alphaland
CORPORATION

ANNUAL REPORT 2019

The Balesin Marquee

The Alpha Suites

Alphaland Baguio Mountain Lodges

ABOUT US

Alphaland Corporation, a Philippine property development company, is managed by the RVO Capital Ventures Group.

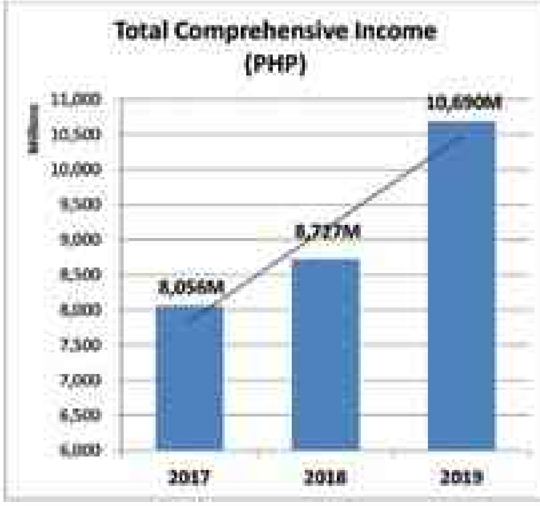
We are unique in that we are very selective in the property development projects that we undertake. We focus only on high-end and top-of-the-line projects.

We do not intend to be, and will never be, all things to all people.

ALPHALAND – UNIQUE!

TABLE OF CONTENTS

ALPHALAND CORPORATION FINANCIAL HIGHLIGHTS


Total Comprehensive Income
(PHP)
Millions
8,056M
8,727M
10,690M
2017
2018
2019


Earnings Per Share
(PHP)
0.63
0.64
0.73
2017
Weighted number of outstanding shares
12,729M
2018
Weighted number of outstanding shares
13,640M
2019
Weighted number of outstanding shares
14,573M


Total Equity
(PHP)
Millions
60,416M
70,070M
80,830M
2017
2018
2019


Book Value Per Share
(PHP)
4.75
4.81
5.55
2017
2018
2019


Total Assets
(PHP)
Millions
83,615M
99,363M
109,369M
2017
2018
2019


Bank Debt-Equity Ratio
Debt; 10.92%
Debt; 8.85%
Debt; 0.00%
Equity; 89.08%
Equity; 91.15%
Equity; 100.00%
2017
2018
2019

OFFICE OF THE CHAIRMAN

DENNIS O. VALDES	ROBERTO V. ONGPIN	MICHAEL A.P.M. ASPERIN	ANNA BETTINA ONGPIN
PRESIDENT	CHAIRMAN AND CEO	COO & BALESIN ISLAND CLUB CEO	VICE CHAIRMAN

March 11, 2020

Dear Shareholders,

The year 2019 was an exciting and excellent one for Alphaland Corporation. Early in the year, we sold Alphaland Southgate Tower & Mall for nearly four times what it cost us. This was a momentous event and is fundamentally responsible for our sterling financial performance for the year.

For 2019, your Company had a comprehensive income of Php10.7 billion or a 22% increase over the year previous. Our total equity increased to Php80.8 billion, a 15% increase over the year previous, which was Php70.1 billion. The detailed financial charts showing the company's growth are on page 5 of this annual report.

As a result of our decision to sell Southgate, we were able to pay off all of our bank debts and end the year with zero bank debt and almost half a billion pesos in cash. Additionally, in connection with the Southgate deal, we have an unutilized Php3 billion bank line from PBCom, quite an ample amount to fund our expansion projects going forward.

I am also pleased to announce the appointment of Dennis O. Valdes as President of Alphaland Corporation effective February 1, 2020. Dennis has been President of PhilWeb Corporation for the past 13 years, but as you all know, I had to dispose of my holdings in PhilWeb some three years ago. So in a real sense, by joining Alphaland, Dennis is "returning to the fold." Anna Ongpin will become Vice Chairman, together with Eric O. Recto. Thus, there are now 4 members of the Ongpin clan in the top management of Alphaland: 1 daughter Anna, and 2 nephews Eric and Dennis, plus me.

I am pleased to report that Alphaland had a strong operating performance for 2019. The Alphaland Corporate Center is now 100% leased at a record amount per square meter. Our extended-stay luxury hotel, The Alpha Suites, in only one and a half years has been consistently rated as the No.1 hotel in Metro Manila by TripAdvisor and has strongly contributed to our cash flows. In fact, it is noteworthy that the cash generated from both the Corporate Tower and The Alpha Suites in 2020 will more than make up for the rental income we lost when we sold Southgate.

CHAIRMAN'S LETTER

A most welcome development was the announcement by the government a couple of months ago that they have finalized the implementing rules and regulations for Real Estate Investment Trust (REIT). With a strong recurrent income base, we are seriously considering the listing of an Alphaland REIT as a subsidiary of Alphaland Corporation and thus generate substantial funds from the listing, in addition to attractive tax benefits for Alphaland Corporation from the establishment of the REIT. We hope to list the Alphaland REIT in the Philippine Stock Exchange at the soonest possible time, hopefully before the end of the first quarter or at the beginning of the second quarter of this year.

The Philippine economy, and the environment in which Alphaland operates, has done well for 2019. GDP continues to be strong and inflation went down dramatically.

Two important elements that power the economy—(a) the price of crude oil, which has returned to below US$60 per barrel; and (b) the remittances of OFWs—continue to grow vigorously.

Thus, the Philippine peso ended in 2019 at about Php51 to US$1. The currency exchange rate has a fundamental impact on the economy and thus, the economy's strong performance has been reflected in your Company's financial performance.

Finally, I wish to thank all our shareholders, our management staff and employees, our members in the various clubs and our many customers and friends, for their continued confidence in Alphaland.

Sincerely yours,

ROBERTO V. ONGPIN
Chairman

ALPHALAND PRESIDENT

DENNIS O. VALDES

PRESIDENT

Dennis O. Valdes was elected a Director of the Company in 2011 and elected President on February 1, 2020. He is also the President of Aegle Wellness Center, and a Director of Atok-Big Wedge Co., Inc.

He was previously the President and a Director of PhilWeb Corporation from 2006 to January 2020. Under his leadership, PhilWeb became the leading gaming technology provider in the Asia Pacific Region. They increased their national network of e-Games cafés and sports betting kiosks exponentially, making their online casino business one of the largest café networks in the world. PhilWeb also expanded their customer base in the region with clients in Guam, Timor-Leste, and Cambodia.

His previous work experience in other industries—primarily his 10 years with the Inquirer Group of Companies and 6 years with The NutraSweet Company—has always focused on development and business growth.

He is a certified public accountant, and graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines. He also has an MBA degree from the Kellogg School of Management, Northwestern University.

NICHOLAS BELASCO
GENERAL MANAGER
THE CITY CLUB

MARK BIDDLE
EXECUTIVE CHEF

MA. LOURDES A. TORRES
VP - HUMAN RESOURCES &
ADMINISTRATION

ENRICO SISON
SVP - DESIGN

CRISTINA ZAPANTA
SVP - FINANCE

JERIC POSIO
VP - FINANCIAL
PLANNING

ENGR. EMMANUEL MARING
SVP - PROPERTY
MANAGEMENT &
LEASING

MANAGEMENT COMMITTEE

BENEDICT FRANCIS VALDECAÑAS, MD
MEDICAL DIRECTOR
AEGLE WELLNESS CENTER

ATTY. JASON ALBA
GENERAL COUNSEL

ATTY. CLIBURN ANTHONY A. ORBE
OF COUNSEL

PRIMO AGUAS
HEAD OF INFORMATION TECHNOLOGY

PEDMARK JULIAN MADRIDEJOS
ASSISTANT GENERAL MANAGER
THE ALPHA SUITES

CAPT. NOMER CHRISTOPHER LAZARO
OFFICER IN CHARGE
ALPHALAND AVIATION

FRANCES CAMILLE TAN
OFFICER IN CHARGE FOR PURCHASING & LOGISTICS

Mary Ann (Evans) Ramos
General Manager

(From bottom)
Row 1: Mary Ann Evans Ramos (General Manager)

Row 2: (L-R) Rodrigo Jerusalem (AGM for Motorpool), Ramil Panganiban (AGM for South Villages Operations), Leysander Ordenes (Security Manager & CSR Head), Joey Jumawan (AGM for Food & Beverage), Rico Landicho (AGM for North Villages Operations), Weslee Borje (AGM for Facilities & Maintenance)

Row 3: Luisa Frances Banta (Concierge & Souvenir Shop Manager)

THE BALESIN MANAGEMENT COMMITTEE

Row 4: (L-R) Jeffrey Tangara (Asst. Sports & Recreation Manager),
Dennis Adan (Village Manager for Phuket Village and Balesin Royal Villa),
Arnel Toledo (Village Manager for Bali Village), Reneboy Esmael (Village Manager for Mykonos Village)

Row 5: (L-R) Anne Jayme-Rodil (Front Office Manager and OIC for Balesin Village),
Francis Michael Esteban (Head for Regency Private Villas), Vincent Da Silva (Village Manager for St. Tropez Village)

Row 6: (L-R) John Mangoba (Aquaculture Consultant), Jerry Peñaflor (Assistant to the Chairman for Balesin Operations),
Jason de Vera (Senior Front Office Manager), Rolando Nierva (Human Resources Manager),
Victorio Reyes Jr. (Head Chef)

ALPHALAND BAGUIO MOUNTAIN LODGES

BREATHTAKING VIEW FROM ALPHALAND BAGUIO MOUNTAIN LODGES PROJECT SITE

The Alphaland Baguio Mountain Lodges is a master-planned development of 300 lodge-style log homes and quadruplexes, situated on an 82-hectare property. The development is just 9 kilometers north of Baguio City on Ambuklao Road, which is now fully paved and is only a 15-minute drive from Baguio City proper. The development will also offer two helipads.

The site enjoys lush Benguet pine forest and totally pollution-free mountain air. In addition to about 10,000 Benguet pine trees on the property (some over a hundred years old), we are maintaining a nursery for another 50,000 pine trees, all of which will be eventually planted all over the property, making it one of the most lush pine forests in all of Benguet.

There are 7 designs and floor plans to choose from, and the homes are sited to maximize the views of the surrounding pine-forested mountains. The free-standing, individual log homes range in size from 4 to 6 bedrooms, while quadruplexes house the 2- and 3-bedroom homes; all are fully furnished. Each home is constructed from western cedar or pine logs imported from Scandinavia. The entire property is secured by an 8-foot concrete perimeter fence, with 12 security outposts.

The master plan was completed by EcoPlan of Florida in the U.S., the same master planner for Balesin Island. The lodges are sold individually as horizontal condominiums, where the land is proportionately owned by all 300 homeowners. This allows for the optimization of the locations and views of all of the home sites.

Each quadruplex or cluster of 5 to 8 individual homes has its own water cistern that collects rainwater from the roof of each building, and each home or quadruplex has a complete genset that serves as a backup source of power. Landscaping is provided and maintained by Alphaland, to the usual superior Alphaland standard.

On the main Ambuklao Road part of the property, we will construct a commercial center consisting of 8 pine log units, which we will provide rent-free to the best restaurants and popular shops in Baguio, as well as a laundromat for the convenience of our homeowners.

We have also completed the mini sports center, which has been used for wedding receptions in addition to sports and recreation.

