportable segments are as follows:

	2019			2018
	Real estate	Subway	Total	Real estate
Operating assets	35,494,733,620	125,460,530,929	160,955,264,549	17,165,443,581
Operating liabilities	16,295,836,030	116,269,522	16,412,105,552	10,788,037,995
Revenues from external customers	77,315,179	-	77,315,179	125,642,180
Unrealized fair value gain on investment properties	4,650,192,348	-	4,650,192,348	4,148,949,957
Total income	4,729,448,206	378,595	4,729,826,801	4,419,291,679
Total expenses	131,389,794	122,490,416	253,880,210	164,740,384
Income tax expense	1,336,459,705	-	1,336,459,705	1,262,617,747
Segment net income (loss)	3,261,598,707	(122,111,821)	3,139,486,886	2,991,933,548

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, Operating Segments.

There were no revenues derived from a single external customer above 10% of total revenues in 2019, 2018 and 2017.

The reconciliation of segment information to the balances in the consolidated financial statements as at and for the years ended December 31, 2019 are as follows:

	Total segment information	Intercompany receivables/ payables	Per consolidated financial statements
Operating assets	160,955,264,549	(10,764,676,158)	150,190,588,391
Operating liabilities	16,412,105,552	(397,456,564)	16,014,648,988
Revenues from external customers	77,315,179	-	77,315,179
Unrealized fair value gain on investment properties	4,650,192,348	-	4,650,192,348
Total income	4,729,826,801	-	4,729,826,801
Total expenses	253,880,210	-	253,880,210
Income tax expense	1,336,459,705	-	1,336,459,705
Segment net income	3,139,486,886	-	3,139,486,886

Note 24 - Financial risk and capital management

24.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management, under the direction of the BOD is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of the real estate industry.

24.1.1 Market risk

(a) Currency risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks (Note 2) at reporting date. In 2018, such risk includes deposits for future shares subscription (Note 14). Changes in foreign currency exchange rates of these accounts are not expected to have a significant impact on the financial position or results of operations of the Group.

Net foreign exchange loss recognized for each of the three years in the period ended December 31, 2019 is as follows:

	2019	2018	2017
Realized	-	-	50,334
Unrealized	42,799,697	114,654	-
	42,799,697	114,654	50,334

As at December 31, 2019, the Group's foreign currency denominated accounts pertain to cash in banks amounting to US$13.05 million (2018 - US$19.39 million) and CN¥154.52 million. As at December 31, 2018, the Group has foreign currency denominated deposits for future subscription amounting to US$23.0 million. The exchange rates used for the year ended December 31, 2019 were P50.74 per US$1 (2018 - P52.72 per US$1) and P7.25 per CN¥1 (2018 - nil).

(b) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's borrowings (Note 13) and lease liabilities (Note 17). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not significantly exposed to variability in cash flows as these carry fixed interest rates.

(c) Price risk

Quoted financial assets at fair value through other comprehensive income are acquired at certain prices in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instrument traded in the market. Depending on several factors such as interest rate movements the country's economic performance political stability and inflation rates, these prices change, reflecting how market participants view the developments. Price risk is insignificant to the Group since investment in securities is not material.

24.1.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. The Group's maximum exposure from financial assets that are subject to credit risk as at December 31 are as follows:

	Notes	2019	2018
Cash in banks	2	1,801,769,293	1,108,378,953
Receivables, gross*	3	98,425,454	302,847,343
Funds held by custodian bank	4	17,360,050	16,757,927
Refundable deposits	10	2,676,550	1,486,948
		1,920,231,347	1,429,471,171

**Exclude advances to officers and employees*

The table below shows the credit quality of the Group's financial assets as at December 31:

	Simplified approach	General approach			Total
	Current	Stage 1 - Performing	Stage 2 - Underperforming	Stage 3 - Non-performing	
2019					
Cash in banks	-	1,801,769,293	-	-	1,801,769,293
Receivables, gross*	34,238,681	248,027	61,938,746	2,000,000	98,425,454
Funds held by custodian bank	-	17,360,050	-	-	17,360,050
Refundable deposits	-	2,676,550	-	-	2,676,550
	34,238,681	1,822,053,920	61,938,746	2,000,000	1,920,231,347
2018					
Cash in banks	-	1,108,378,953	-	-	1,108,378,953
Receivables, gross*	32,554,971	211,165,936	57,126,436	2,000,000	302,847,343
Funds held by custodian bank	-	16,757,927	-	-	16,757,927
Refundable deposits	-	1,486,948	-	-	1,486,948
	32,554,971	1,337,789,764	57,126,436	2,000,000	1,429,471,171

**Exclude advances to officers and employees*

(a) Cash in banks and funds held by custodian bank

The Group manages credit risk on its cash in banks by depositing in banks that passed the criteria of the Group. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at December 31, the Group's cash and funds held by custodian are maintained with universal, thrift and commercial banks are as follows:

	2019	2018
Cash in banks		
Universal banks	1,768,856,147	1,108,211,675
Commercial bank	32,835,541	89,673
Thrift bank	77,605	77,605
	1,801,769,293	1,108,378,953
Funds held by custodian bank		
Universal bank	17,360,050	16,757,927
	1,819,129,343	1,125,136,880

The remaining cash in the consolidated statements of financial position pertains to cash on hand which is not exposed to credit risk.

(b) Receivables

In respect of receivables from sale of real estate held for sale and development, credit risk is managed primarily through credit reviews and analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain instalment payment structures.

Credit risk on advances to shareholder is considered low given the very strong financial capacity of the counterparty to repay the Group as at December 31, 2019 and 2018.

Other receivables consist mainly of advances to third party subcontractors. The Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history.

(i) Simplified approach

Exposure to impairment losses on receivables from sale of real estate held for sale and development is not significant as the real estate properly titles are not transferred to the buyers until significant payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

The Group is under a financing scheme where significant portion of the sales price is paid by Home Development Mutual Fund (HDMF) to the Group. The installment portion shouldered by the buyer from the sales are non-interest bearing and are generally within a credit term of 180 days from reservation prior to collection from HDMF. The Group no longer has a continuing involvement on the real properties once the Group received the proceeds from HDMF, aside from finalizing the transfer of real estate property title to the buyers.

(ii) General approach

Receivables under Stage 1 pertain to other receivables, while Stage 2 and 3 pertain to receivables from subcontractors. Stage 2 accounts are aged beyond one (1) year as at December 31, 2019 and 2018. Credit risk is considered low as the counterparties, which have ongoing projects for the Group, possess sufficient financial capacity to meet their obligations as at December 31, 2019 and 2018. Stage 3 accounts pertain contractors with no ongoing projects for the Group as at December 31, 2019 and 2018. No additional impairment losses on receivables were recognized for the years ended December 31, 2019, 2018 and 2017.

(c) Refundable deposits

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation to return the funds upon expiration of the arrangement. Impairment assessment for refundable deposit is insignificant.

(iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when these falls due. The consequence may be the failure to meet obligations to repay creditors and fulfill contractual commitments.

All financial assets and liabilities are current as at reporting dates, except for the non-current portion of refundable deposits (Note 10), borrowings (Note 13) and lease liabilities (Note 17).

To manage liquidity, funding of maturing obligation will come either from future sale of developed properties, additional investments by shareholders and/or financing from banks or similar institutions. The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several banks is also available to ensure availability of funds when necessary.

Under the PPP JV Agreement (Notes 1 and 7), the Parent Company, being the lead private proponent, shall have the obligation to finance the Subway System Project through equity investments and/or loan, financial lease, bond or other analogous form of financing from banks or other institutions with financial capacity which is acceptable to the Makati City Government. The obligation of the Parent Company to finance the Subway System Project shall be in the minimum amount of US$3.5 billion or such amount that is actually needed to completely finance the Subway System Project, whichever is lower.

To mitigate liquidity risks, the Group considers the following:

- It has access to undrawn financing and credit facilities from overseas financial institutions, which is included in the Group's liquidity management;
- It is able to maintain an adequate time spread of refinancing maturities;
- It has active communication with potential investors; and
- It has the ability to convert long-term financial assets into cash.

The contractual undiscounted cash flows from the remaining contractual maturity for the Group's non-derivative financial liabilities as at December 31 are as follows:

	Notes	Within one year	More than one year	Total
2019				
Trade and other payables*	11	35,717,590	-	35,717,590
Lease liabilities**		2,049,633	6,148,900	8,198,533
Borrowings	13	78,512,906	1,321,909	79,834,815
		116,280,129	7,470,809	123,750,938
2018				
Trade and other payables*		38,025,902	-	38,025,902
Borrowings	13	8,351,907	1,321,909	9,673,816
		46,377,809	1,321,909	47,699,718

**Excluding customers' deposits, payable to government agencies and accrued real propery taxes*
***Based on gross minimum lease payments*

The Group expects to settle its financial obligations in accordance with their maturity dates. Management generates sufficient cash from its operations and has enough financial assets to meet its maturing financial obligations.

24.2 Capital management

The Group's main objective is to ensure it has adequate capital moving forward to pursue its major land development, housing projects and other infrastructure projects.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide future returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statements of financial position, excluding fair value reserve on equity investments, remeasurement reserve on retirement benefit obligation and other reserve.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital in proportion to risk. The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There were no changes in the Group's capital management strategy and policies in 2019 and 2018.

24.3 Fair value of financial instruments

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at December 31, 2019 and 2018, the Group's investments in equity securities are classified under Level 1 and Level 2 categories and no financial instruments classified under Level 3 category. The carrying values of the Group's financial instruments as at reporting dates approximate their fair values due to their short-term nature. Non-current borrowings are discounted using the effective interest method which approximates fair value, while the impact of discounting non-current refundable deposits is immaterial.

Note 25 - Critical accounting estimates, assumptions and judgments

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

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions applied by the Group and which may cause adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding section.

25.1 Critical accounting estimates and assumptions

(a) Estimating initial cost of Makati property and fair value of investment properties (Note 7)

The Group's investment properties have estimated fair values ranging from P1,890 to P0.16 million (2018 - P1,200) per square meter as at December 31, 2019 based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The fair value of the Binangongan property was determined using the income approach as at December 31, 2019 following the completion of the Binangongan property master plan (2018 - sales comparison/market approach), while the fair value of the Makati property was determined using the market approach as at December 31, 2019.

The income approach is considered in valuing assets, land, or properties by reference to their development potential. The value is the residue of the gross development value of the proposed development scheme upon completion, deferred by the development period up to the time when all the asset or property has been disposed of in the open market, after deducting the development costs including demolition costs, construction costs, professional fees and allowance for risk and profit. Meanwhile, the sales comparison was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

The sales comparison/market apprach considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the vicinity of the subject property.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investment properties:

	Fair value as at December 31	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
2019				
Binangonan property	23,180,981,465	Discount rate	13%	The higher the input, the lower the fair value.
		Price growth rate	5%	The higher the input, the higher the fair value.
		Expected annual cashflows	P3.49 billion - P10.63 billion	The higher the input, the higher the fair value.
Makati property	6,566,554,000**	Physical adjustments	-5% to -65%	The higher the input (including, but not limited to location, size and terrain), the higher the fair value.
2018				
Binangonan property	14,713,619,640	Physical adjustments	-10% to 0%	The higher the input (including but not limited to location, size and terrain), the higher the fair value.

**There were no significant inter-relationships between unobservable inputs that materially affects fair values.*
***Equal to initial cost at acquisition date*

Unrealized fair value gain on investment properties represents significant amounts both in value of property and income. Any +/- 1% change in fair value per square meter increases/decreases total assets and income before tax by P231.81 million (2018 - P147.13 million; 2017 - P24.87 million).

(b) Provision for clearing costs (Notes 7 and 12)

As discussed in Note 7, the Supreme Court affirmed the validity of the Parent Company's titles over its 2,200 hectares of Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2019 and 2018. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

The estimate is based on the assumption that clearing activities will be carried out by the Group. Refer to Note 12 for the discussion on key assumption used.

Management believes that the current provision is the best estimate based on existing conditions and circumstances as at December 31, 2019 and 2018. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year may be different from estimates and could require a material adjustment to the carrying amount of the provision for clearing costs.