RIPRAP STONEWORK

MINI SPORTS CENTER

VIEW FROM CLUBHOUSE INN OUTDOOR DINING AREA

CLUBHOUSE INN INDOOR DINING AREA

FIRST HOME CLUSTER

CLUBHOUSE INN SCENIC ELEVATOR

VIEW OF SURROUNDING MOUNTAINS

VIEW FROM MODEL E DECK

CLUBHOUSE INN OUTDOOR DINING AREA

MOUNTAIN VIEW FROM CLUBHOUSE INN
LOWER GROUND GUEST ROOM

3-BEDROOM QUADRUPLEX LODGE

MODEL E MASTER BEDROOM

MODEL D

MODEL B LIVING ROOM

MODEL B KITCHEN & DINING AREA

MODEL B SAUNA IN MASTER BEDROOM

MODEL E DEN

2-BEDROOM QUADRUPLEX LODGE

FRONT VIEW OF THE CHAPEL

INSIDE VIEW OF THE CHAPEL

NURSERY FOR 50,000 PINE TREES

FLOWER NURSERY

CHAPEL ALTAR

HELIPAD

Cove Deck
Mykonos Village
Thanassis Taverna
Mykonos Beach Villas
Poseidon Lounge
Aegle Wellness Center
Apsaras Tribe Chinese Villa
Balesin Private Villa 4-Bedroom
Balesin Private Villa 8-Bedroom
Balesin Private Villa 6-Bedroom
Rico's Hideaway
Seafood Farm
Seafood Shack

ALPHALAND BALESIN ISLAND CLUB

THE POOL AREA AT PHUKET VILLAGE

alphaland
BALESIN ISLAND CLUB

Balesin is an exclusive, world-class island resort off the east coast of the Philippines, for members only. It is the flagship project of Alphaland Corporation. Balesin Island sits in the Pacific Ocean, 29 nautical miles off the eastern coast of Luzon. It is 20 minutes' flight time from Manila, 30 minutes from Clark, 25 minutes from Sangley, on Alphaland's private fleet of airplanes, which are boarded at Alphaland's private terminals at both airports. Balesin Island is about 500 hectares in size, of which less than 40 hectares (about 8%) will ever be developed. The majority of the island is undisturbed, original tropical rainforest. The island is ringed by more than seven kilometers of white-sand beach.

The resort redefines the Asian luxury beach experience, which is characterized by excellent service, and provides a comprehensive array of facilities, for an endlessly varied and evolving lifetime experience for its members.

Balesin Island Club offers a number of complimentary villa nights a year depending on the type of membership. Members and their guests can choose to use these complimentary nights at any of the villages or at the clubhouse suites, which are designed for larger families.

Balesin is also home to the M/Y "Obsessions" super-yacht for the use of its members and guests. The 38.5-meter aluminium-hulled vessel was built by the world-renowned Heesen Yachts in Holland and is the pride of their fleet. The yacht has four beautifully decorated staterooms, all with en-suite bathrooms, and is often chartered for full-day trips to the surrounding Polillo Island group, as well as for sunset cruises around the island, dinners, and photo shoots.

Balesin's E.L. Tordesillas Airport, named after the founder of the original resort, has a 1.5 kilometer-long concrete runway, built to international aviation standards, that can accommodate regional aircraft and private jets. The club recently invested in runway lights with Area Navigation (RNAV) approach capability, so it can now operate as a 24-hour aerodrome. The club operates its own fleet of aircraft to bring guests to and from the island, and has operated a capacity of 1,000+ seats a day during peak periods. A key aspect of the flight experience are our own private terminals at the Ninoy Aquino International Airport (NAIA) and at Clark International Airport, which are much more convenient—and luxurious—than the crowded public Domestic Terminals.

The Club's accommodations consist of 7 villages, each inspired by world-renowned destinations: Balesin, Bali, Costa del Sol, Mykonos, Phuket, St. Tropez, and Toscana. Each village is a distinct experience, and effectively a resort in itself. Each is designed and executed authentically, from architecture and interiors to landscaping and cuisine. The emphasis of the design is on privacy and exclusivity. Many of the accommodations are standalone villas, while the suites are also very private.

The Balesin Royal Villa is a majestic structure that is an ideal venue for large family and social gatherings, weddings, and corporate retreats. The Royal Villa's upper floor offers 4 spacious Maharlika suites, accessible via private elevator, with their own private decks and jacuzzis. On the ground floor are 10 villa-type suites with private entrances, as well as a luxuriously appointed Salon opening out onto a sweeping deck with two pools overlooking the sea.

The Balesin Private Villas offer casual luxury in 8-, 6-, and 4-bedroom private homes for extended families or corporations. Situated on pristine beachfront lots with a view of the sunset, the Private Villas feature stunning infinity pools with adjoining jetted whirlpools, fully equipped kitchens, billiard rooms and lounges with bar, karaoke rooms, cozy libraries, home offices, and expansive, skylit living and dining areas with indoor greenscape centerpieces. Each bedroom suite has an unobstructed view of the pool and beach, and includes an en-suite bathroom and private outdoor shower.


AERIAL VIEW OF THE BALESIN ROYAL VILLA


THE BALESIN PRIVATE VILLA INFINITY POOL


M/Y OBSESSIONS


RUNWAY LIGHTS

BALESIN REGENCY PRIVATE VILLAS

The Balesin Regency Villas are four private villas that offer 20, 12, 6, and 14 bedrooms, respectively. The 20-bedroom Regency Villa A offers 12 keys (8 two-bedroom suites and 4 one-bedroom suites) with a capacity of 68 people; the 12-bedroom Regency Villa B offers 12 keys (with 12 one-bedroom suites) with a capacity of 42 people; the 6-bedroom Regency Villa C offers 6 keys (all one-bedroom suites) with a capacity of 20 people; and the 14-bedroom Regency Villa D offers 14 keys (all one-bedroom suites) with a capacity of 50 people. Much like the Balesin Private Villas, the Regency Villas are situated on choice beachfront lots with infinity pools, and feature expansive living and dining areas, billiard rooms and lounges, libraries, and stunning ocean and sunset views. The Private Villas and Regency Villas are maintained and serviced by the Club.

Regency Villas A and B were completed and in operation in 2019, while Regency Villas C and D will be completed by the first quarter of 2020.

In addition to the villages, there are extensive central facilities, including a main clubhouse larger than most country clubs, a Sports Center, an Aquatic Sports Center, the Aegle Wellness Center, numerous restaurants, and many others.

THE BALESIN REGENCY PRIVATE VILLA A

THE BALESIN REGENCY PRIVATE VILLA B

THE BALESIN MAIN CLUBHOUSE

MYKONOS DOME

BALESIN 8-BEDROOM PRIVATE VILLA

THE BALESIN ROYAL VILLA

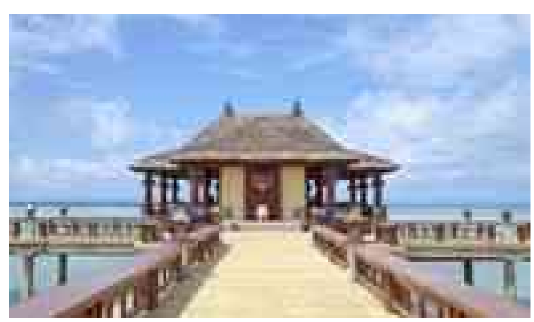
COSTA DEL SOL CASA GRANDE

PHUKET SALATHIP

BALESIN SALA

TOSCANA VILLAGE

ST. TROPEZ



NUSA DUA BAR

THE BALESIN MARQUEE

THE BALESIN MARQUEE

Completed in 2019, The Balesin Marquee is the ultimate venue for grand affairs with its beachfront location, versatility, and space that's perfect for styled events, making it the location of choice for large weddings, as well as for big reunions and corporate functions. It offers a capacity of up to 600 guests for a banquet setup, and up to 1,000 guests for a theater-style setup.

BALESIN WEDDING PACKAGE

We introduced a new, special-value wedding package in late 2019, with approximately Php 2.5 million of complimentary inclusions such as use of The Balesin Marquee, 12 nights in the village of choice for guests, 12 nights at The Alpha Suites in Makati for out-of-town guests, use of the super-yacht M/Y Obsessions, and more. At Php 2,550,500 for 100 people, this new package offers significantly better value than those of the country's other high-end island venues in Mactan, Boracay, and El Nido.

APSARAS TRIBE CHINESE VILLA

In late 2019, the Apsaras Tribe Chinese Villa was completed. This Villa, which was acquired and is operated by the Shenzhen Yacht Club group, was designed and built by Alphaland and offers a magnificent restaurant with a dining capacity of 150, presided over by a Cantonese chef. The restaurant is open to all Balesin members and their guests. The Chinese Villa also houses 12 suites for its own guests.

APSARAS TRIBE CHINESE VILLA

CORPORATE MEMBERSHIPS

Balesin Island Club has also started offering Corporate memberships. Heretofore, the focus had been only on individual memberships, so the Club had Gold, Diamond, and Platinum memberships, but nothing set up specifically for corporations. Our new Corporate membership allows for up to 10 nominees and 50 free villa nights per year, so is a great deal for corporations.

AQUACULTURE PROJECTS

In addition to our current giant crab and sea bass farms, we began raising vannamei shrimp in two of the converted Picnic Grove ponds. The vannamei shrimp species originated in Vietnam, but now makes up more than half of the Philippines' current shrimp exports. In just a few months, the shrimp fry in our ponds have grown to almost 20 grams each, and are now available in all of Balesin's restaurants. We have also begun farming pompano, bangus, Lapu-Lapu, and samaral.

GUINEA FOWL AND DEER FARM

We have added approximately 1,000 Guinea fowl and several deer to our on-island farming projects. Very tasty Guinea fowl dishes are now on the menus at all of the Club's restaurants, and new venison dishes are soon to follow.

BALESIN VANNAMEI SHRIMP

NORTH POINT SEAFOOD FARM

GUINEA FOWL FARM

AQUACULTURE FARM

"GREEN BALESIN"

Alphaland utilized revolutionary technologies and concepts in developing Balesin Island Club. In any island development, the main challenge is water supply. The concrete runway serves as a rainwater catchment, collecting over 200 million liters per year into man-made lakes. The harvested water is processed into potable water via ultrafiltration, and is then distributed around the island. Used water is processed aerobically and anaerobically in modular sewage treatment plants, producing Class A greywater. This reclaimed greywater is used for the island's lush landscaping during the summer months. Balesin, is thus, uniquely among island resorts, self-sufficient in water.

BALESIN ISLAND RESERVOIR

We are planning to establish a solar power plant on the island in order to reduce our carbon footprint. We have received more than 20 proposals from solar panel suppliers, but still have not been able to make a deal. But we continue to try.

The island also produces a lot of its own food, which is made possible by the abundant water. The original fishing community that continues to live on the island supplies the fish served in its restaurants, and also staffs the aquaculture facilities, which include fish and shellfish farms. The banana plantations on the island produce a surplus, which is sent to the mainland and marketed there. In addition, 40,000

CRAB AND FISH FARM

coconut trees on the island, with more planted every year, provide an ample supply of coconuts. Compact, high-technology organic vegetable farms established near the airport yield much of the produce needed by the island's restaurants, although some items (like rice and meats) will always be brought in from the mainland, as we would rather not clear forest to accommodate these.

Location and ambiance are keys to Balesin Island's overall vision. In this regard, the resort's architectural design remains in harmony with its natural surroundings. This was achieved by partnering with one of the world's pre-eminent hospitality master planners, EcoPlan, of Florida, USA. EcoPlan has ensured that each structure never overwhelms its environment in any way.

As part of our drive toward sustainability and ecological responsibility, we have replaced all our plastic drinking straws with biodegradable paper straws. We have also replaced plastic water bottles with our own refillable glass bottles of Balesin purified water, which has passed all required sanitary and laboratory tests.

Globally, there are 150 million tons of plastic items floating around or washed ashore. Balesin is doing its part to address this very serious problem.

In addition, Balesin has zero emissions of waste water into the sea around it. From the start, each of Balesin's villages had a sewage treatment facility. In 2017, we completed the construction of a state-of-the-art central Sewage Treatment Plant (STP), where all the waste water and sewage from the individual villages is treated. The STP plant cost us Php40 million, but it was worth every penny.

We are proud to maintain the highest standards of environmental protection, which have guided us from the beginning of Balesin Island Club.

BALESIN ISLAND PURE WATER

BIODEGRADABLE PAPER STRAW
IN OUR BUKO JUICE

THE AMERICAN ASSOCIATION OF THE PHILIPPINES' PROFILES IN EXCELLENCE AWARD FOR TOP GLOBAL ULTRA-LUXURY RESORT FOR ENVIRONMENTAL SUSTAINABILITY

BIODEGRADABLE LAUNDRY BAGS

BONNIE'S BIRDS AT THE BALESIN PLAYGROUND

SPORTS AND RECREATION

- Archery - Archery Range near the Sports Center
- Badminton - Indoor Courts, Sports Center
- Basketball - Indoor and outdoor Basketball Courts at the Sports Center
- Bicycling - Bicycles are available for use at the Main Clubhouse
- Billiards - Game Room, Main Clubhouse
- Bird Watching - The Aviary
- Boating - Speedboats and sailboats may be rented at the Aquatic Sports Center; the M/Y Obsessions super yacht may be chartered for outings, dinners, and photo shoots
- Boxing, with trainer - Sports Center
- Children's Indoor Playroom – Sports Center
- Children's Outdoor Playground, next to the Aquatic Sports Center
- Dancing - Ballroom, Latin, and other styles at various events throughout the island
- Fishing - Deep sea, on board the M/Y Obsessions or on one of our fleet of speedboats, or gallery fishing at Fish Fun, Family Picnic Grove, or North Point
- Gardening - Balesin has an Organic Vegetable Garden, where guests may harvest their own salads
- Gym - Sports Center
- Hiking - The island's network of dirt roads will take you through forests and banana groves
- Horseback Riding - Island Trail Ride, Bullring (equestrian), at the Stables
- Karaoke - Babes' KTV Room, Main Clubhouse
- Kayaking - Aquatic Sports Center
- Knockerball – Sports Center and soccer pitch
- Mahjong - Mahjong Rooms, Main Clubhouse
- Mixed Martial Arts, with trainer - Sports Center
- Mountain Biking - The highest point of Balesin is just 10m above sea level, but we do have mountain bikes available for rent
- Paddle Boarding, Standup - Aquatic Sports Center
- Picnicking - Family Picnic Grove, which also offers fishing
- Poker and other card games - Poker Rooms, Main Clubhouse
- Reading - E.L. Tordesillas Library, Main Clubhouse
- Rock Climbing Wall - Sports Center
- Sailing, Hobie Bravo - Aquatic Sports Center
- Sailing, Paraw (native boat) - Aquatic Sports Center
- SCUBA Diving - Aquatic Sports Center
- Segways and Electric Scooters - Sports Center
- Smoking - Tabacalera Cigar Divan, Main Clubhouse
- Snorkeling - Aquatic Sports Center
- Soccer – Soccer pitch, near the Sports Center
- Sunbathing - The main beach and all pool areas are provided with sun loungers.
- Surfing - Available at certain seasons, off various beaches. Our Aquatic Sports Center staff will show you the different breaks.
- Swimming - Beach swimming with lifeguards is available at specified schedules. The Clubhouse has a lagoon pool, three outdoor whirlpools, and a kiddie pool; each village has one or more pools while Mykonos Cove Deck has five outdoor whirlpools, and Poseidon has an indoor/outdoor infinity pool; the Balesin Spa also has its own pool
- Table Tennis (Ping Pong) - Game Room, Main Clubhouse
- Tennis - Indoor and outdoor Tennis Courts at the Sports Center
- Volleyball (beach) – Balesin Sala Beach Area
- Wakeboarding - Aquatic Sports Center
- Waterskiing - Aquatic Sports Center
- Wii© - Wii© Room, Main Clubhouse
- Windsurfing (sailboarding) - Aquatic Sports Center
- Underwater World - Aquatic Sports Center

DINING

- Breakfast buffet, Main Clubhouse Lounge
- Filipino, Main Clubhouse Lounge, Balesin Dining Room, Verandah, Balesin Sala
- Fish "catch-it-yourself" at Fish Fun and Family Picnic Grove
- French at St. Tropez Village
- Greek at Thanassis Taverna and Cove Deck, Mykonos Village, and Poseidon, Mykonos Beach Villas
- Indonesian at Bali Warung and Nusa Dua Bar
- Italian at Toscana Village
- Korean at Han Gang, Main Clubhouse
- Japanese at Sakura, Main Clubhouse
- Spa cuisine at Ambrosia, Aegle Wellness Center (by reservation only)
- Spanish at the Restaurante Español and Tapas Bar, Costa del Sol Village
- Steak at Mark's Steak House, Main Clubhouse
- Thai at Salathip, Phuket Village
- Vietnamese at Ao Dai, Main Clubhouse
- Mongolian BBQ and mixed grill for lunch and cocktails for sunset at Rico's Hideaway
- Seafood at Balesin Seafood Shack and Fish Fun
- Private Dining - Michelle's and Anna's at Main Clubhouse, Private Dining Rooms at Bali, Phuket, St. Tropez, Costa del Sol Village, Toscana, and Mykonos Village
- Cocktails - The Main Clubhouse has three (3) bars, the Pool bars serve the swimming pools and the beach, and the sala of each village has a bar with general cocktails and drinks and wines unique to its theme. The open-air Nusa Dua bar at Bali village sits on stilts on the water.

SPA & WELLNESS

- Massage (various types) - Balesin Spa and Aegle Wellness Center
- Sauna and Steam Bath - Balesin Spa
- Aegle Wellness Center, adjacent to Mykonos Beach Villas
- Thalassotherapy, Aegle Wellness Center

AMENITIES

- Concerts and Performances - Clubhouse Performance Theatre, Main Clubhouse
- Haircuts and grooming - Salon & Barber Shop, Main Clubhouse
- Locker Rooms (Men's and Women's) - Main Clubhouse and Sports Center
- Meeting and Conference facilities - Function Rooms, Main Clubhouse; The Balesin Royal Villa; The Balesin Marquee
- Shopping - Balesin Souvenir Shop, Balesin Boutique, and Balesin Swim at Shopping Arcade, Main Clubhouse and Balesin Souvenir Shop at E.L. Tordesillas airport
- Worship - The Balesin Chapel offers regular Catholic Masses on Sundays, and other days of Catholic observance. It is open all day for private prayer, and available for weddings and other occasions.

TRANSPORTATION

- Golf cart rides - All over the island
- Jeepney rides - All over the island
- Van rides - All over the island
- Coaster rides - All over the island
- Bicycling - Bicycles are available for use at the Main Clubhouse
- Segways and Electric Scooters - Available for rent at the Sports Center

ÁO DÀI VIETNAMESE RESTAURANT

PRIVATE MASSAGE BY THE BEACH

ALPHALAND MAKATI PLACE

LAO YUAN ZI CHINESE RESTAURANT

alphaland
MAKATI PLACE
7232 AYALA AVENUE

Continued economic growth has resulted in the expansion of Makati's vibrant Central Business District. Alphaland Makati Place, located on a premium one-hectare property along Ayala Avenue Extension, near office buildings, schools, shopping centers, hospitals, and community areas, leads the charge.

Alphaland Makati Place is a state-of-the-art office, residential, and leisure complex that offers an integrated lifestyle solution in one dynamic complex. Every detail is planned for efficiency, sustainability, and enjoyment.

It consists of 1 corporate and 2 residential/hotel towers on atop the six-storey podium. The first three floors of the podium are home to an upscale public shopping center, high-end supermarket, world-class restaurants, and service hubs. The upper three floors of the podium house The City Club, an exclusive urban sport and leisure membership club and business haven. The City Club also houses Aegle Wellness Center, a center for longevity and holistic health. Atop the six-storey podium are the 253 units that compose The Alpha Suites luxury serviced residences, the 244 condominium units that make up The Residences at Alphaland Makati Place, and the 34-story Alphaland Corporate Tower.

FULLY FITTED KITCHEN AND DINING AREA AT THE RESIDENCES AT ALPHALAND MAKATI PLACE

Alphaland Makati Place is the only complex in the Central Business District to present such a comprehensive living solution. It is designed by the well-established Hong Kong group of architectural and engineering practice, Wong & Ouyang, and the leading architectural firm in the country, Casas + Architects. This complete community is designed to cut down on commuting to enable residents and guests to save time and energy, and minimize traffic, all in secure, private surroundings.

Alphaland Makati Place is designed from the ground up with state-of-the-art building management, automation, and security, as well as energy-efficient mechanical, electrical, and sanitary systems. The complex consumes far less water and energy than comparable buildings, minimizing carbon emissions and unnecessary costs, while still achieving a high level of comfort. Moreover, the complex offers five levels of underground parking, which reduces the urban "heat island effect". The project is registered under the United States Green Building Council (USGBC) rating system, which administers the Leadership in Energy and Environmental Design (LEED).

THE MARKETPLACE SUPERMARKET

ZOO COFFEE

ALPHALAND CORPORATE TOWER

The Alphaland Corporate Tower is a 34-story, Grade AAA office building located in the heart of Makati's Central Business District on prestigious Ayala Avenue. Part of the Alphaland Makati Place complex, it offers total leasable space of 26,582 sqm, a panoramic view from each floor, and a total of 27 floors, each with a floor plate of 950 sqm.

Completed in early 2018, the Corporate Tower was fully leased by mid-2018. Each tenant is entitled to 10 City Club shares (worth Php 1.5 million each for a total of Php 15 million) at no cost. The tower offers 4 high-speed elevators, an all-granite and marble entrance lobby, 100% backup genset, and the exclusive Top of the Alpha jazz bar and lounge on the penthouse floor, with its own private elevator.

LOBBY

ALPHALAND CORPORATE TOWER

TYPICAL PENTHOUSE SUITE

THE ALPHA SUITES LOBBY

THE ALPHA SUITES
MAKATI

In late 2017, Alphaland decided to convert its unsold inventory in The Residences at Alphaland Makati Place into luxury serviced apartments. The Alpha Suites serviced residences was launched in May 2018, and is wholly owned and operated by Alphaland Corporation. Composed of 253 suites, it offers several different room types: 1-Bedroom, 2-Bedroom, 2-Bedroom Deluxe, 3-Bedroom, two Penthouses and a two-level Presidential Suite.

Each suite offers bespoke furniture, top-of-the-line appliances, and premium bathroom fixtures. Every unit has a fully equipped kitchen with dishwasher as well as automated lights, window shades, TV lift, and air conditioning; laundry washer and dryer; minibar; and a safe, with the larger units also including a wine chiller. Fixtures for the suites were handpicked from leading global brands, such as Philippe Starck and Electrolux.

Guests of The Alpha Suites have full access to the 50+ facilities and amenities of The City Club, located in the same building, including the 9 world-class restaurants, expansive swimming pool, indoor tennis, badminton, basketball and squash courts, 500-square meter gym, business facilities, etc.

LAGOON-STYLE SWIMMING POOL

Despite its very recent entry into the hotel market as an independent, non-affiliated property, The Alpha Suites has been ranked the #1 hotel in Makati and Metro Manila on TripAdvisor, the world's leading travel platform, since July 2019.

TYPICAL LIVING & DINING AREA
IN A 1-BEDROOM SUITE

TYPICAL 3-BEDROOM UNIT
AT THE ALPHA SUITES


SAKURA

THE CITY CLUB AT ALPHALAND MAKATI PLACE

THE CITY CLUB ATRIUM


THE CLUB LOUNGE

All rolled into one, like no other! The City Club is a three-hectare lifestyle hub for leisure, entertainment and business options in the heart of Makati's Central Business District. No other club offers all these options in one place.