(c) Estimating initial cost of intangible assets (Note 9)

The initial cost of the intangible assets were determined based on the fair value of the excess FAR of the properties covered by the Subway System Project. The fair value was estimated using the income approach.

The income approach is considered in valuing assets, land, or properties by reference to their development potential. The value is the residue of the gross development value of the proposed development scheme upon completion, deferred by the development period up to the time when all the asset or property has been disposed of in the open market, after deducting the development costs including demolition costs, construction costs, professional fees and allowance for risk and profit. Meanwhile, the sales comparison was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	Fair value as at December 31	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
2019				
Contractual rights	115,278,746,000	Discount rate	12.50 to 14%	The higher the discount rate, the lower the fair value.
		Price growth rate	5%	The higher the input, the higher the fair value.
		Expected annual cashflows	P(780.15) million - P6.97 billion	The higher the input, the higher the fair value.

**There were no significant inter-relationships between unobservable inputs that materially affects fair values.*

(d) Determining NRV of real estate held for sale and development (Note 5)

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether inventories are damaged or if their selling prices have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As at December 31, 2019 and 2018, allowance for NRV amounted to P0.45 million. If selling price per unit increased/decreased by 10%, no additional loss would be recorded as the cost of remaining real estate inventories would still be lower than their NRV.

(e) Estimating incremental borrowing rate on leases (Note 17)

Payments for leases residential units are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses government bond yield as a starting point, adjusted to reflect changes in financing conditions if third-party financing was received. The discount rate applied by the Group is 7.38%.

25.2 Critical accounting judgments

(a) Collectability of the sales price (Note 24)

The Group considers the loan approval of HDMF as support for the collectability of the sales price of land and real estate properties. Management believes that it is probable to collect the consideration from buyers for revenues recorded for the years ended December 31, 2019 and 2018.

(b) Impairment of financial assets at amortized cost (Note 24)

From January 1, 2018, the Group applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Allowance for doubtful accounts as at December 31, 2019 and 2018 amounted to P2.00 million. This is equivalent to the full lifetime ECL using the ECL model. Based on management's assessment, no additional impairment losses are required as discussed in Note 24.1.2.

(c) Joint arrangements (Notes 5, 7 and 9)

Management enters into joint arrangements for the development of its properties and other infrastructure projects.

(i) Housing projects in Binangonan, Rizal

As provided in the contractual agreements, the Group's contribution on the joint arrangements is limited only to the value of the land and other necessary assets, and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangement is not structured through a separate vehicle and the Group has direct access to the arrangements' assets and obligations. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at December 31, 2019 and 2018 is recorded as part of real estate held for sale and development in the consolidated statements of financial position.

(ii) Makati City Subway System Project

As provided in the PPP JV Agreement with the Makati City Government, the Group is obligated for the construction, operation and management of the Subway System and the topside development over the land as specified in the agreement. The joint arrangement is structured through a separate vehicle, MCSI which is a wholly-owned subsidiary of the Parent Company. As such, the arrangement is classified as joint operations.

Land properties contributed to joint operations as at December 31, 2019 are recorded as part of investment properties and the contractual rights granted under the PPP JV Agreement as intangible assets in the consolidated statements of financial position.

(d) Recognition of deferred income tax assets (Note 18)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

Management believes that the non-recognition of deferred income tax assets in Note 18 is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding three (3) to five (5) years given current development activities.

(e) Income taxes (Note 18)

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. In preparing the consolidated financial statements, management has made a conclusion that it is probable that the tax authority will accept its tax treatments and therefore, no provision for a differing tax treatment has been set-up.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

(f) Contingencies (Note 19)

The Group is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceeding.

Note 26 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

26.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee, and International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in equity securities and investment properties.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 25.

Changes in accounting policies and disclosures

(a) New standards, and amendments and interpretations to existing standards adopted

The Group has applied the following standard, and amendments and interpretation to existing standards for the first time for their annual reporting period commencing January 1, 2019:

- PFRS 16 (effective January 1, 2019). It replaces the guidance of PAS 17 that relate to the accounting by lessees and the recognition of almost all leases in the balance sheet. PFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right-of-use asset) and a lease liability to pay rentals for virtually all lease contracts. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  Lessor accounting under PFRS 16 is substantially unchanged from the accounting under PAS 17. Lessors continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 did not have an impact for leases where the Group is the lessor. Unlike lessors, the Group as lessee is required to recognize right-of-use asset and lease liability.

  On adoption of PFRS 16, the Group recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019.

  The associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position as at December 31, 2018.

  The Group has adopted PFRS 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings as at January 1, 2019, if any ("modified retrospective approach").

In applying PFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

i) For all contracts entered into before January 1, 2019 and that were previously identified as leases under PAS 17 and IFRIC 4, Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under PFRS 16; and

ii) On a lease-by-lease basis, the Group has:
   a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
   b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
   c) accounted for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
   d) excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
   e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

PFRS 16 has no effect on the Group's consolidated financial statements as at January 1, 2019 since the lease agreements that qualified for the recognition of the right-of-use assets and lease liabilities were commenced only in July 2019.

- The Group's new accounting policy on leases after the adoption of PFRS 16 is disclosed in Note 26.22. Philippine Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments. The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

  - how to determine the appropriate unit of account;
  - that an entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
  - that an entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
  - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
  - that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

  Based on the Group's assessment, the interpretation did not result to significant changes on its current recognition and measurement of income taxes and liabilities.

- Plan Amendment, Curtailment or Settlement - Amendments to PAS 19 Employee benefits (effective January 1, 2019). The amendments to PAS 19 clarified that if a plan amendment, curtailment or settlement occurs, the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement must be calculated using the updated assumptions from the date of the change. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group has no plan amendment, curtailment or settlement as at December 31, 2019.

There are no other new standards, and amendments and interpretations to existing standards, which are effective for the financial year beginning on January 1, 2019, which would have a significant impact and is considered relevant to the Group's consolidated financial statements.

(b) New standards, and amendments and interpretations to existing standards not yet adopted

There are new PFRS, and interpretations, amendments and annual improvements to existing standards effective for annual periods subsequent to 2020. Management will adopt the relevant pronouncements in accordance with their transitional provisions. None of these are expected to have a significant impact on the Group's consolidated financial statements, but the more relevant ones are set out below:

- Definition of Material - Amendments to IAS 1 and IAS 8 (effective January 1, 2020)

  The International Accounting Standards Board (IASB) has made amendments to IAS 1, Presentation of Financial Statements and IAS, 8 Accounting Policies, Changes in Accounting Estimates and Errors, which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Management does not expect these amendments to have significant impact on the Group's consolidated financial statements.

- Revised Conceptual Framework for Financial Reporting (effective January 1, 2020)

  The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes will be made to any of the current accounting standards. However, entities that rely on the Conceptual Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Conceptual Framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Conceptual Framework.

  Management does not expect the revisions to have significant impact on the Group's consolidated financial statements.

<u>Basis of consolidation</u>

The consolidated financial statements comprise the financial statements of the Parent Company and wholly-owned subsidiaries, MCSI, JRIC and Interport Development Corporation (IDC) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019.

Details for the date and place of incorporation of the subsidiaries are as follows:

Subsidiary	Date of incorporation	Place of incorporation	Principal activities
Interport Development	December 21, 1993	Philippines	(a)
Makati City Subway, Inc	March 4, 2019	Philippines	(b)
Jiangsu Rizal Infradev	July 12, 2019	People's Republic of China	(c)

The Group uses uniform accounting policies, any difference between the Parent Company and the subsidiaries are adjusted properly.

The subsidiaries of the Parent Company have the following principal activities:

(a) Primarily for the acquisition and selling of real estate of all kinds or hold such properties for investment purposes.

(b) Primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/or public utility projects, such as railways, railroads, subway systems and other transport systems, airports, toll ways, piers and other public works.

(c) Primarily to function as a corporate vehicle in the procurement of materials and equipment related to the Makati City Subway System Project.

All the subsidiaries' undertakings are included in the consolidation. The proportion of the voting rights in the subsidiaries' undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of the subsidiaries as at and for the period/years ended December 31 are as follows:

	MCSI	JRIC	IDC	
	2019	2019	2019	2018
Total current assets	1,344,787,024	72,632,761	49,507,147	49,507,147
Total non-current assets	124,043,111,146	-	-	-
Total liabilities	40,837,175	75,432,348	1,969,421	1,923,778
Net assets (liabilities)	125,347,060,995	(2,799,587)	47,537,726	47,583,369
Net loss	(119,289,980)	(2,821,838)	(45,643)	(40,484)
Total comprehensive loss	(119,289,980)	(2,799,590)	(45,643)	(40,484)

The following related party balances as at December 31 were eliminated for the purpose of preparing the consolidated financial statements:

	2019	2018
Investment in subsidiaries	10,675,000,000	75,000,000
Subscriptions payable to subsidiaries	307,780,406	33,750,000
Payable to subsidiary	49,490,516	49,490,516
Advances between subsidaries	39,881,600	-
Advances to a subsidiary	304,042	304,042

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over an entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between companies in the Group are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

26.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statements of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

26.2.1 Financial assets

(a) Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on an entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes. As at December 31, 2019 and 2018, the Group holds financial assets at FVOCI and at amortized cost.

The financial assets at amortized cost of the Group comprise: cash in banks (Note 26.3), receivables, excluding advances to officers and employees (Note 26.4), funds held by custodian bank (Note 26.3), and refundable deposits (Note 26.5) under other assets while financial assets at FVOCI pertain to investments in equity securities under other assets in the consolidated statements of financial position. These are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On the disposal of equity instruments classified as FVOCI, any related balance within the FVOCI reserve is reclassified to retained earnings.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three (3) measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of total comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in income/(expenses) and impairment losses are presented as separate line item in the consolidated statements of total comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated statements of total comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the PFRS 9 simplified approach to measuring ECL for all trade receivables which uses a lifetime expected loss allowance from initial recognition. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the collection profiles over a period of 60 months before January 1, of the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the bank interest rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

For cash in banks, other receivables that are financial assets, funds held by custodian bank and refundable deposits, the general approach is applied. Under this approach, credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognized in expenses in the consolidated statements of total comprehensive income. When a receivable is uncollectible, it is written-off against the allowance account for receivables. Receivables are written-off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than that agreed with Group. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized through profit or loss.

Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with debtors as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off are recognized in expenses in the consolidated statements of total comprehensive income.

26.2.2 Financial liabilities

(a) Classification

The Group classifies its financial liabilities at initial recognition in the following categories: at FVPL (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Group only has financial liabilities at amortized cost as at December 31, 2019 and 2018.

The Group's financial liabilities at amortized cost comprise: accounts payable and other liabilities, excluding customers' deposits, payable to government agencies and accrued real propery taxes (Note 26.13), borrowings (Note 26.14), and liability for refund of stocks rights subscription (Notes 26.19) are classified under this category. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as non-current liabilities.

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder.

(b) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(c) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

26.2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party. As at December 31, 2019 and 2018, there are no financial assets and financial liabilities that were offset.

26.3 Cash and funds held by a custodian bank

For purpose of presentation in the consolidated statements of cash flows, cash consists of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are shown separately from cash in the consolidated statements of financial position and are classified as current or non-current depending on the expected timing of disbursements. These are stated at face value or nominal amount.

Other relevant accounting policies of cash in banks and funds held by a custodian bank, being financial assets, are discussed in Note 26.2.

26.4 Receivables

Receivables arising from regular sale of real estate held for sale and development made in the ordinary course of business are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Receivables with average credit term of 180 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment. Other relevant accounting policies are discussed in Note 26.2, except for advances to officers and employees.

Advances to officers and employees are unliquidated cash advances for the Group's expenses. These are initially recognized at nominal amount and derecognized upon liquidation. They are included in current assets, except for expected liquidations greater than 12 months after the reporting date, which are then classified as non-current assets.

26.5 Prepayments and other assets

Prepayments and other assets are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments and other assets are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Prepayments in the form of unused tax credits are derecognized when the there is a legally enforceable right to offset the recognized amounts against income tax due and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Input VAT are stated at face value less provision for impairment, if any. Any allowance for unrecoverable input, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portions of the claims. Management evaluates the level of impairment provision on the basis of factors that affect the collectivity of the claim. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Payments made as security for the leases entered into by the Group and will be returned to the Group at the end of the lease term are recognized as refundable deposits. Other relevant accounting policies for refundable deposits are discussed in Note 26.2.

26.6 Real estate held for sale and development

The account includes land held for development, which refers to land acquired exclusively for development and resale thereafter and real properties held for sale and development through housing projects. Real estate held for sale and development is stated at the lower of cost and NRV. The cost comprises purchase price plus costs directly attributable to the acquisition of the assets including clearing, retitling, site preparation and subsequent development costs. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs associated with on-going development of these properties are capitalized during its construction/development period.

The fair value of the land transferred from investment property to real estate held for sale and development account due to change in use on the property is deemed as cost for subsequent accounting. Transfers from investment property to real estate held for sale and development happen when the Group comes up with a concrete plan to clear the lots and/or when the Group enters into a memorandum of agreement with a third party to perform retitling and related clearing activities.
Upon disposal, the asset accounts are relieved of the pertinent costs of acquisition and improvements, and provision for decline in value (if any) and the related realized profit on sale is recognized in profit or loss.

26.7 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group's investment properties, principally comprising of properties in Binangonan, Rizal and in Makati City, Metro Manila, are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties.

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on income approach, which uses valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. These valuations are reviewed annually by the independent appraiser.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. On a regular basis, an estimate of the recoverable or clearable area over the properties is done by the Group. An increment in the recoverable area is recognized at fair value, with a consequent provision for estimated clearing costs.

Subsequent expenditure (i.e., provision for clearing costs) is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, classified as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in profit or loss.

An investment property is derecognized from the consolidated statements of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. Transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 26.10), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

26.8 Intangible assets

Intangible assets arise from legally enforceable contractual right and is separable (that is, it is capable of being separated or divided from an entity and sold, transferred, or exchanged, either individually or together with a related contract, asset or liability). They are measured on initial recognition at cost. The costs of intangible assets arising from contractual right are their fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Estimated useful life of the Group's intangible assets, which is equivalent to its contractual life, is 50 years.

Intangible assets with finite lives are amortized over their estimated useful lives on a straight line basis and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in profit or loss when the intangible asset is derecognized.

26.9 Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group has entered into joint arrangement agreements with third parties to develop a portion of its land located in Binangonan, Rizal and in Makati City, Metro Manila. Under the terms of the agreements, the Group will contribute lots, construction and development to the joint arrangements. The Group recognizes revenue based on the sales of the pre-determined lots assigned in accordance with the provisions of the agreements.

The Group has assessed the nature of its joint arrangements with third parties and determined these to be joint operations.

The Group classifies the land contributed under real estate held for sale and development (Note 26.6).

The Group has entered into a joint venture agreement with the Makati City Government as joint venture partner to develop a subway system in Makati City. Under the terms of the agreement, the Group will contribute to the construction, operation and management of the Makati City Subway System and the topside development over the land as specified in the agreement. The joint arrangement is structured through a separate vehicle, MCSI which is a wholly-owned subsidiary (Note 26.1).

The Group has assessed the nature of the joint arrangement with the Makati City Government and determined it to be joint operations.

The contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses.

26.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, classified as repairs and maintenance, are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful life of five (5) years for all classes of property and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 26.11).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Accounting policies on right-of-use assets classified under property and equipment are discussed in Note 26.22.

26.11 Impairment of non-financial assets

Assets that have an indefinite useful life, such as investment in a subsidiary and intangible assets, are not subject to depreciation and amortization and are tested annually for impairment.

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in profit or loss.

26.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that an entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The Group's listed financial assets at FVOCI/available-for-sale financial assets are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. The Group's unlisted financial assets at FVOCI/available-for-sale financial assets are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category. There were no transfers from one category to another in 2019 and 2018.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's investment properties are under Level 3 (Note 7).

There are no other financial or non-financial assets and liabilities that are measured using the fair value hierarchy as at December 31, 2019 and 2018.

26.13 Accounts payable and other liabilities

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at the original invoice amount (as the effect of discounting is immaterial). Other relevant policies are discussed in Note 26.2, except payable to government agencies, customers' deposits and accrued real property taxes which are not considered financial liabilities.

Payable to government agencies and accrued real property taxes are initially recognized at nominal amount and not subject to discounting but are derecognized similarly. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as non-current liabilities.

26.14 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Other relevant policies are discussed in Note 26.2.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which these are incurred.

26.15 Income taxes

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses or NOLCO and unused tax credits or excess MCIT to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when the related bases are realized or when it is no longer realizable.

26.16 Employee benefits

(a) Retirement benefits

The Parent Company is subject to the provisions of RA No. 7641. This law requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private entity, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. This falls within the definition of a defined benefit retirement plan.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided to an employee upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited as 'remeasurements' through other comprehensive income in equity in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and any fair value of plan assets. This cost is included in retirement benefit expense in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term employee benefits

Wages, salaries, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

26.17 Contingencies and provisions

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for clearing costs represents the Group's expected cost to clear a portion of its Binangonan property and other properties that the Group acquires from bonafide occupants with superior rights over the Group's investment properties (Note 26.7). The amount is based on the average estimated clearing and titling cost per agreement with the contractor. Such amount represents the peso value quoted by the contractor based on recoverable area and is adjusted regularly to reflect the net present value of obligation associated with clearing of land titles.

When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

26.18 Deposits for future shares subscription

Deposits for future shares subscription represent amounts received from shareholders which will be settled by way of issuance of the Group's own shares at a future date. The Group considers the deposits as liability unless all of the following elements are present:

- The unissued authorized share capital of an entity is insufficient to cover the amount of shares indicated in the subscription agreement;
- There is a BOD's approval on the proposed increase in authorized share capital to cover the shares corresponding to the amount of the deposit;
- There is shareholders' approval of proposed increase; and
- The application for the approval of the proposed increase in authorized share capital has been filed with the SEC as at reporting date.

Deposits for future shares subscription are derecognized and converted to equity once corresponding shares have been issued.

26.19 Equity

(a) Share capital

Share capital, which are stated at par value, are classified as equity.

Issuance of new shares as a result of options, rights and warrants are shown in equity as an addition to the balance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares or additional capital contributions in which no shares were issued are credited to additional paid-in capital.

(b) Treasury shares

Where any member of the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any. Retained earnings also include the effect of changes in accounting policy as may be required by the relevant standards' transitional provisions on their initial adoption and cumulative unrealized fair value gain on investment properties. The cumulative unrealized fair value gain on investment properties is restricted from dividend declaration unless the corresponding investment properties have been sold resulting into a realized gain.

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's BOD.

(d) Stock rights offering

An issue of rights to existing shareholders of the Group that entitles them to purchase additional shares in proportion to their existing holdings, within a fixed time period, at a lower or discounted price to preserve the percentage ownership of the current holders.

Liability for stock rights subscriptions is derecognized once settled.

(e) Share warrants payable

Proceeds from the issue of common share warrants are treated as equity and recorded as a separate component of equity. Costs incurred on the issue of share warrants are netted against proceeds. Share warrants issued with common shares are measured at fair value at the grant date. The fair value is included as a component of equity and is transferred from share warrants to share capital on exercise date.

(f) Equity reserves

Equity reserves comprise actuarial gains and losses due to remeasurements of post-employment defined benefit plan, foreign currency translation of financial statements of a foreign subsidiary, the mark-to-market valuation of its financial assets at FVOCI and other reserve.

Other reserve arising from the recognition of intangible assets as a result of a contractual arrangement is restricted from dividend declaration. Such reserve is only available for use in corporate restructuring, reorganization and liquidation which will require authorization of the BOD and approval by the SEC.

26.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

26.21 Revenue and expense recognition

26.21.1 Revenue

The adoption of PFRS 15, Revenue from Contracts with Customers (effective January 1, 2018), did not have material impact on the Group's revenue recognition policy other than from the shift in the revenue recognition model from risks and rewards to control model.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, which normally approximates the invoice amount.

Sales of real estate and costs of real estate sold

Sales are recognized when control of the real estate has transferred, being when the sales price is deemed collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Sales of real estate are considered as sales at a point in time. For properties sold through a financing agreement with Pag-IBIG under the HDMF, revenue is recognized upon loan approval from HDMF, net of any discount. For properties sold through cash, revenue is recognized upon full collection, net of any discount. For properties sold through installments, revenue is recognized upon turnover of the units to the buyers, which coincides with the collection of the a significant portion of the contract price.

Any collections on contracts that have not yet qualified for revenue recognition are reported as customers' deposits within accounts payable and other liabilities in the consolidated statements of financial position.

Until December 31, 2017, revenue of the Group is recognized when the substantial risks and rewards are transferred to the buyers, which coincides with actual delivery of title and/or when the right of exclusive use is conveyed to the buyer.

Costs of real estate sold are recognized simultaneously with revenue. Costs of real estate sold include cost of land allocated to the Group based on assigned lots stated in the agreement entered into with the developer and all other incidental costs incurred by the Group.

(a) Other income not covered by PFRS 15

(i) Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(ii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(iii) Rental income

Operating lease payments are recognized as income on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as income in the period in which they are earned.

(iv) Other income

Other income, including gain on reversal of liabilities, is recognized when earned.

26.21.2 Expenses, including interest expense

Expenses are recognized when incurred.

Interest expense is recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial liability.

26.22 Leases

(a) Group as lessor - operating lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

The Group leases out a parcel of its land. Rental income is recognized in accordance with the rental income accounting policy in Note 26.21.

(b) Group as lessee - operating lease

From January 1, 2019 upon adoption of PFRS 16

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If such contracts exist, the Group then recognizes a right-of-use asset and lease liability at the date which the underlying asset is available for use.

(i) Measurement and classification of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point; adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are included in current liabilities, except for maturities more than twelve (12) months after the reporting period which are classified as non-current liabilities.

Other relevant accounting policies of lease liabilities, being a financial liability, are disclosed in Note 26.2.

(ii) Measurement and impairment of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life. Depreciation of right-of-use assets are presented under expenses' in the consolidated statements of total comprehensive income.

Right-of-use assets are presented as part of property and equipment in the consolidated statements of financial position.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (Note 26.11).

(iii) Determination of incremental borrowing rate

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point; adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

(iv) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(v) Residual value guarantees

The Group initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. The Group's leases did not include such guarantees.

(vi) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those with minimum lease payments below the capitalization threshold. These leases are presented as part of rent under expenses in the consolidated statements of total comprehensive income.

Until December 31, 2018 following PAS 17

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

26.23 Foreign currency transactions and translation

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

26.24 Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related party transaction is a transfer of resources, services on obligations between a reporting entity and a related party regardless of whether a price is changed.

26.25 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 23.