The City Club is an integral component of Alphaland Makati Place. All tenants of Alphaland Corporate Tower and unit owners at The Residences at Alphaland Makati Place are automatically members of The City Club, while non-residents may also purchase memberships. The Alpha Suites guests also have full access to the club's facilities. Located along Ayala Avenue, it occupies the top three floors of the six-storey podium of Alphaland Makati Place, with an area of 30,000 square meters. It is located within walking distance of many major corporations, residential buildings, and commercial establishments in the Central Business District. This provides convenience from work, home, and everywhere in between.

The City Club houses 9 specialty restaurants where you can choose from a variety of international cuisines. Among them are A Taste of France (French), Balesin Islander (Filipino), Costa del Sol (Spanish), Tang Palace (Chinese), Mark's Prime Rib (Steak House), Sakura (Japanese), Mykonos (Greek), Salathip

MYKONOS RESTAURANT AT THE CITY CLUB

BEST-SELLING DISHES AT MYKONOS

(Thai), and Toscana Ristorante Italiano (Italian). These are complemented by the Tabacalera Cigar Divan, where members can enjoy the finest cigars and single-malt whiskies, and TWG Tea Lounge, serving the finest luxury tea in the world.

Doing business outside the office is never a problem at The City Club. The Club's Business Center includes meeting and conference rooms that provide an ideal working environment. The Club offers Wi-Fi and a state-of-the-art fiber optic network to ensure that members stay connected anywhere around the club's premises. Function rooms are also available for events, from corporate functions to weddings and banquets, and a 76-seat auditorium is popular for seminars and presentations.

No club is complete without a pool, and The City Club has its lagoon-style swimming pool with additional areas for laps.

CLUB LOUNGE

BOARDROOM

CONFERENCE ROOM

BANQUET HALL

GYM

MOVIE THEATER/AUDITORIUM

LIBRARY

PILATES STUDIO

Children also get to enjoy The City Club's child-friendly facilities, which include a kids' swimming pool, indoor playground, and activity area. Other facilities such as game rooms, KTV rooms, a screening room, and a Wii room provide recreational activities that the entire family can enjoy.

In addition, The City Club has an extensive array of amenities dedicated to your health and wellness needs. Apart from its swimming pools, Aegle Wellness Center, The Alpha Spa, and a fully equipped 500-square meter gym, sports enthusiasts will enjoy the indoor courts for basketball, tennis, badminton, and squash, and the high-definition virtual golf simulator, which is exclusive to The City Club and is the only one of its kind in the Philippines. For those who want to revitalize their minds and bodies, studios for Pilates, aerobics and yoga can also be found in the Club. There is also a boxing ring and martial arts studio for those who enjoy more strenuous activities.

CLUB AMENITIES

- Indoor Tennis Court
- Indoor Basketball Court
- Badminton Courts
- Boxing Ring
- Squash Court
- Gym
- Billiard Tables
- Table Tennis Room
- Aerobics & Yoga Studio
- Martial Arts Studio
- Pilates Studio
- Dance Studios
- Aegle Wellness Center
- The Alpha Spa
- Swimming Pool
- Pool Sunbathing Deck
- High-Definition Virtual Golf Simulator
- Health Bar
- Meeting and Conference Rooms
- Movie Theater/Auditorium
- Library
- Business Center
- Banquet Hall
- Private Function Rooms
- Chinese Function Rooms
- Private Dining Rooms
- The Boardroom
- Large Function Rooms
- Tabacalera Cigar Divan
- Outdoor Activity Area
- Banquets and Events
- Wii Room
- Game Room
- Club Lounge
- Barber Shop
- KTV Rooms
- Screening Room
- Poolside Restaurant & Al Fresco Bar
- Restaurants:

— Sakura
— Salathip Thai Restaurant
— Tang Palace
— A Taste of France
— Costa del Sol
— Toscana Ristorante Italiano
— Mark's Prime Rib
— Balesin Islander
— Mykonos

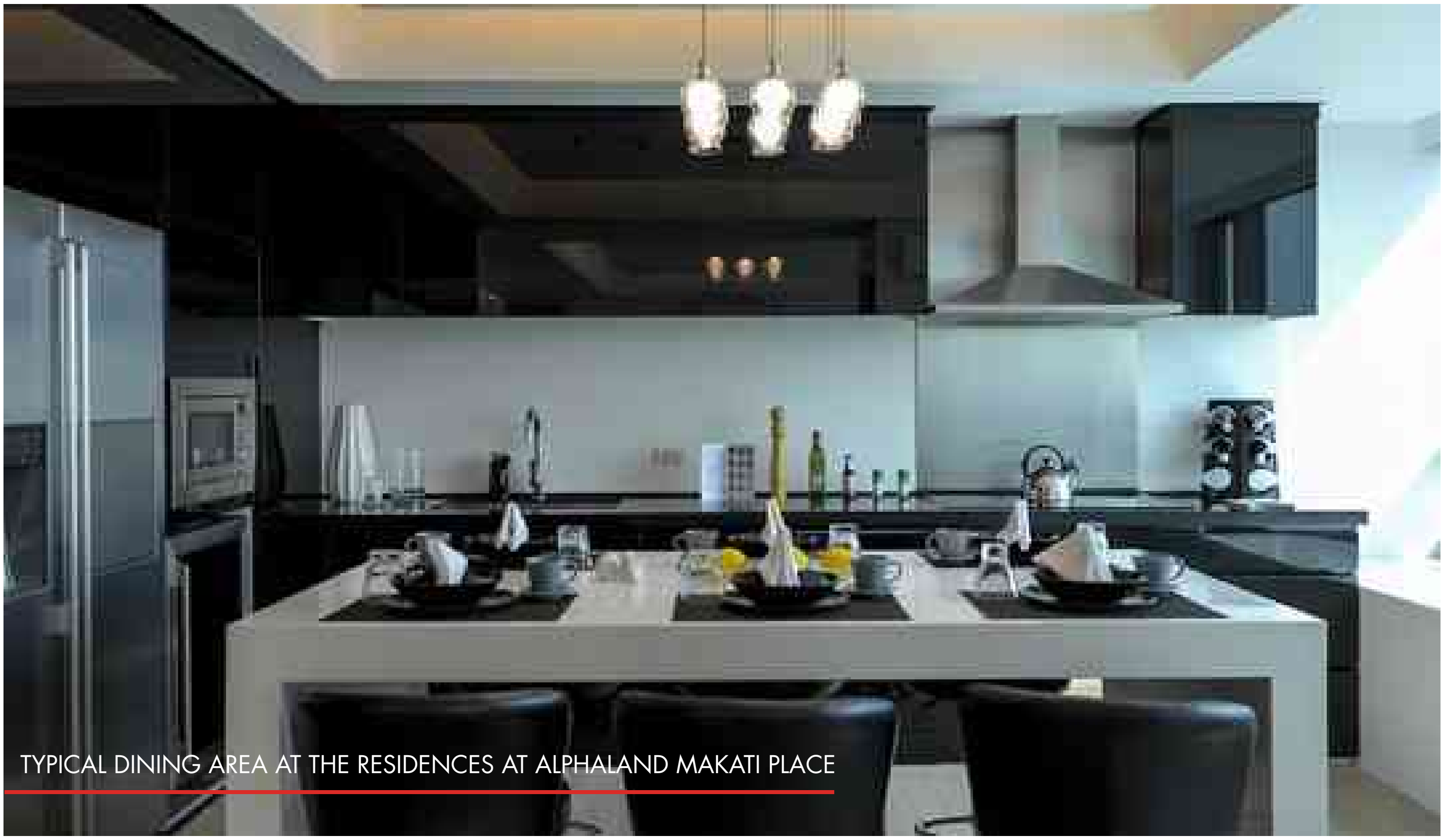
- The TWG Tea Lounge
- Children's Indoor Play Area
- Pro Shop
- Physical Therapy Studio
- Outdoor Playground
- Children's Pool
- Snack Bar
- Barbecue Area

TANG PALACE

SALATHIP THAI RESTAURANT

THE RESIDENCES AT ALPHALAND MAKATI PLACE

TYPICAL UNIT AT THE RESIDENCES AT ALPHALAND MAKATI PLACE



TYPICAL DINING AREA AT THE RESIDENCES AT ALPHALAND MAKATI PLACE

THE RESIDENCES alphaland MAKATI PLACE

Dubbed "the home of the future", The Residences at Alphaland Makati Place incorporates the limitless possibilities of future-receptive technology into residents' daily lives through the incorporation of fiber optic infrastructure.

The Residences at Alphaland Makati Place, a meticulously designed complex that ensures a natural fusion of aesthetics and efficiency, offers fully fitted and fully furnished, state-of-the-art Ayala Avenue apartments. The strategic location of the complex makes it a perfect home for dynamic executives, young families, and upwardly mobile singles. The complex incorporates high-speed fiber optic infrastructure, ensuring that it will be technologically advanced for years to come.

Each unit in The Residences at Alphaland Makati Place comes with a resident membership in The City Club, whose top-of-the-line facilities are dedicated to fulfilling the most demanding lifestyle needs.

LIVING AREA INSIDE A UNIT AT THE RESIDENCES AT ALPHALAND MAKATI PLACE

TYPICAL BEDROOM OF A 2-BEDROOM UNIT AT THE RESIDENCES AT ALPHALAND MAKATI PLACE

TOP OF THE ALPHA

THE BIRD'S NEST WRAPAROUND OUTDOOR TERRACE

Top of the Alpha

The Top of the Alpha is Manila's premier destination for upscale bar & lounge entertainment. The venue features a magnificent view from every part of the 34th floor penthouse of the Alphaland Corporate Tower in Makati.

The Top of the Alpha was officially launched in October 2018, with guest of honor Makati Mayor Abigail Binay and Alphaland Chairman Roberto V. Ongpin presiding over the ribbon-cutting ceremony.

Top of the Alpha has an L-shaped music lounge where well-known jazz bands perform on a daily basis, a Tabacalera Cigar Divan featuring the country's finest hand-rolled cigars and single-malt Scotch and Cognac pairings, and an open-air wrap around terrace for dining and lounging with a spectacular view of the metropolis. It also has three beautifully designed private rooms featuring large TV monitors where you can view the live bands or your choice of music in a plush, private setting.

Top of the Alpha features all genres of jazz, performed live by Manila's finest jazz bands and talents, such as three-time Aliw awardee Romy Posadas, versatile multi-awarded singer Kat Agarrado, legendary jazz keyboardist Henry Katindig, contemporary jazz band Kiss The Bride, and jazz mavens Emcy Corteza and The Brass Munkeys.

PRIVATE ROOM A

With a capacity of approximately 200 people, the lounge is also an exceptional venue for private parties and corporate events.

PIANO LOUNGE

TABACALERA CIGAR DIVAN

SKY LOUNGE

AEGLE WELLNESS CENTER

AEGLE WELLNESS CENTER AT BALESIN ISLAND CLUB

AEGLE WELLNESS CENTER AT THE CITY CLUB

Aegle Wellness Center is a state-of-the-art integrative health and wellness center purposely set in two complementary sites—a five-star city-center facility and an exclusive island resort setting—to nurture and sustain our unique wellness programs.

AEGLE WELLNESS CENTER

Named after the Greek goddess of radiant good health, Aegle illustrates the marriage of science and health—Aegle being the daughter of Aesculapius, the god of medicine, and Epione, the goddess of soothing of pain. Aegle is the sister of Panacea, the goddess of medicines, and Hygeia, goddess of health.