26.26 Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2019
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, based on audited financial statements, beginning		3,394,671,558
Less: Cumulative fair value adjustment on investment property resulting to gain, net of tax		(3,935,910,306)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		(541,238,748)
Add: Net income actually earned/realized during the year	3,261,644,350	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment (market-to-market gains)	-	
Fair value adjustment of investment property resulting to gain	(3,255,134,644)	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	6,509,706	
Add: Non actual losses	-	
Depreciation on revaluation in revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the year	6,509,706	6,509,706
Add (Less):		
Dividend declarations during the year		-
Appropriations of retained earnings during the year		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		-
Unappropriated Retained Earnings Available for Dividends, ending		(534,729,042)

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule of Financial Soundness Indicators
As at December 31, 2019 and 2018
(With comparative figures as at December 31, 2018 and 2017)

Ratio	Formula	2019	2018	2017
Current ratio	Total current assets divided by total current liabilities Total current assets 2,948,453,883 Divided by: Total current liabilities 239,260,290 Current ratio 12.32	12.32	2.14	2.40
Acid test ratio	Quick assets (Total current assets less inventories and prepayments and other assets) divided by total current liabilities Total current assets 2,948,453,883 Less: Real estate held for sale and development 988,747,665 Prepayments and other current assets 43,386,148 Quick assets 1,916,320,070 Divided by: Total current liabilities 239,260,290 Acid test ratio 8.01	8.01	1.25	0.20
Solvency ratio	[Net Income after tax plus non-cash expenses (e.g. depreciation, amortization, etc.)] divided by total liabilities Total net income after tax 3,139,486,886 Add: Depreciation and amortization 4,405,683 3,143,892,569 Divided by: Total liabilities 16,014,648,988 Solvency ratio 0.20	0.20	0.28	0.01
Debt-to-equity ratio	Total liabilities divided by total equity Total liabilities 16,014,648,988 Divided by: Total equity 134,175,939,403 Debt-to-equity ratio 0.12	0.12	1.70	0.96
Asset-to-equity ratio	Total assets divided by total equity Total assets 150,190,588,391 Divided by: Total equity 134,175,939,403 Asset-to-equity ratio 1.12	1.12	2.69	1.96
Interest rate coverage ratio	Net income before interest and tax divided by interest expense Net income before interest and tax 4,479,288,996 Divided by: Interest expense 3,342,405 Interest rate coverage ratio 1,340.14	1,340.14	2,445.29	-
Return on equity	Net income after tax divided by total equity Net income after tax 3,139,486,886 Divided by: Total equity 134,175,939,403 Return on equity 0.02	0.02	0.47	0.01

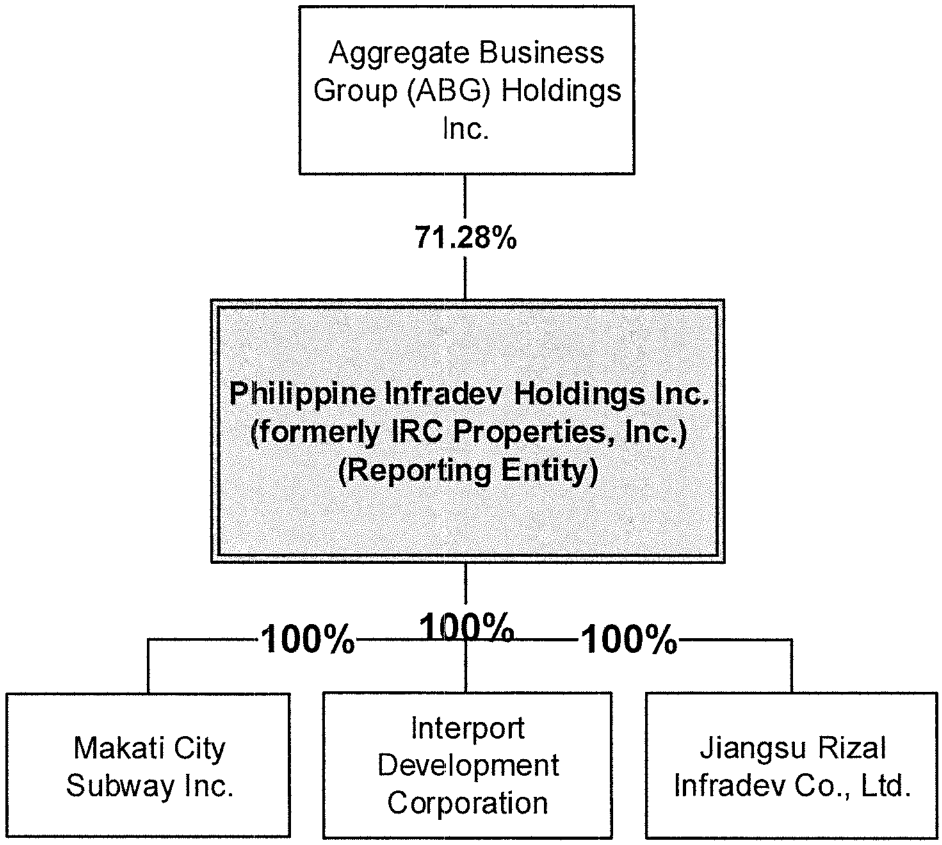
Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule of Financial Soundness Indicators
As at December 31, 2019 and 2018
(With comparative figures as at December 31, 2018 and 2017)

Ratio	Formula	2019	2018	2017
Return on assets	Net income after tax divided by total assets Net income after tax 3,139,486,886 Divided by: Total assets 150,190,588,391 Return on assets 0.02	0.02	0.17	0.01
Net profit margin	Net income after tax divided by total revenues Net income after tax 3,139,486,886 Divided by: Total revenues 4,729,826,801 Net profit margin 0.66	0.66	0.68	0.18

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2019



Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule A - Financial Assets
As at December 31, 2019
(All amounts in Philippine Peso)

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotations at end of reporting period	Income received and accrued
Financial asset at fair value through other comprehensive income				
Equitable Banking Corp.	120	-	-	-
Victorias Milling Corp.	70,000	163,100	163,100	-
Tower Club	1	50,000	50,000	-
		213,100	213,100	-

See Note 10 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2019
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction		Current	Not current	Balance at end of period
			Amount collected	Amount written-off			
Not applicable							

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule C - Amounts Receivable from Related Parties
which are Eliminated during the Consolidation of Financial Statements
As at December 31, 2019
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Deduction		Current	Not current	Balance at end of period
			Amount collected	Amount written-off			
Interport Development Corporation	304,042	-	-	-	304,042	-	304,042
	304,042	-	-	-	304,042	-	304,042

See Note 26.1 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule D - Long-Term Debt
As at December 31, 2019
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statement of financial position	Amount shown under caption "Long-term debt" related statement of financial position
Borrowings	79,834,815	78,512,906	1,321,909

See Note 13 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule E - Indebtedness to Related Parties
(Long-term Loans from Related Parties)
As at December 31, 2019
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
Not applicable*		

**All related party payables are current*

See Note 26.1 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2019
(All amounts in Philippine Peso)

Name of issuing entity of securities guaranteed by the company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
		Not applicable		

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule G - Capital Stock
As at December 31, 2019
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by: Affiliates	Directors, officers, and employees	Others
THE CITY GOVERNMENT OF MAKATI*		656,655,400	-	-	-	656,655,400
AGGREGATE BUSINESS GROUP HOLDINGS, INC.		1,916,501,925	-	1,916,501,925	-	-
PCD NOMINEE CORP. (F)		432,619,503	-	-	-	432,619,503
PCD NOMINEE CORP. (NF)		632,885,011	-	-	-	632,885,011
AUSPICIOUS ONE BELT ONE ROAD FUND		368,175,000	-	-	-	368,175,000
RIZAL PARTNERS CO. LTD.		45,385,000				45,385,000
MARILAQUE LAND, INC.		5,998,000	-	-	-	5,998,000
VALMORA INVESTMENT AND MANAGEMENT CORPORATION		2,300,000	-	-	-	2,300,000
DEE, ALICE T.		2,165,000	-	-	-	2,165,000
EQUITY MANAGERS ASIA, INC.		1,000,000	-	-	-	1,000,000
DAVID GO SECURITIES CORPORATION		729,000	-	-	-	729,000
GOKONGWEI JR., JOHN		642,000	-	-	-	642,000
UY, IMELDA		621,000	-	-	-	621,000
TAN, HENRY L.		600,000	-	-	-	600,000
BLUE RIDGE CORPORATION		500,000	-	-	-	500,000
TANCHAN III, SANTIAGO		500,000	-	-	-	500,000
SIGUION-REYNA, LEONARDO T.		500,000	-	-	-	500,000
LAO, ALEX L.		500,000	-	-	-	500,000
CHAM, GRACE		480,000	-	-	-	480,000
CROSS-STRAIT COMMON DEVELOPMENT FUND CO.		-	1,200,000,000	-	-	1,200,000,000
OTHERS		245,074,450	-	-	-	245,074,450
Total	10,500,000,000	4,313,831,289	1,200,000,000	1,916,501,925	-	3,597,329,364

**Not yet issued but fully paid*

See Note 14 to the Consolidated Financial Statements.

COVER SHEET

6 0 3 1 2

S.E.C. Registration Number

PHILIPPINE INFRADEV HOLDINGS INC AND SUBSIDIARIES

(Company's Full Name)

35TH FLOOR RUFINO TOWER 6784 AYALA AVENUE MAKATI CITY

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

GEORGINA A. MONSOD	**8283-8459 / 8283-8294**
Contact Person	Company Telephone Number

12	**3 1**	**17-Q**		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

560		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks – pls. use black ink for scanning purposes

SEC Number **60312** File Number ______

PHILIPPINE INFRADEV HOLDINGS INC.
(Company's Full Name)

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Company's Address)

(632) 8283-8459 / (632) 8283-8294
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month and day)

Quarterly Report
Form Type

______
Amendment Designation (if applicable)

June 30, 2020
Quarter Ended Date

Publicly Listed Corporation
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2020**

2. Commission Identification Number: **60312**

3. BIR Tax Identification Number: **000-464-876**

4. Exact name of registrant as specified in its charter: **PHILIPPINE INFRADEV HOLDINGS INC.**

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

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

7. Address of registrant's principal office — Postal Code

   35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City — **1223**

8. Registrant's telephone number, including area code: **(632) 8283-8459 / (632) 8283-8294**

9. Former name, former address and former fiscal year, if changed 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 outstanding
Common	6,061,560,322
Preferred	722,320,940

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange — Common Stock

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

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Financial Position
As at June 30, 2020 and December 31, 2019
(All amounts in Philippine Peso)

	Notes	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
ASSETS			
Current assets			
Cash	2	**1,296,348,559**	1,802,077,586
Receivables, net	3	**92,788,379**	96,882,434
Funds held by custodian bank	4	**17,421,560**	17,360,050
Land held for development	5	**1,033,663,445**	975,267,360
Real properties held for sale and development		**6,854,026**	13,480,305
Prepayments and other current assets	6	**60,206,058**	43,386,148
Total current assets		**2,507,282,027**	2,948,453,883
Non-current assets			
Investment property	7	**29,747,535,465**	29,747,535,465
Property and equipment, net	8	**2,384,071,463**	2,027,988,910
Intangible asset	9	**115,278,746,000**	115,278,746,000
Other assets, net	10	**187,388,202**	187,864,133
Total non-current assets		**147,597,741,130**	147,242,134,508
Total assets		**150,105,023,157**	150,190,588,391
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	11	**45,528,228**	100,973,821
Current portion of provision for clearing costs	12	**42,323,513**	42,413,513
Current portion of borrowings	13	**78,263,446**	78,512,906
Liability for refund of stock rights subscription		**17,421,560**	17,360,050
Total current liabilities		**183,536,747**	239,260,290
Non-current liabilities			
Provision for clearing costs, net of current portion	12	**12,743,834,354**	12,743,834,354
Borrowings, net of current portion	13	**1,321,909**	1,321,909
Deferred income tax liabilities, net		**3,020,701,435**	3,020,701,435
Retirement benefit obligation		**3,727,173**	3,727,173
Other payables, net of current portion	11	**5,803,827**	5,803,827
Total non-current liabilities		**15,775,388,698**	15,775,388,698
Total liabilities		**15,958,925,445**	16,014,648,988
Equity			
Share capital	14	**10,223,729,889**	10,223,729,889
Share premium		**669,800,642**	669,800,642
Treasury shares		**(18,642)**	(18,642)
Share warrants payable		**1,755,520,000**	1,755,520,000
Fair value reserve		**(416,223)**	(416,223)
Other reserve		**115,278,768,251**	115,278,768,251
Remeasurement of retirement obligation, net of tax		**638,047**	638,047
Retained earnings		**6,218,075,748**	6,247,917,439
Total equity		**134,146,097,712**	134,175,939,403
Total liabilities and equity		**150,105,023,157**	150,190,588,391

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Total Comprehensive Income
For the six-months period ended June 30, 2020 and 2019
(All amounts in Philippine Peso)