Aegle is devoted to the maintenance of health through lifestyle modification based on cutting-edge technology from the basic sciences such as cell physiology, molecular biology, and human genomics. Protocols are hinged on the four foundations of wellness: natural detoxification, weight management, ageing medicine, and holistic health.

Complementing the limitations of Western medicine with the preventive health values of traditional healing, Aegle provides multi-faceted programs to address health concerns ranging from treatment of lifestyle diseases, to enhancing function and athletic performance, to providing support for prevention of terminal illness.

Leading Aegle's acclaimed medical team is Dr. Ben Valdecañas, the country's leading authority in the field of Sports and Regenerative Medicine. The city-center facility of Aegle Wellness Center, which is located at The City Club, began operations in late 2015, while its second center, located adjacent to the Mykonos Beach Villas in Balesin Island Club, opened its doors in April 2016. The Aegle facility at Balesin offers Thalassotherapy as a centerpiece of its wellness programs.

SERVICES AND PROGRAMS

Professional Assessment & Evaluation
- Professional Age Management Consults
- Exercise Instruction, Initiation, and Integration
- Nutritional Consults, Management, and Support
- Life Coaching
- Mind-Body-Spirit Coaching
- Thalassotherapy (Aegle - Balesin only)
- Laboratory Assessment
    - Complete Blood Analysis and Serum Chemistry
    - Body Composition Analysis (BCA)
    - Metabolic Analysis Testing
    - Food Sensitivity Testing
    - Genomic Analysis
    - Hormonal Assay
    - Micronutrient Assay
    - Cancer Markers
    - Toxicology Scan
    - Gut Microbiome Analysis
    - Oxidative Stress
    - Neurotransmitter Assay
    - Amino Acid Assay
    - Cardiovascular
    - Chronic Fatigue Syndrome
- Ancillary Assessment
    - Plethysmography
    - Live Blood Analysis

Treatments
- Hyperbaric Oxygen Therapy (HBOT)
- Colon Hydrotherapy
- Intravenous Detoxification
- Intravenous Supplementation

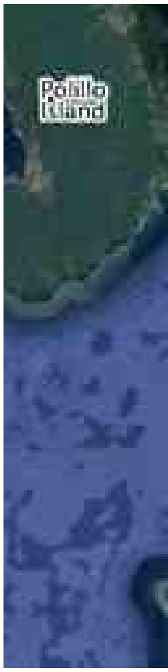
Aesthetic Treatments
- Skin Renewals
- Skin Regeneration & Remodeling
- Body Reshaping
- FaceFitness and FaceFitness Luxe

AEGLE NUTRITION MANAGEMENT

FACIAL SKIN TIGHTENING

PATNANUNGAN ISLAND

AERIAL VIEW OF THE ONGOING CONSTRUCTION OF AIRSTRIP



BALESIN INTERNATIONAL GATEWAY

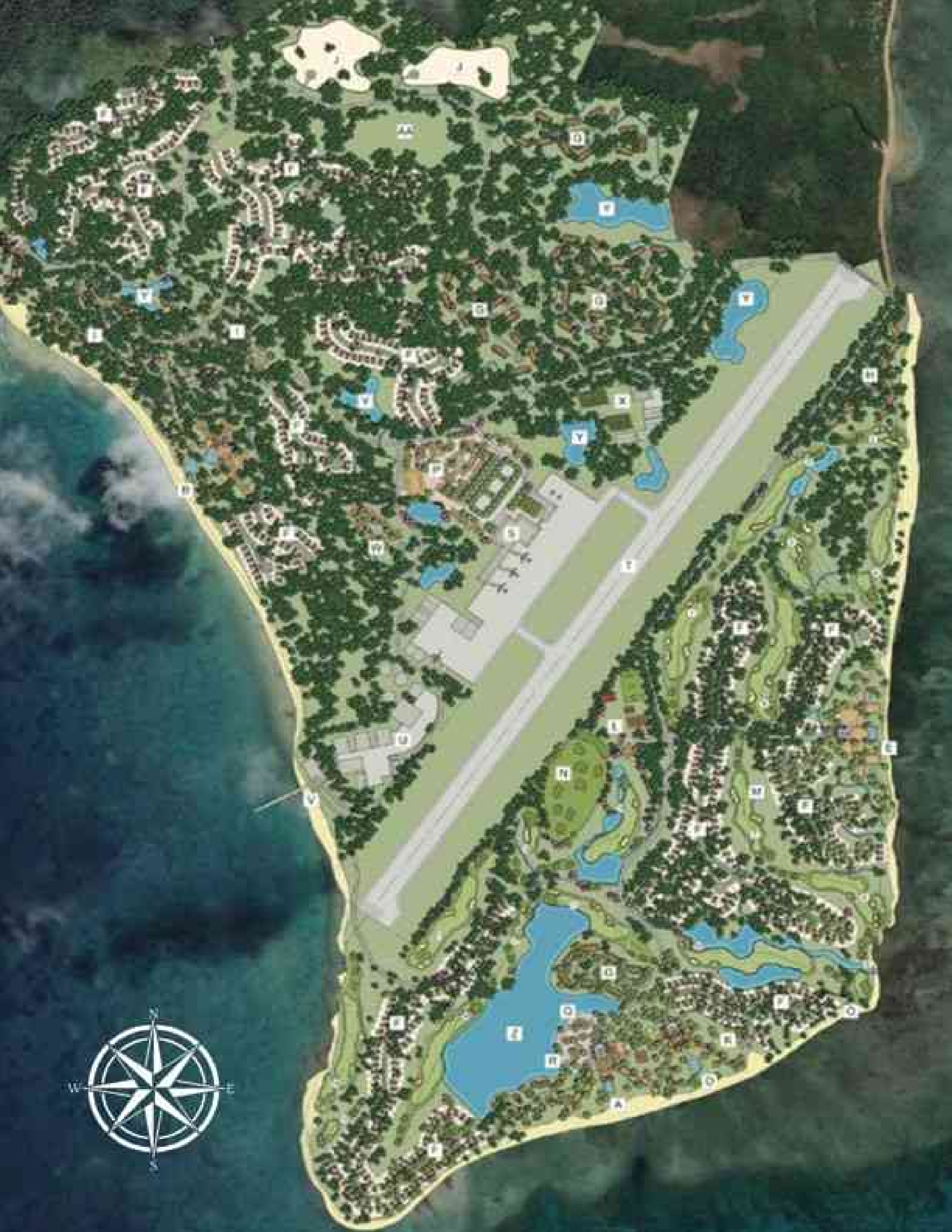
Alphaland has acquired 732 hectares on Patnanungan Island, which is only 21 nautical miles north of Balesin. Between Balesin and Patnanungan it takes only 10 minutes by helicopter, 5 minutes by our Cessnas, and half an hour by a fast ferry.

We intend to build a full international airport facility with a runway of 2,500 meters, which will accommodate even wide-body jets, although we are targeting only the Airbus 320s that fly around the region. As of the end of 2019, we have already begun construction of the runway and jetty port.

We have always envisioned making Balesin directly accessible to international flights. With the establishment of the Balesin Gateway International Airport, our international members and guests will be able to bypass the congestion of NAIA in Manila and fly directly to Balesin from Tokyo, Seoul, Taipei, Hong Kong, Bangkok, Singapore, and Jakarta, and even Sydney, all cities that will be the target of our aggressive international marketing of Balesin Island Club in 2020.

Because the island has fresh ground water, we also plan to build an 18-hole championship golf course and 5 luxury hotels, as well as 1,834 beachfront and golf course homes. So that we do not end up with a mish-mash of designs and are able to preserve the pristine character of the land, we will design and build each individual home. The homes can be directly owned by individuals and companies who would like to acquire their own beach houses. The entire project will take 3 to 4 years to complete. We have partnered with EcoPlan (the same master planner for Balesin Island) to finalize the master plan for the island, and continue to work on obtaining the necessary permits and regulatory approvals.

DISTANCE FROM BALESIN TO PATNANUNGAN


N
W
E
S

BALESIN INTERNATIONAL GATEWAY MASTER PLAN

Master Plan Highlights:
• 732-hectare project site (approximately 1.5 times the size of Balesin Island)
• Five luxury hotels
- Oceanview rooms
- World-class spas
- Ballrooms sized to hold a variety of events
• 1,834 residential units
- Single-family residential
- Multi-family
• Resort-branded residential
• International airport with 2,500-meter long runway
• 18-hole championship golf course
- Par 72
- 7,150 yards
- World-class practice facilities
• Commercial village
• Environmental and sustainable components

Legend:
A. Beachfront Hotel (220 Rooms & 100 Branded Residential)
B. Beachfront Hotel (210 Rooms & 17 Branded Residential)
C. Beachfront Hotel (230 Rooms)
D. Beachfront Hotel (200 Rooms)
E. Beachfront Hotel (220 Rooms)
F. Single Family Residential
G. Multi-family Residential (Blocks of 12 Units)
H. Multi-family Residential (Blocks of 8 Units)
I. Multi-family Residential (Blocks of 4 Units)
J. Future Residential (Proper Topography not yet Available)
K. Residential Beach Club
L. Golf Clubhouse and Sports Club
M. 18-hole Championship Golf Course
N. Golf Practice Area
O. Golf Course Halfway House
P. Commercial Center
Q. Waterfront Restaurants & Retail
R. Hotel Watersports Center
S. Airport Terminal with Hangars
T. 2,500-meter Long Runway
U. Infrastructure and Maintenance Center
V. Jetty and Hyrofoil Terminal
W. Employee Housing Village
X. Landscape Nursery
Y. Retention Pond
Z. Lagoons
AA. Renewable Energy Center with Wind Farm

DASSAULT FALCON 900EX

CESSNA 208B GRAND CARAVAN

ATR 72-500 AIRCRAFT

EUROCOPTER EC-130B4 HELICOPTER

OUR FLEET OF AIRCRAFT

Alphaland Aviation's fleet of aircraft includes two 68-seater ATR 72-500s, two 9-seater Cessna 208B Grand Caravans, and a 12-passenger Dassault Falcon 900EX, as well as a 5-passenger Eurocopter EC-130B4 helicopter.

ARRIVALS LOUNGE

DEPARTURE LOUNGE

VIEW OF CLARK HANGAR

DISTANCE FROM MANILA TO CLARK

ALPHALAND CLARK HANGAR AND LOUNGE

Alphaland's private hangar and lounge at Clark International Airport in Pampanga has allowed us to offer additional and more convenient flights for Balesin members who live in the northern part of Metro Manila and in Central Luzon. In addition to our usual service from NAIA, we now schedule flights to and from Clark to avoid the air traffic and runway congestion at NAIA.


BALESIN

BALESIN COASTAL CLEANUP VOLUNTEERS

Corporate Social Responsibility

COMMUNITY DEVELOPMENT PROGRAMS

Balesin Island Club supports the island's residents through various community development programs. One of the program's main thrusts is the hiring of local residents to train with and eventually become part of the island's workforce. The club employs its staff from a community of around 2,000 people. The children of these workers also become scholars of Balesin Island Club. Eventually, upon reaching high school, they may choose to take their "on-the-job training" (OJT) in the club, effectively becoming skilled workers in the luxury hospitality industry.

BALESIN INTEGRATED SCHOOL

The Balesin Integrated School is an island-based school that serves the needs of the children of Balesin Island's local residents. Founded in 1999, it is a direct beneficiary of Alphaland Corporation. The company regularly donates materials and supplies during the Christmas holidays and other special occasions. Aside from supporting the school through charitable donations and funding teacher salaries, Alphaland also grants scholarships to deserving students, many of whom continue their further education at top universities on the mainland.

ANNUAL OUTREACH PROGRAMS

Every December, Alphaland Corporation shares its blessings with those less fortunate through a yearly outreach program. The beneficiaries of this annual event are the residents of the local Balesin island community. Members from various Alphaland departments are chosen to fly to the island for a day of fellowship and camaraderie. While on the island, they pack Christmas ham and fruit baskets, attend a thanksgiving mass, and share a simple yet meaningful meal in celebration of the true meaning of the season. The children of the local residents are also treated to a magic show, parlor games, and loot bags.

ANNUAL COASTAL CLEANUP

Alphaland Balesin Island Club participates in the annual International Coastal Cleanup, the world's largest volunteer event on behalf of ocean health. This event is dedicated to improving beaches, coastal areas, and their surroundings.

MEDICAL AND DENTAL MISSION WITH BALESIN CHRISTIAN FELLOWSHIP

HEPATITIS A VACCINATION DAY

BOARD OF DIRECTORS

ROBERTO V. ONGPIN
Chairman & CEO

Mr. Ongpin, Filipino, 83 years old, was elected Director and Chairman of the Board on November 11, 2009. He is also the Chairman of Atok-Big Wedge Company, Inc., and former Director of San Miguel Corporation, PAL Holdings, Inc. and Petron Corporation. In Hong Kong, he was the Non-Executive Director of Shangri-La Asia and was the Deputy Chairman of the South China Morning Post, both listed on the Hong Kong Stock Exchange. He was also a Director of Forum Energy PLC (United Kingdom). Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant, and has an MBA from Harvard Business School.

DENNIS O. VALDES
President

Mr. Valdes, Filipino, 58 years old, was elected a Director of the Company in 2011 and elected President on February 1, 2020. He is also the President of Aegle Wellness Center, and a Director of Atok-Big Wedge Co., Inc. His previous work experience includes 13 years as President and a Director of PhilWeb Corporation, and 10 years with the Inquirer Group of Companies. He is a certified public accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines, and has an MBA degree from the Kellogg School of Management, Northwestern University.

ANNA BETTINA ONGPIN
Vice Chairman

Ms. Ongpin, Filipino, 55 years old, was elected Director of the Company on 19 March 2014. She was elected President on 31 May 2016, and Vice Chairman on 1 February 2020. She is also the Vice Chairman of Alphaland Balesin Island Club, Inc., Vice Chairman and President of The City Club at Alphaland Makati Place, Inc., President of The Alpha Suites, and a Director of Atok-Big Wedge Co., Inc. Ms. Ongpin has more than 25 years of communications, marketing, project management, and operations experience in the management consulting and media fields. She holds a Bachelor's degree in Political Science from Wellesley College.

ERIC O. RECTO
Vice Chairman

Mr. Recto, Filipino, 56 years old, is Vice-Chairman of Alphaland Corporation. He is also the Chairman of Philippine Bank of Communications, Vice Chairman and President of Atok-Big Wedge Co., Inc., an Independent Director of Aboitiz Power Corp. and PH Resorts Holdings Inc., and a Director of ISM Communications Corp. Prior executive engagements of Mr. Recto include President of Petron Corp. from 2008 to 2013 and President of Eastern Telecommunications Phils. Inc from 2006-2009. He served as Undersecretary of the Department of Finance from 2002 to 2005. He obtained an MBA from Cornell University's Johnson School of Management and a BS degree in Industrial Engineering from the University of the Philippines.

SENATOR JUAN EDGARDO M. ANGARA
Director

Mr. Angara, Filipino, 47 years old, has been a Senator of the Republic of the Philippines since 2013. In his 16 years as a legislator, he has sponsored or authored more than 200 laws, particularly on education and employment. Mr. Angara represented the province of Aurora in the House of Representatives from 2014 to 2013, and was recognized as one of the The Outstanding Young Men (TOYM) for government service and legislation in 2010. He has a Bachelor of Laws from the University of the Philippines College of Law, and a Master of Laws degree from Harvard Law School.

JAIME J. BAUTISTA
Director

Mr. Bautista, 62 years old was elected Director of the Company on Sept 17, 2019. He is presently a Member of the Board of Trustees of the University of the East, Member of the Board of Trustees of the UE Ramon Magsaysay Memorial Medical Center, Member of the Board of Trustees and Vice Chairman of the Philippine Eagle Foundation, Member of the Board of Trustees of the International School of Sustainable Tourism, Independent Director of Airspeed International Corporation, Member of the Board of Directors of Sabre Philippines, Inc., President of Skal International Makati, and Treasurer of Tan Yan Kee Foundation Inc. He was previously President and Chief Operating Officer of Philippine Airlines, Inc, President and Director of PAL Holdings, Inc., and Treasurer and Director of Macroasia Corp. He started his career with Sycip, Gorres, Velayo and Company and help various management position in the Lucio Tan Group of Companies. Mr. Bautista, a certified public accountant, graduated from Colegio de San Juan de Letran with a degree of Bachelor of Science in Commerce, major in Accounting.

ATTY. FLORENTINO M. HERRERA III
Independent Director

Atty. Herrera, Filipino, 68 years old, is the founding partner of Herrera Teehankee & Cabrera Law Offices. He was a Partner of one of the largest law offices in the Philippines. He has been engaged in the general practice of law for the past 42 years specializing in corporate law practice as counsel for various companies. Among others, he serves as Senior Adviser of CVC Asia Pacific Limited, he is a Director of Philippine Airlines, Inc. (PAL) and Lufthansa Technik Philippines (LTP). He is the Corporate Secretary of MacroAsia Corporation and Allianz PNB Life Insurance, Inc. Atty. Herrera holds a Bachelor of Arts in Political Science degree and a Bachelor of Laws degree (cum laude, salutatorian) both from the University of the Philippines.

ATTY. FRANCISCO ED. LIM
Director

Atty. Francis Lim, Filipino, 64 years old, is a Senior Partner and a Member of the Executive Committee and Special Committee of the Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW).

BOARD OF DIRECTORS

Atty. Lim is the incumbent President of the Management Association of the Philippines (MAP). He served as President and Chief Executive Officer of the Philippine Stock Exchange and the Securities Clearing Corporation of the Philippines. He also served as President of Shareholders' Association of the Philippines (SharePhil).

Atty. Lim is a Director of several companies, among which are the DHL Summit Solutions, Inc., Energy Development Corporation, Producers Savings Bank Corporation, and The Insular Life Assurance Co., Ltd. He is also a Trustee of the FINEX Foundation, Inc., SharePhil, CIBI Foundation, Inc. and Judicial Reform Initiatives, Inc., and a Fellow of the Institute of Corporate Directors.

Atty. Lim is the co-author of the "The Philippine Competition Act: Salient Points and Emerging Issues".

Atty. Lim is a columnist of Rappler Online Publication.

Atty. Lim is a member of the American Bar Association, International Insolvency Institute ("III"), and Advisory Committee for the Asian Principles of Business Restructuring Project of the III and Asian Business Law Institute.

Atty. Lim is a law professor in the Ateneo de Manila University, San Beda Graduate School of Law and a Professorial Lecturer and Vice Chair of the Commercial Law Department of the Philippine Judicial Academy. He is a member of both the Philippine Bar and the New York State Bar.

ATTY. MARIO A. ORETA
Director

Atty. Oreta, Filipino, 73 years old, was elected Director on November 11, 2009. He served as President of the Company from 2007 to 2016. He is also the Director of The City Club at Alphaland Makati Place, Inc. He graduated with honors from the Ateneo de Manila University with a Bachelor of Laws degree and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was Founding Partner of Tanjuatco Oreta and Factoran Law Firm and The Law Firm of Mario A. Oreta and Partners.

LORENZO V. TAN
Director

Mr. Lorenzo Villanueva Tan, 58 years old, was elected Director of the Company on June 20, 2018. He served as Vice Chairman of the Company in 2018. He is currently the President and Chief Executive Officer of House of Investments, Inc. of the Yuchengco Group. He was previously the Managing Director of Primeiro Partners. Mr. Tan was the Chief Executive Officer and President of Rizal Commercial Banking Corp. until May 2016. He served as Chairman of the Asian Bankers Association from 2012 to 2014, President of the Bankers Association of the Philippines (BAP) from 2013 to March 14, 2016. As BAP president, he led the Association in representing the BAP in the ASEAN Bankers Association (ABA), composed of the national banking associations from the 10-member countries of the Association of Southeast Asian Nations (ASEAN). Mr. Tan is also a Director at Smart Communications, Digitel Telecommunications, EEI, House of Investments, iPeople, Malayan Insurance, Sunlife Grepa, and Board of Trustees of De La Salle Zobel, and Vice Chairman TOYM foundation. Mr. Tan is a Certified Public Accountant in Pennsylvania, USA and in the Philippines. Mr. Tan graduated from De La Salle University with a Bachelor of Science degree in Accounting and Commerce, and holds a Master in Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University.

GILBERTO EDUARDO GERARDO C. TEODORO, JR.
Independent Director

Mr. Teodoro, Filipino, 55 is the Chairman of the Board of Sagittarius Mines, Inc. and Indophil Resources, Inc. He is also a Director of Canlubang Sugar Estate, and Philippine Geothermal Production Co., Inc., and an Independent Director of BDO Unibank, Inc.

He is the Chairman of the Philippine Air Force Multi-Sectoral Governance Council and sits on a similar council of the Philippine Navy.

MARGARITO B. TEVES
Independent Director

Mr. Teves, Filipino 76 years old, was elected Independent Director on August 3, 2011. He is also an Independent Director of Atok-Big Wedge, Alphaland Balesin Island Club, Inc., and The City Club at Alphaland Makati Place, Inc. He was formerly Secretary of the Department of Finance, Landbank President and CEO, and a Member of the House of Representative (representing the 3rd District of Negros Oriental). He obtained a Higher National Diploma (HND) in Business Studies, equivalent to a BSC in Business Economics, from the City of London College, and a Master of Arts (MA) in Developmental Economics from the Center for Development Economics, William College, Massachusetts, USA. He was conferred an Honorary Degree, Doctor of Laws, by William College, and named Senior Adviser to the China-Asean Economic and Culture Research Center and Visiting Professor at the Guilin University of Electronic Technology in China.

DENNIS A. UY
Director

Mr. Dennis A. Uy, Filipino, is the Founder, Chairman, and CEO of UDENNA Corporation, his holding company with a diverse business portfolio that includes interests in petroleum retail and distribution, shipping and logistics, real estate development, infrastructure, education, leisure and gaming, and telecommunications.

He is the President and CEO of Phoenix Petroleum Philippines, Inc., the country's leading independent oil company. He is Chairman of Chelsea Logistics Holdings Corporation, a dominant player in the shipping and logistics industry, and Chairman of 2GO Group Inc., the country's largest logistics provider.

He is Chairman and President of UDENNA Development Corporation, which develops and manages real estate projects such as Clark Global City, Calaca Industrial Seaport Park, UDENNA Tower, and The Emerald in Mactan, Cebu under development. He is Chairman and President of UDENNA Infrastructure Corp., Chairman of PH Travel and Leisure Holdings Corp., President of Enderun Colleges, Inc., and Chairman of Dennison Holdings.

Mr. Uy is also Chairman of Phoenix Philippines Foundation, UDENNA Foundation, Siklab Atleta Pilipinas Sports Foundation, and LIFE Fund. He was appointed Presidential Adviser on Sports in 2016, and Honorary Consul of Kazakhstan to the Philippines in 2011. Mr. Uy is a graduate of De La Salle University with a degree in Business Management.