		Quarters Ended Apr 1 – Jun 30		Year to Date Jan 1 – Jun 30	
	Notes	**2020**	2019	**2020**	2019
Income		**(UNAUDITED)**	(UNAUDITED)	**(UNAUDITED)**	(UNAUDITED)
Sales of real estate, net		**2,180,000**	21,864,929	**14,122,500**	56,694,929
Rental income		**-**	800		1,600
Interest income from cash		**518,386**	28,306	**692,406**	49,530
Other income		**182,043**	567,795	**234,092**	1,107,923
		2,880,429	22,461,830	**15,048,998**	57,853,982
Costs and expenses					
Cost of real estate sold	5	**856,798**	12,615,437	**7,400,969**	34,505,507
Salaries, wages and employee benefits	15	**3,604,676**	1,985,049	**6,221,242**	5,131,382
Professional fees and other outside services		**1,579,003**	309,508	**2,932,633**	2,414,708
Commission		**153,123**	1,066,312	**1,238,422**	3,787,624
Taxes and licenses		**1,808,122**	839,417	**2,883,020**	2,425,820
Meeting expenses		**1,079,760**	1,892,023	**1,852,152**	2,505,465
Rent		**464,710**	1,013,603	**1,205,709**	2,027,207
Office supplies		**113,951**	657,847	**433,432**	983,437
Depreciation	8	**425,561**	197,287	**853,947**	394,573
Other expenses	16	**13,648,838**	1,823,538	**16,154,863**	3,200,531
		23,734,542	22,400,021	**41,176,389**	57,376,254
Income before income tax		**(20,854,113)**	61,809	**(26,127,391)**	477,728
Income tax expense		**-**	(18,542)	**-**	(143,318)
Net income for the year		**(20,854,113)**	43,267	**(26,127,391)**	334,410
Other comprehensive income (loss)		-	-	-	-
Total comprehensive income for the year		**(20,854,113)**	43,267	**(26,127,391)**	334,410
Basic earnings per share		**(0.01)**	0.00	**(0.01)**	0.00
Diluted earnings per share		**(0.00)**	0.00	**(0.00)**	0.00

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)
Consolidated Statements of Changes in Equity
For the six-months period ended June 30, 2020 and 2019
(All amounts in Philippine Peso)

	Share capital	Share premium	Deposits for future shares subscription	Subscription receivable	Share warrants	Treasury shares	Fair value reserve	Other reserve	Remeasurement gain (loss) of retirement benefit obligation	Retained earnings	Total
Balances as at January 1, 2019	**1,499,913,964**	**200,018,642**	**1,276,099,000**	**-**	**-**	**(18,642)**	**(416,223)**	**-**	**803,918**	**3,401,004,927**	**6,377,405,586**
Comprehensive income											
Net income (loss) for the first two quarters	-	-	-	-	-	-	-	-	-	334,410	334,410
Total comprehensive income for the first two quarters	-	-	-	-	-	-	-	-	-	334,410	334,410
Transaction with owners											
Issuance of ordinary shares	4,561,665,000	469,782,000	(1,276,099,000)	(3,755,348,000)	-	-	-	-	-	-	-
Costs on issuance of shares	-	(81,977,660)	-	-	-	-	-	-	-	(32,584,148)	(114,561,808)
Balances as at June 30, 2019	**6,061,578,964**	**587,822,982**	**-**	**(3,755,348,000)**	**-**	**(18,642)**	**(416,223)**	**-**	**803,918**	**3,368,755,189**	**6,263,178,188**
Comprehensive income											
Net income (loss) for the last two quarters	-	-	-	-	-	-	-	-	-	3,139,152,476	3,139,152,476
Cummulative translation adjustment	-	-	-	-	-	-	-	22,251	-	-	22,251
Other comprehensive income											
Remeasurement gain/loss of retirement obligation, net of tax	-	-	-	-	-	-	-	-	(165,871)	-	(165,871)
Total comprehensive income for the last two quarters	-	-	-	-	-	-	-	22,251	(165,871)	3,139,152,476	3,139,008,856
Transaction with owners											
Issuance of ordinary shares	(2,404,403,075)	-	-	3,755,348,000	-	-	-	-	-	-	1,350,944,925
Reserve	-	-	-	-	-	-	-	115,278,746,000	-	-	115,278,746,000
Issuance of preferred shares	6,566,554,000	-		-	-	-	-		-	-	6,566,554,000
Share warrants	-	-	-	-	1,755,520,000	-	-	-	-		1,755,520,000
Adjustment to Retained earnings	-	81,977,660	-	-	-	-	-	-	-	(259,990,226)	(178,012,566)
Balances as at January 1, 2020	**10,223,729,889**	**669,800,642**	**-**	**-**	**1,755,520,000**	**(18,642)**	**(416,223)**	**115,278,768,251**	**638,047**	**6,247,917,439**	**134,175,939,403**
Comprehensive income											
Net income (loss) for the first two quarters	-	-	-	-	-	-	-	-	-	(26,127,391)	(26,127,391)
Total comprehensive income for the first two quarters	-	-	-	-	-	-	-	-	-	(26,127,391)	(26,127,391)
Transaction with owners											
Costs on issuance of shares	-	-	-	-	-	-	-	-	-	(3,714,300)	(3,714,300)
Balances as at June 30, 2020	**10,223,729,889**	**669,800,642**	**-**	**-**	**1,755,520,000**	**(18,642)**	**(416,223)**	**115,278,768,251**	**638,047**	**6,218,075,748**	**134,146,097,712**

Philippine Infradev Holdings Inc. and Subsidiaries
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Cash Flows
For the six-months period ended June 30, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	Jan 1 – Jun 30	
		2020	2019
		(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities			
Income before income tax		**(26,127,391)**	477,728
Adjustments for:			
Interest expense	16	**58,083**	107,970
Depreciation	8	**853,947**	394,574
Amortization	16	**35,931**	39,814
Gain on disposal of property and equipment		**(142,113)**	-
Interest income		**(692,406)**	(49,530)
Operating income (loss) before changes in working capital		**(26,013,949)**	970,556
Changes in working capital			
Receivables		**4,094,055**	198,683,506
Properties held for sale and development		**(51,769,806)**	28,063,900
Prepayments and other current assets		**(16,819,910)**	(13,419,026)
Other assets		**440,000**	(293,023,466)
Accounts payable and accrued expenses		**(55,503,676)**	(1,320,442)
Cash generated from (absorbed by) operations		**(145,573,286)**	(80,044,972)
Interest received		**692,406**	49,530
Net cash provided by (used in) operating activities		**(144,880,880)**	(79,995,442)
Cash flows from investing activities			
Proceeds from disposal of property and equipment		**200,000**	-
Payments for expenditure on investment property		**-**	(9,902)
Settlement of clearing costs	12	**90,000**	(3,558,590)
Payments for acquisition of property and equipment	8	**(356,994,387)**	(763,560)
Net cash provided by (used in) investing activities		**(356,884,387)**	(4,332,052)
Cash flows from financing activities			
Payment of documentary stamp tax on issuance of common shares		**(3,714,300)**	(154,561,808)
Settlement of borrowings	13	**(249,460)**	(2,113,106)
Net cash provided by (used in) financing activities		**(3,963,760)**	(156,674,914)
Net increase (decrease) in cash for the period		**(505,729,027)**	(241,002,408)
Cash as at January 1		**1,802,077,586**	1,108,701,953
Cash as at June 30		**1,296,348,559**	867,699,545

PHILIPPINE INFRADEV HOLDINGS INC.
AGING OF ACCOUNTS RECEIVABLE
As of June 30, 2020
(All amounts in Philippine Peso)

	Amount	1-30 days	Over 30 days	Over 60 days	Over 90 days
Receivable from Amaia	**6,038,260**	-	-	-	6,038,260
Receivable from HDMF	**16,240,885**	-	-	1,136,862	15,104,023
Advances to M. Carsula	**1,417,341**	-	-	-	1,417,341
Advances to officer/ employees	**417,946**	-	417,946	-	-
Advances to affiliates	**111,790**	-	-	-	111,790
Advances for liquidation	**14,561,987**	4,368,596	-	4,659,836	5,533,555
Receivable from sold units	**8,638,192**	-	3,023,367	2,159,548	3,455,277
Advances to VGP	**22,000,000**	-	-	-	22,000,000
Advances to Greenroof Corp	**25,117,941**	-	-	-	25,117,941
Others	**244,037**	-	-	-	244,037
TOTAL ACCOUNTS RECEIVABLE	**94,788,379**	**4,368,596**	**3,441,313**	**7,956,246**	**79,022,224**

Note 1 - Corporate Information

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the “Group”) were incorporated in the Philippines on February 24, 1975 and December 21, 1993, respectively. Parent Company is primarily involved in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

In 2018, Aggregate Business Group Holdings Inc. (ABG) purchased 26.94% ownership out of the 29.62% equity interest in the Parent Company previously held by Mabuhay Holdings Corporation. ABG is a domestic holding company. In 2019, ABG increased its ownership in the Parent Company to 71.28% through the purchase of additional shares making it the Group’s ultimate parent company as at June 30, 2020 and December 31, 2019.

On July 20, 2018, the Parent Company’s Board of Directors (BOD) and shareholders approved the change in the Parent Company’s corporate name to Philippine Infradev Holdings Inc. Such change was subsequently approved by the Securities and Exchange Commission (SEC) on October 30, 2018.

On October 23, 2018, the Parent Company received from Public-Private Partnership (PPP) Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the “Project”) to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 4, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) that will be used as a special corporate vehicle for the Subway Project. MCSI is a wholly-owned, domestic subsidiary of the Parent Company.

On July 12, 2019, the Parent Company incorporated Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. JRIC is a wholly-owned, foreign subsidiary of the Parent Company

On July 19, 2019, the Makati City Council approved City Ordinance No. 2019-A-020 (the “Ordinance”) on third and final reading. The Ordinance approved the terms and conditions of the PPP JV Agreement between the Parent Company and the Makati City Government for the construction, establishment, management and operation of the Subway Project.

On July 30, 2019, the Parent Company’s BOD approved a resolution authorizing the Parent Company’s execution, delivery and performance of the PPP JV Agreement with the Makati City Government, and of other instruments contemplated in the PPP JV Agreement. On the same date, authorized representatives of the Parent Company and the Makati City Government signed the PPP JV Agreement and the Parent Company submitted to the Makati City Government the US$350 million performance bond which was accepted by the Makati City Government.

On February 18, 2020, the Notice to Proceed for the Subway Project was received by the Parent Company. The Subway project is expected to be completed within five (5) years for an estimated total project cost of US$3.5 billion.

The clearing of the Company's Binangonan property is still the focus of the Company's operations with the goal of completely freeing from third party claims 500 hectares of the 2,200-hectare property. Due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at June 30, 2020 and December 31, 2019. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

The Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments.

The company is not dependent upon any customer. It does not hold any right on patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements.

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The management, under the direction of the Board of Directors of the Company is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

As of June 30, 2020, the Company has total of twenty-two (22) personnel (December 2019 – 22 personnel) excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary.

Note 2 - Cash

The account consists of:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Cash in banks	**P 1,295,940,266**	P 1,801,769,293
Cash on hand	**408,293**	308,293
	P 1,296,348,559	P 1,802,077,586

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the quarter ended June 30, 2020 amounted to P692,406 (2019 – P441,062).

Note 3 - Receivables, net

The account consists of:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Receivables from subcontractors	**P 61,679,928**	P 63,938,746
Receivables from sale of real estate held for sale and development	**32,334,678**	34,238,681
Advances to officers and employees	**417,946**	456,980
Others	**355,827**	248,027
	94,788,379	98,882,434
Provision for doubtful accounts	**(2,000,000)**	(2,000,000)
	P 92,788,379	P 96,882,434

Note 4 - Funds held by custodian bank

The account represents restricted funds from the proceeds of the Parent Company's cancelled stock rights offering in 1996, which was deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Group to the SEC in connection with the stock rights offering.

Following SEC's order to refund the money, the proceeds have been presented as liability in the consolidated statements of financial position. The Group does not have legal right to defer payment beyond one (1) year for any claims received, hence, the amount was presented as current liability.

During 2020 and 2019, there were neither payments of principal nor withdrawals from the account.

Note 5 - Land held for development

This account represents cumulative development and construction costs of on-going housing projects in Binangonan, Rizal.