BOARD OF DIRECTORS

FR. JOSE RAMON T. VILLARIN
Independent Director

Fr. Villarin, Filipino, 60 years old, is presently the President of the Ateneo de Manila University. He is also the Vice Chairman of the Scientific Community/ Academe of the National Resilience Council and Co-Chair of the National Industry Academe Council. He is also a Member of the Board of Governors of Asian Institute of Management (AIM) and Chairman of the Board of Trustees of Synergeia, Manila Observatory, and Confucius Institute. Fr. Villarin is also a Member of the Board of Trustees of various private institutions, among which are the Philippine Institute of Pure and Applied Chemistry, Loyola School of Theology, and Ateneo de Naga University. Fr. Villarin has a degree in Physics from the Ateneo de Manila University and a PhD in Atmospheric Sciences from Georgia Tech.

GREGORIO T. YU
Independent Director

Mr. Yu, 61 years old, is also currently Chairman of Auto Nation Group Inc. (since 2012), CATS Automobile Corporation (since 2004). He is also the Chairman of American Motorcyles, Inc. (since 2012) and Nexus Technology, Inc. (since 2019). He is also the Vice Chairman of Sterling Bank of Asia (since 2006). He is also a Director of CATS Asian Cars, Inc (since 2012), APO Agua Infrustructura Inc. (since 2014), ISM Corporation (since 2016), Philippine Airlines (since 2011) and PAL Holdings (since 2014). He is also the Director of Philippine Bank of Communication (since 2011), Philequity Management Inc.(since 2013), Vantage Financial Corporation (formerly E-business Services, Inc. (since 2015), Vantage Equities Inc. (since 2013), Unistar Credit and Finance Corporation (since 2012), Prople BPO Inc. (since 2006), Glyph Studios, Inc. (since 2011), WSI Corporation (since 2001), and Jupiter Systems Corporation (since 2001). He is also a Board Member of Ballet Philippines and The Manila Symphony Orchestra (since 2009).

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

alphaland
CORPORATION

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **Alphaland Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ROBERTO V. ONGPIN
Chairman and Chief Executive Officer

CRISTINA B. ZAPANTA
Senior Vice President - Finance

Signed this 2nd day of March 2020

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Alphaland Corporation
Alphaland Makati Place
7232 Ayala Ave. ext. cor. Malugay Street
Makati City

Opinion

We have audited the accompanying consolidated financial statements of Alphaland Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended December 31, 2019, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years ended December 31, 2019, 2018 and 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report for the year ended December 31, 2019 is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' 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 auditors' 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, these 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 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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 81207-SEC Group A
Valid until January 29, 2025
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8116474
Issued January 6, 2020, Makati City

March 2, 2020
Makati City, Metro Manila

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ALPHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except for Book Value per Share)

		December 31	
	Note	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱494,184	₱110,157
Trade and other receivables	6	1,589,758	1,773,928
Land and development costs and parking lots for sale	7	3,310,222	3,080,140
Advances to related companies	17	3,527,104	3,119,379
Club shares for sale	10	1,062,311	1,065,311
Other current assets	8	1,337,541	2,189,454
Total Current Assets		11,321,120	11,338,369
Noncurrent Assets			
Investment in and advances to an associate	9	12,349	12,349
Club shares for sale - net of current portion	10	32,496,589	29,970,774
Investment properties	11	54,642,253	47,675,812
Property and equipment	12	10,698,168	10,174,812
Other noncurrent assets	13	198,764	190,584
Total Noncurrent Assets		98,048,123	88,024,331
		₱109,369,243	₱99,362,700
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	₱5,612,035	₱3,896,062
Advances from related companies	17	356,542	245,252
Current portion of:			
Customers' deposits	18	83,927	3,592
Long-term debt	15	–	1,223,962
Income tax payable		505,775	66,949
Total Current Liabilities		6,558,279	5,435,817
Noncurrent Liabilities			
Customers' deposits - net of current portion	18	192,877	266,111
Retirement liability	21	65,784	44,509
Net deferred tax liabilities	22	21,672,232	18,541,246
Long-term debt - net of current portion	15	–	4,974,969
Other noncurrent liabilities		49,743	29,910
Total Noncurrent Liabilities		21,980,636	23,856,745
Total Liabilities		28,538,915	29,292,562

(Forward)

		December 31	
	Note	**2019**	2018
Equity Attributable to Equity Holders of the Parent Company			
Capital stock*	16	**₱2,842,174**	₱2,842,174
Additional paid-in capital		**12,769,730**	12,769,730
Retained earnings	16	**53,419,451**	45,295,494
Other comprehensive income:			
Cumulative unrealized valuation gain on club shares for sale	10	**25,057,294**	22,891,678
Revaluation surplus	12	**3,577,428**	3,103,638
Accumulated remeasurement gain on retirement liability	21	**40,957**	45,350
		97,707,034	86,948,064
Less:			
Parent Company's shares held by a subsidiary	16	**16,881,220**	16,881,220
Cost of treasury shares	16	**1,214**	1,214
		80,824,600	70,065,630
Noncontrolling interests		**5,728**	4,508
Total Equity		**80,830,328**	70,070,138
		₱109,369,243	₱99,362,700
Book Value Per Share*	23	**₱5.546**	₱4.808

See accompanying Notes to Consolidated Financial Statements.

*The Securities and Exchange Commission approved the 10-for-1 Stock Split (Stock Split) of Alphaland Corporation on December 10, 2018. Book value per share is computed based on the total outstanding shares after the effect of the stock split. This information is intended as additional information for management reporting purposes only.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

ALPHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except for Earnings per Share)

	Note	2019	2018	2017
		Years Ended December 31		
REVENUES	19			
Real estate sales		₱1,115,616	₱1,346,526	₱1,366,566
Rental income	18	853,183	1,173,732	834,780
Service income		530,538	306,838	236,974
Interest income	5	26,545	17,033	17,764
Others		50,454	33,690	27,343
		2,576,336	2,877,819	2,483,427
COSTS AND EXPENSES	20			
Cost of services		761,631	646,589	360,468
Cost of real estate sold		552,587	859,354	834,340
General and administrative		1,121,855	1,237,330	874,784
		2,436,073	2,743,273	2,069,592
OTHER INCOME (EXPENSES)				
Gain on fair value changes of investment properties	11	18,286,157	7,453,516	11,471,819
Net accounting loss on sale of Southgate	11	(7,003,266)	–	–
Finance costs	15	(190,870)	(321,345)	(365,727)
Other gains (losses) - net		(7,472)	(100,857)	51,476
		11,084,549	7,031,314	11,157,568
INCOME BEFORE INCOME TAX		11,224,812	7,165,860	11,571,403
PROVISION FOR INCOME TAX	22			
Current		826,587	68,380	58,161
Deferred		2,565,137	2,369,177	3,344,210
		3,391,724	2,437,557	3,402,371
NET INCOME		7,833,088	4,728,303	8,169,032
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent years:				
Revaluation increase	12	768,967	4,365,148	9,515
Income tax effect		(230,690)	(1,287,956)	(2,854)
		538,277	3,077,192	6,661
Unrealized valuation gain on club shares for sale	10	2,732,624	1,084,338	–
Income tax effect		(409,894)	(162,651)	–
		2,322,730	921,687	–
Remeasurement gain (loss) on retirement liability	21	(4,393)	–	22,504

(Forward)

	Note	2019	2018	2017
		Years Ended December 31		
To be reclassified to profit or loss in subsequent years:				
Reclassification adjustments on disposal of club shares for sale		**₱–**	₱–	(₱216,038)
Unrealized valuation gain on club shares for sale		**–**	–	58,146
Income tax effect		**–**	–	15,789
		–	–	(142,103)
		2,856,614	3,998,879	(112,938)
TOTAL COMPREHENSIVE INCOME		**₱10,689,702**	₱8,727,182	₱8,056,094
Net income attributable to:				
Equity holders of the Parent Company		**₱7,831,868**	₱4,727,912	₱8,167,662
Noncontrolling interests		**1,220**	391	1,370
		₱7,833,088	₱4,728,303	₱8,169,032
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**₱10,688,482**	₱8,726,791	₱8,054,768
Noncontrolling interests		**1,220**	391	1,326
		₱10,689,702	₱8,727,182	₱8,056,094
Total Comprehensive Income Per Share*				
Based on weighted average number of shares outstanding after the effect of stock split	23	**₱0.733**	₱0.640	₱0.633

See accompanying Notes to Consolidated Financial Statements.

*Total comprehensive income per share is computed based on weighted average number of shares outstanding after the effect of the stock split which was approved by the SEC on December 10, 2018. This information is intended as additional information for management reporting purposes only.

ALPHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

		Years Ended December 31		
	Note	2019	2018	2017
CAPITAL STOCK	16			
Balance at beginning of year		₱2,842,174	₱2,655,707	₱2,655,707
Additions		–	186,467	–
Balance at end of year		2,842,174	2,842,174	2,655,707
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		12,769,730	10,740,079	10,739,039
Additions		–	2,029,651	–
Excess of acquisition price over acquired interest		–	–	1,040
Balance at end of year		12,769,730	12,769,730	10,740,079
RETAINED EARNINGS				
Balance at beginning of year		45,295,494	40,343,598	32,172,445
Net income		7,831,868	4,727,912	8,167,662
Reclassification adjustments on disposal of club shares for sale	10	184,842	189,059	–
Amortization of revaluation surplus		107,247	52,918	3,491
Changes on initial application of PFRS 9	6	–	(17,993)	–
Balance at end of year		53,419,451	45,295,494	40,343,598
OTHER COMPREHENSIVE INCOME				
Cumulative Unrealized Valuation Gain on Club Shares for Sale	10			
Balance at beginning of year		22,891,678	23,432,497	23,574,600
Reclassification adjustments on disposal of club shares for sale		(157,114)	(160,701)	(194,434)
Unrealized valuation gain		2,322,730	921,687	52,331
Effect of change in tax rate		–	(1,301,805)	–
Balance at end of year		25,057,294	22,891,678	23,432,497
Revaluation Surplus	12			
Balance at beginning of year		3,103,638	75,850	72,680
Revaluation gain		538,277	3,077,192	6,661
Amortization of revaluation surplus		(64,487)	(49,404)	(3,491)
Balance at end of year		3,577,428	3,103,638	75,850
Accumulated Remeasurement Gain on Retirement Liability	21			
Balance at beginning of year		45,350	45,350	22,846
Remeasurement gain (loss)		(4,393)	–	22,504
Balance at end of year		40,957	45,350	45,350
		28,675,679	26,040,666	23,553,697

(Forward)

		Years Ended December 31		
	Note	2019	2018	2017
PARENT COMPANY'S SHARES HELD BY A SUBSIDIARY	16			
Balance at beginning of year		(₱16,881,220)	(₱16,881,220)	(₱16,817,972)
Additions		–	–	(63,248)
Balance at end of year		(16,881,220)	(16,881,220)	(16,881,220)
TREASURY SHARES	16			
Balance at beginning of year		(1,214)	(1,214)	(12,214)
Reissuance		–	–	11,000
Balance at end of year		(1,214)	(1,214)	(1,214)
NONCONTROLLING INTERESTS				
Balance at beginning of year		4,508	4,867	4,610
Share in:				
Net income		1,220	391	1,370
Other comprehensive loss		–	–	(44)
Acquisition		–	(750)	(1,069)
Balance at end of year		5,728	4,508	4,867
		₱80,830,328	₱70,070,138	₱60,415,514