Details and movements of the account are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
At cost		
Beginning	**P 975,267,360**	P 977,595,041
Additions, including capitalized interest	**65,797,054**	33,082,631
Charged to cost of real estate sold	**(7,400,969)**	(35,410,312)
Ending	**P 1,033,663,445**	P 975,267,360

Note 6 - Prepayments and other current assets

The account consists of:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Input value-added tax (VAT)	**P 40,357,940**	P 28,131,851
Creditable withholding taxes	**12,269,524**	11,806,549
Advances to subcontractors	**2,315,703**	2,315,703
Prepaid insurance	**77,588**	77,588
Other prepayments	**5,185,303**	1,054,457
	P 60,206,058	P 43,386,148

Note 7 - Investment property

The movements of this account are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Beginning	**P 29,747,535,465**	P 14,713,619,640
Fair value gain	**-**	4,650,192,348
Clearing cost adjustment	**-**	3,817,169,477
Additions, including capitalized interest	**-**	6,566,554,000
Ending	**P 29,747,535,465**	P 29,747,535,465

Note 8 - Property and equipment, net

Details of property and equipment and its movement are as follows:

	Leasehold improvement	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Construction-in-progress	Total
Cost							
January 1, 2019	-	2,803,349	470,798	8,070,818	26,982	-	11,371,947
Additions	11,203,812	46,953	1,251,921	-	-	2,012,976,146	2,025,478,832
Disposals	-	(1,190,396)	-	-	-	-	(1,190,396)
December 31, 2019	11,203,812	1,659,906	1,722,719	8,070,818	26,982	2,012,976,146	2,035,660,383
Additions	-	71,429	-	-	-	356,922,958	356,994,387
Disposals	-	-	-	(694,643)	-	-	(694,643)
June 30, 2020	**11,203,812**	**1,731,335**	**1,722,719**	**7,376,175**	**26,982**	**2,369,899,104**	**2,391,960,127**
Accumulated depreciation							
January 1, 2019	-	2,456,336	230,091	1,851,090	20,237	-	4,557,754
Depreciation	1,867,301	215,695	212,398	2,003,366	5,355	-	4,304,115
Disposals	-	(1,190,396)	-	-	-	-	(1,190,396)
December 31, 2019	1,867,301	1,481,635	442,489	3,854,456	25,592	-	7,671,473
Depreciation	-	(62,706)	(170,218)	(619,833)	(1,190)	-	(853,947)
Disposals	-	-	-	636,756	-	-	636,756
June 30, 2020	**1,867,301**	**1,418,929**	**272,271**	**3,871,379**	**24,402**	**-**	**7,454,282**
Net book value							
June 30, 2020	**9,336,511**	**312,406**	**1,450,448**	**3,504,796**	**2,580**	**2,369,899,104**	**2,384,505,845**
December 31, 2019	9,336,511	178,271	1,280,230	4,216,362	1,390	2,012,976,146	2,027,988,910

Note 9 - Intangible asset

Intangible assets pertain to contractual rights over the excess FAR granted to the Group.

The Group has been granted enforceable contractual rights under the under the PPP JV Agreement with the Makati City Government. These rights include contractual rights over the excess FAR (the "Rights") under an ordinance issued and approved by the City Council of the Makati City Government as part of the terms of the conditions of the PPP JV Agreement to make the Subway System Project economically viable for the Group with the Parent Company being the main proponent. The Rights granted are a fundamental component of the PPP JV Agreement given the substantial amount of financial investments and risks associated with the Subway System Project. The Rights are distinct assets and separate from ownership of the Project Land. The Rights may be transferred, sold or conveyed to other parties without conditions at reporting date. However, utilization of the excess FAR is subject to ultimate ownership of the Project Land covered by the Subway System Project, either legally or economically or any other legal way of conveyance or transfer

Note 10 - Other assets

Other assets consist of:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Advances to supplier	**P 184,895,000**	P 184,835,000
Refundable deposits	**2,176,549**	2,676,550
Investments in equity securities	**213,100**	213,100
Computer software, net	**41,503**	77,433
Others	**62,050**	62,050
	P 187,388,202	P 187,864,133

Note 11 - Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Accounts payable	**P 4,782,101**	P 15,057,145
Lease liabilities	**7,325,775**	7,325,775
Retention payable	**4,844,888**	6,479,489
Accrued expenses and other payables		
Interest, penalties and related charges	**1,214,208**	6,214,208
Customer's deposits	**9,690,216**	34,130,615
Real property taxes	**21,683,320**	26,683,320
Salaries, wages and benefits	**132,774**	130,557
Other payables	**1,658,773**	10,756,539
	51,332,055	106,777,648
Less: Non-current	**(5,803,827)**	(5,803,827)
	P 45,528,228	P 100,973,821

Note 12 - Provision for clearing costs

The movements in provision for clearing costs are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Beginning	**P 12,786,247,867**	P 8,973,836,980
Adjustment to reflect latest estimate, net of discounting	**-**	3,817,169,477
Payments	**(90,000)**	(4,758,590)
Ending	**P 12,786,157,867**	P 12,786,247,867

Note 13 - Borrowings

The movements in borrowings and net debt reconciliation are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Beginning	**P 79,834,815**	P 9,673,816
Cash flow changes		
Availments	**-**	72,512,000
Payments	**(249,460)**	(2,351,001)
Ending	**79,585,355**	79,834,815
Cash	**(1,296,348,559)**	(1,802,077,586)
Net debt	**P (1,216,763,204)**	P (1,722,242,771)

Note 14 - Equity and deposits for shares subscription

(a) Share capital and share premium

Authorized capital and subscribed shares outstanding consist of:

	Authorized		Subscribed	
	Number of shares	Amount	Number of shares	Amount
2020				
Common shares with par value P1 per share *	**9,500,000,000**	**9,500,000,000**	6,061,578,964	6,061,578,964
Preferred shares with par value P10 per share**	**1,000,000,000**	**10,000,000,000**	656,655,400	6,566,554,000
			6,718,234,364	12,628,132,964
2019				
Common shares with par value P1 per share *	**9,500,000,000**	**9,500,000,000**	6,061,578,964	6,061,578,964
Preferred shares with par value P10 per share**	1,000,000,000	10,000,000,000	656,655,400	6,566,554,000
			6,718,234,364	12,628,132,964

*Issued and outstanding
**Not yet issued but fully paid

The proceeds from issuances of shares in 2019 totaling to P1.35 billion was presented under cash flows from financing activities in the consolidated statements of cash flows.

Deposits for future shares subscription

On July 20, 2018, the BOD and shareholders approved the increase in the authorized share capital from P1.50 billion to P19.5 billion, composed of P9.50 billion common shares and P10.00 billion preferred shares.

Subsequently, the Parent Company received from its shareholders deposits for future shares subscription amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital. On March 15, 2019, following SEC's approval the Company issued the corresponding 4.56 billion common shares. Accordingly, the deposits for future shares subscription have been presented as part of equity as at December 31, 2018.

Subscription of preferred shares

The PPP JV Agreement provides that the Makati City Government shall contribute to MCSI, through the Parent Company, a total of 7.90-hectare properties in exchange for the Parent Company's preferred shares equivalent to the appraised value of the properties.

On October 31, 2019, relative to the PPP JV Agreement, the Parent Company entered into the Subscription Agreement with the Makati City Government for 656.66 million preferred shares of the Parent Company at P10 per share in exchange for the delivery of the Makati Land.

In February 2020, the Parent Company and the Makati City Government agreed to split the Subscription Agreement into two: (i) 656.66 million preferred shares to be paid with land properties owned by the Makati City Government with an appraised value of P6.57 billion as at September 13, 2019, and (ii) 65.67 million preferred shares to be acquired through 2% annual stock dividends for 5 (five) years until the 722.32 million preferred shares are fully issued.

The preferred shares shall have full voting rights, preference as to liquidation, with cumulative, participating (with common shares) and fixed dividends at a rate of 2% per annum from issuance of the Parent Company's preferred shares for five years until the total amount of dividends paid is P656.66 million. The preferred shares are convertible to: (i) common shares of the Parent Company, or (ii) twenty-five percent (25%) of the post conversion total issued and outstanding share capital of MCSI. The preferred shares are considered equity instruments based on their features

(b) Treasury shares

The Parent Company acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent's records but not in its accounts. It is the Group's policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

In 2017, the Group recorded reclassifications from share capital and share premium to treasury shares to align with the records maintained by the stock transfer agent. Due to impracticability and materiality, this was adjusted prospectively. This transaction did not generate any cash flow.

(c) Share warrants payable

In 2017, the Makati City Government entered into a Memorandum of Agreement with private entities, including Cross-Strait Common Development Fund Co. ("Cross Strait"), for the latter to conduct a study that aims to provide convenience to commuters in the Philippines' financial district, alleviate traffic congestion and spur development to areas outside of the central business district through the Subway System Project, and to cooperate with the Makati City Government in entering into a PPP, JV, build-operate-transfer contract or any of its variants, or any appropriate collaborative engagement upon successful awarding of the Subway System Project.

On June 1, 2018, the Parent Company's BOD approved the issuance in favor of Cross Strait 1.2 billion warrants, American option, with the strike price of P1.00 per share, valid for 5 years from issuance, in exchange for Cross Strait's rights over the Subway System Project. This was subsequently approved by at least 2/3 of the Parent Company's shareholders on July 20, 2018.

The Parent Company and Cross Strait finalized the agreement in 2019 in which Cross Strait formally transfers to the Parent Company its rights to the Subway System Project including the priority of bidding for the said project, topside development projects, construction and operation rights for the Subway System. The transaction also includes pre-feasibility studies, feasibility studies, legal due diligence, financial models, and business planning. The carrying value of the share warrants, based on the fair value of the assets received at transaction date, amounted to P1.76 billion as at June 30, 2020. The value of such assets which are required to complete the construction of the Subway System are included as part of construction-in-progress account under property and equipment in the consolidated statements of financial position.

(d) Earnings per share

Basic earnings per share for the quarter ended June 30, 2020 and for the years ended December 31, 2019 and 2018 are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)	December 31, 2018 (AUDITED)
Net income (loss) for the year	**(26,127,391)**	3,139,486,886	P 2,991,933,548
Weighted average number of shares outstanding	**3,657,175,889.00**	2,970,374,494	1,422,313,964
Earnings per share	**(0.01)**	1.06	2.07

Diluted earnings per share for the quarter ended June 30, 2020 and for the years ended December 31, 2019 and 2018 are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)	December 31, 2018 (AUDITED)
Net income (loss) for the year	**(26,127,391)**	3,139,486,886	2,991,933,548
Weighted average number of shares outstanding			
Common shares outstanding	**3,657,175,889**	2,970,374,494	1,442,313,964
Diluted shares	**1,856,655,400**	709,442,567	709,442,567
	5,513,831,289	3,679,817,061	1,442,313,964
Earnings per share	**(0.00)**	0.85	2.07

(e) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Group's application for the issuance of 40 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Group commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Group and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow. The proceeds from the offering, which remained unclaimed by the subscribers, are shown as "Liability for refund of stock rights subscription" in the current liabilities section of the consolidated statement of financial position.

Note 15 - Salaries, wages and employee benefits

Details of salaries, wages and employee benefits are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Salaries and wages	**P 4,144,803**	P 7,973,651
Bonus and allowances	**762,190**	1,900,336
Separation pay	**1,080,000**	72,000
SSS, Philhealth and HDMF	**234,249**	467,743
	P 6,221,242	P 10,413,730

Note 16 - Other expenses

Details of other expenses are as follows:

	June 30, 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
Medical	**P 731,451**	P 785,157
Marketing	**937,425**	335,621
Gasoline, oil and parking	**351,970**	1,216,868
Personnel	**141,300**	7,550
Transportation and travel	**312,200**	1,639,007
Dues and subscription	**533,709**	496,092
Repairs and maintenance	**151,489**	1,054,392
Communication	**135,198**	377,842
Meals	**105,694**	326,560
Light and water	**111,202**	560,311
Interest expense	**58,083**	3,342,405
Amortization	**35,931**	101,568
Input VAT write-off	**-**	1,146,998
Miscellaneous	**12,549,211**	2,073,585
	P 16,154,863	P 13,463,956

Note 17 - Leases

(a) Group as lessor

Rental income represents income from lease of a parcel of the Group's land property to a third party for a period of one (1) year, renewable thereafter every April 1 upon mutual agreement by the Company and its respective lessee.

(b) Group as lessee

The Group entered into a non-cancellable lease agreement with a shareholder for its office space. The original agreement has a term of three (3) years, expiring in 2015, and is renewable annually. In 2018 and 2017, the Group renewed its lease contract. In 2019, 2018 and 2017, the Company also entered into other non-cancellable lease agreements with third parties for accommodation of officers, with terms of one (1) to three (3) years.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Note 18 - Contingencies

The Group has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. The detailed information about these claims, lawsuits and taxes has not been disclosed as it might prejudice the ongoing litigations. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable, thus, no provisions were made during the year.

The Group has also unrecognized contingent assets pertaining to Binangonan properties. Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Group.

Note 19 - Related party transaction

In the normal course of business, the Company has transactions with its major shareholders and related parties under common control. For the quarter ended June 30, 2020, major transactions with related parties pertain to advances made to Makati City Subway, Inc. (MCSI), wholly-owned subsidiary, to cover pre-operating expenses.

Note 20 - Financial risk and capital management

20.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management, under the direction of the BOD is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of the real estate industry.

20.1.1 Market risk

(a) Currency risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks and deposits for future shares subscription. Changes in foreign currency exchange rates of these accounts are not expected to have a significant impact on the financial position or results of operations of the Group.

(b) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include various borrowings. These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not significantly exposed to variability in cash flows as these carry fixed interest rates.

20.1.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

(a) Cash in banks and funds held by custodian bank

The Group manages credit risk on its cash in bank by depositing in banks that passed the criteria of the Group. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

(b) Receivables

In respect of receivables from sale of real estate held for sale and development, credit risk is managed primarily through credit reviews and analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures.

(i) Stage 1 - Performing

Exposure to impairment losses on receivables from sale of real estate held for sale and development is not significant as the real estate properly titles are not transferred to the buyers until significant payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

The Group is under a financing scheme where significant portion of the sales price is paid by Home Development Mutual Fund (HDMF) to the Group. The installment portion shouldered by the buyer from the sales are non-interest bearing and are generally within a credit term of 180 days from reservation prior to collection from HDMF. The Group no longer has a continuing involvement on the real properties once the Group received the proceeds from HDMF, aside from the finalizing the transfer of real estate property title to the buyers.

Credit risk on advances to shareholder is considered low given the very strong financial capacity of the counterparty to repay the Group as at June 30, 2020 and December 31, 2019.

Other receivables consist mainly of advances to third parties. The Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history.

(ii) Stage 2 - Underperforming

Receivables under this category pertain to receivables from subcontractors, which are aged beyond one (1) year as at June 30, 2020 and December 31, 2019. Credit risk is considered low as the counterparties, which have ongoing projects for the Group, possess sufficient financial capacity to meet their obligations as at June 30, 2020 and December 31, 2019.

(iii)Stage 3 - Underperforming/Impaired

As at June 30, 2020 and December 31, 2019, no additional impairment losses on receivables were recognized.

(c) Refundable deposits

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation.

20.1.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when these fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

All financial assets and liabilities are current as at reporting dates, except for the non-current portion of borrowings.

To manage liquidity, funding of maturing obligation will come either from future sale of developed properties or shareholders.

20.2 Capital management

The Group's main objective is to ensure it has adequate capital moving forward to pursue its major land development and housing projects.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide future returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statements of financial position, less fair value reserve and remeasurement gain (loss) of retirement benefit obligation, net of tax.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There was no change in the Group's capital management strategy and policies as at June 30, 2020 and December 31, 2019.

20.3 Fair value of financial instruments

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities.

As at June 30, 2020 and December 31, 2019, the Group's investments in equity securities are classified under Levels 1 and 2 categories, while investment property is classified under Level 3 category. There are no other financial or non-financial assets and liabilities that are measured at fair value.

Note 21 - Critical accounting estimates, assumptions and judgments

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

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions applied by the Group and which may cause adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding section.

21.1 Critical accounting estimates and assumptions

(a) Estimate of fair value of investment property

The Group's investment properties have estimated fair values ranging from P P1,890 to P0.16 million (2018 - P1,200) per square meter as at June 30, 2020 and December 31, 2019 based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The fair value of the investment properties was determined using the income approach as at June 30, 2020 and December 31, 2019 following the completion of the Binangonan property master plan and acquisition of Makati Land with higher FAR rights (2018 - sales comparison approach).

The income approach is considered in valuing assets, land, or properties by reference to their development potential. The value is the residue of the gross development value of the proposed development scheme upon completion, deferred by the development period up to the time when all the asset or property has been disposed of in the open market, after deducting the development costs including demolition costs, construction costs, professional fees and allowance for risk and profit. Meanwhile, the sales comparison was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

(*b*) *Provision for clearing costs*

Supreme Court affirmed the validity of the Parent Company's titles over its 2,200 hectares of Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at June 30, 2020. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

Management believes that the current provision is the best estimate based on existing conditions and circumstances as at June 30, 2020 and December 31, 2019. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year that are different from estimates could require a material adjustment to the carrying amount of the provision for clearing costs.

(c*) Determining NRV of real estate held for sale and development*

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether inventories are damaged or if their selling prices have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

21.2 Critical accounting judgments

(a) Recognition of investment properties

Management reviews Group agreements to determine whether the Group already has beneficial ownership over the underlying assets. Management believes that the Group has beneficial ownership over the Makati Land as at June 30, 2020.

(b) Collectability of the sales price

The Group considers the loan approval of HDMF as support for the collectability of the sales price of land and real estate properties. Management believes that it is probable to collect the consideration from buyers for revenues recorded for the month ended June 30, 2020 and year ended December 31, 2019.

(c) Impairment of financial assets

From January 1, 2018, the Group applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Until December 31, 2017, the provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Group and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance.

(d) Joint arrangements

Management enters into joint arrangements for the development of its properties. Per contractual agreements, the Group's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangement is not structured through a separate vehicle and the Group has direct access to the arrangements' assets and obligations for liabilities. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at June 30, 2020 and December 31, 2019 is recorded as part of real estate held for sale and development in the consolidated statements of financial position.

(e) Recognition of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

Management believes that the non-recognition of deferred income tax assets is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding three (3) to five (5) years given current development activities.

(f) Contingencies

The Group is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceeding.

Note 22 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

22.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in equity securities and investment property.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Changes in accounting policies and disclosures

New standards, amendments to existing standards and interpretations adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2019:

- PFRS 16, Leases (effective January 1, 2019), replaces the guidance of PAS 17 that relate to the accounting by lessees and the recognition of almost all leases in the balance sheet. PFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right-of-use asset) and a lease liability to pay rentals for virtually all lease contracts. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  On adoption of PFRS 16, the Company recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

  The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018.

  In applying PFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

i) For all contracts entered into before January 1, 2019 and that were previously identified as leases under PAS 17, *Leases*, and IFRIC 4, *Determining whether an arrangement contains a lease,* the Company has not reassessed if such contracts contain leases under PFRS 16; and

ii) On a lease-by-lease basis, the Group has:
   a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
   b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
   c) accounted for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
   d) excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
   e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The is no effect of adoption of PFRS 16, *"Leases"* on the Group's financial statements as at January 1, 2019.

- Philippine Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

  - how to determine the appropriate unit of account;
  - that an entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
  - that an entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
  - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
  - that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

  Based on the Group's assessment, the interpretation did not result to significant changes on its current recognition and measurement of income taxes and liabilities.

- Plan Amendment, Curtailment or Settlement - *Amendments to PAS 19 Employee benefits* (effective January 1, 2019). The amendments to PAS 19 clarified that if a plan amendment, curtailment or settlement occurs, the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement must be calculated using the updated assumptions from the date of the change. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company has no plan amendment, curtailment or settlement as at December 31, 2019 and 2018.

There are no other new standards, amendments to existing standards, and interpretations which are effective for the financial year beginning on January 1, 2019, which would have a significant impact or is considered relevant to the Company's separate financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and its three (3) subsidiaries, Makati City Subway, Inc., Jiangsu Rizal Infradev and Interport Development Corporation as at June 30, 2020 and December 31, 2019 and for the quarter ended June 30, 2020 and for the period ended December 31, 2019. The Group uses uniform accounting policies, any difference between the Parent Company and Subsidiary are adjusted properly.

As at June 30, 2020, IDC, Jiangsu and MCSI are the subsidiaries of the Parent Company.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between companies in the Group are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

22.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statement of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

22.2.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes. As at June 30, 2020, the Group holds financial assets at FVOCI and at amortized cost.

The financial assets at amortized cost of the Group comprise: cash in banks, receivables, excluding advances to officers and employees, funds held by custodian bank, and refundable deposits under other assets while financial assets at FVOCI pertain to investments in equity securities in the consolidated statement of financial position. These are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On the disposal of equity instruments classified as FVOCI, any related balance within the FVOCI reserve is reclassified to retained earnings.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three (3) measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of total comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of total comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

<u>Equity instruments</u>

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated statement of total comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the PFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited against costs and expenses in the consolidated statement of total comprehensive income.

Prior to the adoption of PFRS 9, a provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

22.2.2 Financial liabilities

(a) Classification

The Group classifies its financial liabilities at initial recognition in the following categories: at FVPL (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Group only has financial liabilities at amortized cost as at June 30, 2020 and December 31, 2019.

The Group's financial liabilities at amortized cost include: accounts payable and other liabilities, excluding government-related liabilities, borrowings, and liability for refund of stocks rights subscription are classified under this category. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as non-current liabilities.

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder.

(b) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(c) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

22.2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

22.3 Cash and funds held by a custodian bank

For purpose of presentation in the consolidated statement of cash flows, cash consists of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are shown separately from cash in the consolidated statement of financial position and are classified as current or non-current depending on the expected timing of disbursements. These are stated at face value or nominal amount.

22.4 Receivables

Receivables arising from regular sale of real estate held for sale and development made in the ordinary course of business are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Receivables with average credit term of 180 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

Advances to officers and employees are unliquidated cash advances for the Group’s expenses. These are initially recognized at nominal amount and derecognized upon liquidation. They are included in current assets, except for expected liquidations greater than 12 months after the reporting date, which are then classified as non-current assets.

22.5 Prepayments and other current assets

Prepayments and other current assets are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments and other current assets are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Prepayments in the form of unused tax credits are derecognized when the there is a legally enforceable right to offset the recognized amounts against income tax due and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Input VAT are stated at face value less provision for impairment, if any. Any allowance for unrecoverable input, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portions of the claims. Management evaluates the level of impairment provision on the basis of factors that affect the collectivity of the claim. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

22.6 Real estate held for sale and development

The account includes land held for development, which refers to land acquired exclusively for development and resale thereafter and real properties held for sale and development through housing projects. Real estate held for sale and development is stated at the lower of cost and NRV. The cost comprises purchase price plus costs directly attributable to the acquisition of the assets including clearing, retitling, site preparation and subsequent development costs. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs associated with on-going development of these properties are capitalized during its construction/development period.

The fair value of the land transferred from investment property to real estate held for sale and development account due to change in use on the property is deemed as cost for subsequent accounting. Transfers from investment property to real estate held for sale and development happen when the Group comes up with a concrete plan to clear the lots and/or when the Group enters into a Memorandum of Agreement with a third party to perform retitling and related clearing activities.

Upon disposal, the asset accounts are relieved of the pertinent costs of acquisition and improvements, and provision for decline in value (if any) and the related realized profit on sale is recognized in profit or loss.

22.7 Investment property

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group’s investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment property

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. On a regular basis, an estimate of the recoverable or clearable area over the Group’s 2,200-hectare property is done by an independent contractor. An increment in the recoverable area is recognized at fair value, with a consequent provision for estimated clearing costs.

Subsequent expenditure (i.e. provision for clearing costs) is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in profit or loss.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

22.8 Intangible

Intangible assets arise from legally enforceable contractual right and is separable (that is, it is capable of being separated or divided from an entity and sold, transferred, or exchanged, either individually or together with a related contract, asset or liability). They are measured on initial recognition at cost. The costs of intangible assets arising from contractual right are their fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Estimated useful life of the Group's intangible assets, which is equivalent to its contractual life, is 50 years.

Intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in profit or loss when the intangible asset is derecognized.

22.9 Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.

The Group has entered into joint arrangement agreements with third parties to develop a portion of its land located in Binangonan, Rizal. Under the terms of the agreement, the Group will contribute lots, construction and development to the joint arrangements. The Group recognizes revenue based on the sales of the pre-determined lots assigned in accordance with the provisions of the agreement.

The Group has assessed the nature of its joint arrangement and determined it to be joint operations.

The Group classifies the land contributed under real estate held for sale and development.

The contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding revenues and obligations for the corresponding expenses.

22.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful life of five (5) years for all classes of property and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

22.11 Impairment of non-financial assets

Assets that have an indefinite useful life, such as investment in a subsidiary, are not subject to depreciation and amortization and are tested annually for impairment.

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in profit or loss.

22.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. The Group's unlisted available-for-sale financial assets are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

22.13 Accounts payable and accrued expenses

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at the original invoice amount (as the effect of discounting is immaterial). Government-related liabilities initially recognized at nominal amount and not subject to discounting but are derecognized similarly. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as non-current liabilities.

22.14 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which these are incurred.

22.15 Income taxes

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses or NOLCO and unused tax credits or excess MCIT to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when the related bases are realized or when it is no longer realizable.

22.16 Employee benefits

(a) Retirement benefits

The Parent Company is subject to the provisions of RA No. 7641. This Act requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private entity, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. This falls within the definition of a defined benefit retirement plan.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided to an employee upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited as ‘remeasurements’ to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in retirement benefit expense in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term employee benefits

Wages, salaries, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

22.17 Contingencies and provisions

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for clearing costs represents the Group's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Group's investment property. The amount is based on the average estimated clearing and titling cost per agreement with the contractor. Such amount represents the peso value quoted by the contractor based on recoverable area and is adjusted regularly to reflect the net present value of obligation associated with clearing of land titles.

When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense.

Provisions are derecognized when the obligation is settled, cancelled, or has expired.

22.18 Deposits for future shares subscription

Deposits for future shares subscription represent amounts received from shareholders which will be settled by way of issuance of the Group's own shares at a future date. The Group considers the deposits as liability unless all of the following elements are present:

- The unissued authorized capital stock of the entity is sufficient to cover the amount of shares indicated in the subscription agreement;
- There is a BOD's approval on the proposed increase in authorized capital stock to cover the shares corresponding to the amount of the deposit;
- There is shareholders' approval of proposed increase; and
- The application for the approval of the proposed increase in authorized share capital has been filed with the SEC as at reporting date.

Deposits for future shares subscription are derecognized and converted to equity once corresponding shares have been issued.

22.19 Equity

(a) Share capital

Share capital, which are stated at par value, are classified as equity.

Issuance of new shares as a result of options, rights and warrants are shown in equity as an addition to the balance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares or additional capital contributions in which no shares were issued are credited to additional paid-in capital.

(b) Treasury shares

Where any member of the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any. Retained earnings also include the effect of changes in accounting policy as may be required by the relevant standards' transitional provisions on their initial adoption.

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's BOD.

(d) Stock rights offering

An issue of rights to existing shareholders of the Group that entitles them to purchase additional shares in proportion to their existing holdings, within a fixed time period, at a lower or discounted price to preserve the percentage ownership of the current holders.

Liability for stock rights subscriptions is derecognized once settled.

22.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

22.21 Revenue and expense recognition

(a) Revenue

The adoption of PFRS 15 did not have material impact on the Group's revenue recognition policy other than from the shift in the revenue recognition model from risks and rewards to control model.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, which normally approximates the invoice amount.

Sales of real estate and costs of real estate sold

Sales are recognized when control of the real estate has transferred, being when the sales price is deemed collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Sales of real estate are considered as sales at a point in time. For properties sold through a financing agreement with Pag-IBIG under the HDMF, revenue is recognized upon loan approval from HDMF, net of any discount. For properties sold through cash, revenue is recognized upon full collection, net of any discount. For properties sold through installments, revenue is recognized upon turnover of the units to the buyers, which coincides with the collection of a significant portion of the contract price.

Any collections on contracts that have not yet qualified for revenue recognition are reported as customers' deposits within accounts payable and other liabilities in the consolidated statement of financial position.

Cost of sales is recognized simultaneously with revenue. Cost of sales includes cost of land allocated to the Group based on assigned lots stated in the agreement entered into with the developer and all other incidental costs incurred by the Group.

(b) Other income not covered by PFRS 15

(i) Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(ii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(iii)Rental income

Operating lease payments are recognized as an income on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an income in the period in which they are earned.

(iv) Other income

Other income, including gain on reversal of liabilities, is recognized when earned.

(c) Expenses, including interest expense

Expenses are recognized when incurred.

Interest expense is recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial liability.

22.22 Leases

(a) Group as lessor - operating lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

The Group leases out a parcel of its land. Rental income is recognized in accordance with the rental income accounting policy in Note 22.21.

(b) Group as lessee - operating lease

<u>From January 1, 2019 upon adoption of PFRS 16</u>

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(i) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point; adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life.

(iii)Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Residual value guarantees

The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. The Company's leases did not include such guarantees.

(v) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those with minimum lease payments below the capitalization threshold.

22.23 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

22.24 Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

22.25 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

22.26 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(For the Quarter Ended June 30, 2020)

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine GAAP.

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the "Group") were incorporated in the Philippines on February 24, 1975 and December 21, 1993, respectively. Parent Company is primarily involved in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes.

In 2018, Aggregate Business Group Holdings Inc. (ABG) purchased 26.94% ownership out of the 29.62% equity interest in the Parent Company previously held by Mabuhay Holdings Corporation. ABG is a domestic holding company. In 2019, ABG increased its ownership in the Parent Company to 71.28% through the purchase of additional shares making it the Group's ultimate parent company as at June 30, 2020 and December 31, 2019.

On July 20, 2018, the Parent Company's Board of Directors (BOD) and shareholders approved the change in the Parent Company's corporate name to Philippine Infradev Holdings Inc. Such change was subsequently approved by the Securities and Exchange Commission (SEC) on October 30, 2018.

On October 23, 2018, the Parent Company received from Public-Private Partnership (PPP) Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the "Project") to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 4, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) that will be used as a special corporate vehicle for the Subway Project. MCSI is a wholly-owned, domestic subsidiary of the Parent Company.

On July 12, 2019, the Parent Company incorporated Jiangsu Rizal Infradev Co., Ltd. (JRIC) to function primarily as a corporate vehicle in the procurement of materials and equipment related to the Subway Project. JRIC is a wholly-owned, foreign subsidiary of the Parent Company

On July 19, 2019, the Makati City Council approved City Ordinance No. 2019-A-020 (the "Ordinance") on third and final reading. The Ordinance approved the terms and conditions of the PPP JV Agreement between the Parent Company and the Makati City Government for the construction, establishment, management and operation of the Subway Project.

On July 30, 2019, the Parent Company's BOD approved a resolution authorizing the Parent Company's execution, delivery and performance of the PPP JV Agreement with the Makati City Government, and of other instruments contemplated in the PPP JV Agreement. On the same date, authorized representatives of the Parent Company and the Makati City Government signed the PPP JV Agreement and the Parent Company submitted to the Makati City Government the US$350 million performance bond which was accepted by the Makati City Government.

On February 18, 2020, the Notice to Proceed for the Subway Project was received by the Parent Company. The Subway project is expected to be completed within five (5) years for an estimated total project cost of US$3.5 billion.

The clearing of the Company's Binangonan property is still the focus of the Company's operations with the goal of completely freeing from third party claims 500 hectares of the 2,200-hectare property. Due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at June 30, 2020 and December 31, 2019. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

The Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments.

The company is not dependent upon any customer. It does not hold any right on patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements.

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The management, under the direction of the Board of Directors of the Company is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

As of June 30, 2020, the Company has total of twenty-two (22) personnel (December 2019 – 22 personnel) excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary.

Financial Condition

Interim Report (June 30, 2020)

The Company employed total assets of P150,105,023,157 financed by total liabilities of P 15,958,925,445 and total stockholders' equity of P 134,146,097,712. Noncurrent assets amounted to P 147,597,741,130 consisting of investment property, property and equipment (net of accumulated depreciation), intangible assets and other assets. Current assets stood at P2,507,282,027.

Results of Operation

A comparative review of the Company's financial operations for the quarter ended June 30, 2020 *vis-à-vis* the same period last year showed the following:

The significant decrease of P42.57 million in total revenue was mainly due to the lower number of units sold. Total cost and expenses decreased by P16.20 million from P57.38 million mainly because of the higher cost of sales.

Material changes (June 30, 2020 vs. December 31, 2019)

Cash decreased by P505.73 million mainly because of the costs related to Makati City Subway, Inc. (MCSI) and land development cost of the Company's 5th project located in Binangonan (Casas Carlina).

Prepayments and other current assets increased by P16.82 million mainly because of the increase in Input VAT.

Property and equipment, net increased by P356.08 million mainly because of the transactions of MCSI related to its project development costs.

Land held for development increased by P58.40 million mainly because of the land development cost related to its Casas Carlina project.

Retained Earnings decreased by P29.84 million mainly because of the net loss of P26.13 million and payment of documentary stamp tax related to the subscription of shares.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

a. The Company's capital expenditures commitments are land clearing cost and the Casas Aurora Project. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its properties.

b. The Management does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

c. The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

d. The Management is not aware of any known trends, demands, commitments, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on the company's liquidity, net sales or revenues or income from continuing operations.

e. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

REGISTRANT'S COMPARATIVE FINANCIAL SOUNDNESS INDICATORS

	Jun. 30, 2020	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2017**
Working Capital	2,323,745,280	2,709,193,593	1,302,912,491	677,193,052
Current Ratio	13.66	12.32	2.14	2.395
Quick Ratio	7.66	8.01	1.25	.204
Asset to Equity Ratio	1.12	1.12	2.69	1.957
Debt to Assets Ratio	0.11	0.11	.63	.489
Debt to Equity Ratio	0.12	0.12	1.69	.957
Gross Profit Margin	0.51	0.99	.98	.331
Operating Profit Margin	(1.74)	0.95	.96	.150
Net Profit Margin	(1.74)	0.66	.68	.117
Return on Assets	(0.00)	0.02	.17	.006
Return on Equity	(0.00)	0.02	.47	.012
Interest Coverage Ratio	(449)	1,339	2,445	-nil-

Current/ Liquidity Ratios - shows the ability of the company to pay off its debts over the next year.

Working Capital- computed as current assets minus current liabilities.
Current Ratio- computed as current assets divided by current liabilities.
Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Solvency Ratios - measure the company's ability to pay all debts, particularly long-term debts.

Debt to Equity - computed as total liabilities divided by total equity.

Debt to Assets - computed as total liabilities divided by total assets.

Asset to Equity Ratio - measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Interest Coverage Ratio - measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments.

Profitability Ratios

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

REPORT ON SEC FORM 17-C:

Date	Particulars
May 21, 2020	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)- Resignation of Mr. Rodolfo D. Santiago as a member of the IRC Board of Directors
June 17, 2020	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)- Receipt of application from Mr. Alwin P. Remante for the Early Retirement Program offered by PHILIPPINE INFRADEV HOLDINGS INC.
June 24, 2020	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)- Resignation of Mr. Antonio T. Tan as a member of the IRC Board of Directors

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

a. Assets Subject to Lien and Restrictions on Sales of Assets
b. Changes in Accounting Principles and Practices
c. Defaults
d. Preferred Shares
e. Pension and Retirement Plans
f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
g. Significant Changes in Bonds, Mortgages and Similar Debt
h. Registration with the Board of Investments (BOI)
i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
k. Segment Reporting
l. Disclosure not made under SEC Form 17-C: None

ITEM 5- RECOGNITION OF IMPACT OF THE FOLLOWING NEW STANDARDS

The following new standards do not have and are not expected to have a material impact on the Group's financial statements.

		Adopted/Not adopted/ Not applicable
a.	Separate Financial Statements PAS 27 (Amended)	Adopted
b.	Investments in Associate and Joint Venture PAS 28	Adopted
c.	Government Loans (Amendments to PFRS 1)	Not applicable
d.	Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)	Adopted
e.	Consolidated Financial Statements (PFRS 10)	Adopted
f.	Joint Arrangements (PFRS 11)	Adopted
g.	Disclosure of Interests in Other Entities (PFRS 12)	Adopted
h.	Fair Value Measurement (PFRS 13)	Adopted
i.	Financial Instruments (PFRS 9)	Not Adopted

SIGNATURES

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

Issuer: **PHILIPPINE INFRADEV HOLDINGS INC.**

ANTONIO L. TIU
President/ CEO

GEORGINA A. MONSOD
Treasurer