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

ALPHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	Years Ended December 31 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱11,224,812	₱7,165,860	₱11,571,403
Adjustments for:				
Gain on fair value changes of investment properties	11	(18,286,157)	(7,453,516)	(11,471,819)
Net accounting loss from sale of Southgate	11	7,003,266	–	–
Depreciation and amortization	12	350,084	296,100	124,567
Finance costs	15	190,870	321,345	365,727
Interest income	5	(26,545)	(17,033)	(17,764)
Unrealized foreign exchange losses		741	3,584	1,117
Loss on forfeitures and cancellation	7	–	197,387	–
Gain on sale of club shares for sale	10	–	–	(123,152)
Equity in net income of an associate	9	–	–	(1,381)
Operating income before working capital changes		457,071	513,727	448,698
Decrease (increase) in:				
Trade and other receivables		179,276	(232,876)	(738,983)
Land and development costs and parking lots for sale		(188,706)	(153,290)	(537,357)
Other current assets		470,144	(15,848)	(384,624)
Increase in:				
Trade and other payables		946,227	277,383	321,031
Customers' deposits		4,064	98,594	21,142
Retirement liability		14,989	20,058	15,540
Net cash generated from (used for) operations		1,883,075	507,748	(854,553)
Income taxes paid		(387,761)	(46,718)	(17,866)
Interest received		31,439	11,893	17,764
Net cash provided by (used in) operating activities		1,526,753	472,923	(854,655)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Rescission of sale and disposal of investment properties	11	4,464,286	–	221,279
Sale of club shares for sale		111,309	215,921	158,214
Disposal of property and equipment		36,540	35,417	–
Decrease (increase) in:				
Advances to related companies		(407,725)	(342,331)	(364,306)
Other noncurrent assets		5,820	134,658	(18,904)
Investment in and advances to an associate		–	(750)	9,671
Advances to an associate		–	–	1,689
Additions to:				
Property and equipment	12	(129,596)	(1,633,160)	(435,010)
Investment properties	11	(47,836)	(208,777)	(33,459)
Software	13	(3,458)	(5,796)	–
Club shares for sale		(1,500)	(70,400)	–
Net cash provided by (used in) investing activities		4,017,840	(1,875,218)	(460,926)

(Forward)

	Note	2019	2018	2017
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Long-term debt		**(₱5,322,427)**	(₱1,193,853)	(₱5,318,627)
Finance costs		**(330,808)**	(296,078)	(605,945)
Increase (decrease) in:				
Advances from related companies		**111,290**	163,488	73,071
Other noncurrent liabilities		**351**	9,792	(69,691)
Proceeds from:				
Issuance of new shares		**–**	2,216,118	–
Availments of long-term debt		**–**	782,737	6,530,142
Purchase of Parent Company shares held by a subsidiary	16	**–**	–	(63,248)
Movements in treasury shares		**–**	–	11,000
Net cash provided by (used in) financing activities		**(5,541,594)**	1,682,204	556,702
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(741)**	(3,584)	(1,117)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,258**	276,325	(759,896)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and cash equivalents	5	**110,157**	215,593	256,146
Restricted cash	8	**382,944**	1,183	720,526
		493,101	216,776	976,672
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and cash equivalents	5	**494,184**	110,157	215,593
Restricted cash	8	**1,175**	382,944	1,183
		₱495,359	₱493,101	₱216,776

See accompanying Notes to Consolidated Financial Statements.

ALPHALAND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Matters**

Corporate Information

Alphaland Corporation (ALPHA or Parent Company) is a holding company incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 19, 1990. The principal business of ALPHA and its subsidiaries (collectively referred to as the "Group") is real property development.

The registered office address of ALPHA is at Alphaland Makati Place, 7232 Ayala Ave. ext. cor. Malugay Street, Makati City.

The consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years ended December 31, 2019, 2018 and 2017 were approved and authorized for issuance by the Executive Committee of the Board of Directors (BOD) on March 2, 2020.

ALPHA's Legal Subsidiaries as at December 31, 2019 and 2018

Company	Place of Incorporation	Nature of Business	Percentage of Ownership 2019 and 2018
Alphaland Southgate Tower, Inc. (ASTI)	Philippines	Real property development	100
Alphaland Balesin Island Resort Corporation (ABIRC)	Philippines	Real property development	100
Alphaland Makati Place, Inc. (AMPI) [a]	Philippines	Real property development	100
Alphaland Baguio Mountain Log Homes, Inc. (ABMLHI)	Philippines	Real property development	100
Alphaland Balesin International Gateway, Inc. (formerly Alphaland Balesin Gateway, Inc.) (ABIGI)	Philippines	Real property development	100
Alphaland Reclamation Corporation (ARC)	Philippines	Real property development	100
2258 Blue Holdings, Inc. (Blue Holdings) [a]	Philippines	Holding company	100
Alphaland Southgate Restaurants, Inc. (ASRI) [a]	Philippines	Restaurant operations	100
Alphaland International, Inc. (AII)	Philippines	Holding company	100
Alphaland Aviation, Inc. (AAI)	Philippines	Aviation	100
Alphaland Aviation - Pampanga, Inc. (AAPI) [b]	Philippines	Aviation	100
Aegle Wellness Center, Inc. (AWCI)	Philippines	Wellness center	100
Alphaland International, Inc. - BVI	British Virgin Islands	Holding company	100
Alphaland International, Inc. - Seychelles	Seychelles	Holding company	100
Superface Enterprises Limited	Hongkong	Holding company	100
Aegle Drugstore Inc. (ADI)	Philippines	Pharmacy	100
Choice Insurance Brokerage, Inc. (CIBI) [d]	Philippines	Insurance brokerage	100
Alphaforce Security Agency, Inc. (ASAI) [e]	Philippines	Security agency	80
Redstone Mountain Holdings Inc. (RMHI) [f]	Philippines	Holding company	100
Lodgepole Holdings, Inc. (LHI) [f]	Philippines	Holding company	100
Mt. Baguio Holding Estates Inc. (MBHEI) [f]	Philippines	Holding company	100

(Forward)

Company	Place of Incorporation	Nature of Business	Percentage of Ownership 2019 and 2018
Top of the Alpha, Inc. (Top of the Alpha) [c]	Philippines	Restaurant operations	100
The Alpha Suites, Inc. (Alpha Suites) [c]	Philippines	Real estate company	100
Pinecrest Holdings, Inc. (PHI) [f]	Philippines	Holding company	100

(a) *Through ASTI*
(b) *Through AAI*
(c) *Through AMPI; incorporated in 2018*
(d) *Through Blue Holdings*
(e) *Associate in 2016*
(f) *Incorporated in 2018*

Events after the Reporting Period

On January 2, 2020, a group of shareholders reduced the number of their subscribed ALPHA shares from 1,864,664,240 to 466,157,500. Alpha and the shareholders executed a new Deed of Subscriptions (Deed) to supersede the previous Deed executed by the parties on June 11, 2018.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

SEC Memorandum Circular No. 14, Series of 2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) 2018-12 Implementation Issues Affecting the Real Estate Industry*, provides relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12 with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the calculation of percentage-of-completion (POC), for a period of three years. This deferral will only be applicable for real estate transactions. Effective January 1, 2021, real estate companies will adopt PIC Q&A 2018-12 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe. The Group opted to avail the relief in connection with their real estate transactions. Adoption of the PIC Q&A 2018-12 will affect the Group's measurement of POC in relation to its revenue recognition for real estate transactions.

SEC Memorandum Circular No. 4, Series of 2020, *Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23-Borrowing Cost) For Real Estate Industry*, provides relief to the real estate industry by deferring the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23-Borrowing Cost) until December 31, 2020. Effective January 1, 2021, real estate companies will adopt the IFRIC interpretations and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. The Group opted to avail the relief in connection with their real estate transactions. Adoption of the IFRIC interpretation will result to the Group's interest expense related to asset being constructed over time being charged directly to expense.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All amounts are rounded to the nearest thousands unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for the following:

- Club shares for sale which are designated at fair value through other comprehensive income (FVOCI);
- Investment properties which are measured at fair value; and
- Serviced residences and aircrafts presented under "Property and equipment" account which are stated at revalued amount.

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

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 Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 10, 11, 12 and 25.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2019:

- PFRS 16, *Leases* – PFRS 16 replaced PAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, Standard Interpretations Committee (SIC) -15, *Operating Leases-Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, the lessee shall recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The lessee is required to recognize the interest on the lease liability and to depreciate the right-of-use (ROU) asset.

The lease liability shall be reviewed when there are changes in the lease term and other events affecting the lease, such as future lease payments resulting from a change in the index or rate used to determine those payments. The remeasurement of the lease liability should be recognized as an adjustment to the ROU asset.

Lessor accounting under PFRS 16 is substantially unchanged from accounting under PAS 17. The lessor shall continue to classify leases using the same classification principle as in PAS 17 to distinguish the two types of leases: operating and finance leases.

The Group leases its hangar premises from various entities with terms of 9 years and 10 years. These are renewable upon mutual agreement of the parties.

The Group has adopted PFRS 16 using the modified retrospective approach, which requires that the cumulative effect of applying the new standard is recognized at the beginning of the year of initial application. Accordingly, the comparative information presented for 2018 and 2017 have not been restated. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019 ranging from 6.88% to 7.05%, depending on the lease term. ROU assets were measured at the amount equal to the lease liabilities.

The following table summarizes the ROU assets and lease liabilities recognized as at January 1, 2019 (see Note 18):

	(in Thousands)
ROU assets	₱19,482

	(in Thousands)
Current portion of lease liabilities	₱3,219
Noncurrent portion of lease liabilities	16,263
Total lease liabilities	₱19,482

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under PAS 12, *Income Taxes*, in particular (i) matters to be considered in accounting for uncertain tax treatments separately, (ii) assumptions for taxation authorities' examinations, (iii) determinants of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances.

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Consequently, financial assets with termination provisions can now be measured at amortized cost (or, depending on the business model, at FVOCI).

- Amendments to PAS 19, *Employee Benefits - Plan Amendment, Curtailment or Settlement* – The amendments specify how companies remeasure a defined benefit plan when a change - an amendment, curtailment or settlement - to a plan takes place during a reporting period. It requires entities to use the updated assumptions from this remeasurement to determine current service cost and net interest cost for the remainder of the reporting period after the change to the plan.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures* – The amendments require entities to use PFRS 9 in accounting for its long-term interests (i.e., preference shares and long-term receivables or loans for which settlement is neither planned nor likely to occur in the foreseeable future) in an associate or joint venture in which the equity method under PAS 28 is not applied. The clarification is relevant because the expected credit loss model under PFRS 9 shall be applied to these long-term interests.

- Annual Improvements to PFRS 2015 to 2017 Cycle:

  - Amendments to PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements - Previously Held Interest in a Joint Operation* – The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the acquirer applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the joint operation at its acquisition-date fair value. The amendment to PFRS 11 clarifies that when an entity obtains joint control of a business that is a joint operation, the previously held interests in that business are not remeasured.

  - Amendments to PAS 12, *Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity* – The amendments require entities to recognize the income tax consequences of dividends as defined in PFRS 9 when the liability to pay dividends are recognized. The income tax consequences of dividends are recognized either in profit or loss, other comprehensive income (OCI) or equity, consistently with the transactions that generated the distributable profits. This requirement applies to all income tax consequences of dividends, such as withholding taxes.

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

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amended PFRS in Issue But Not Yet Effective
Relevant amended PFRS which are not yet effective for the year ended December 31, 2019 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must now include 'an input and a substantive process that together significantly contribute to the ability to create an output'. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* - *Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to elements evidencing control.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Noncontrolling interests (NCI) represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the parent and are separately disclosed in the consolidated statements of comprehensive income. NCI pertains to the equity interest in ASAI as at December 31, 2019, 2018 and 2017 and CIBI as at December 31, 2017.

Losses within a subsidiary are attributed to the NCI even if that results in a deficit balance.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statements of comprehensive income.

Business Combinations and Goodwill - Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognized in profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

<u>Financial Assets and Liabilities</u>

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. Effective January 1, 2018, the Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2019 and 2018, the Group does not have financial assets and liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Included in this category are cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), advances to related companies, restricted cash (presented under "Other current assets" account), advances to an associate and refundable deposits (presented under "Other noncurrent assets" account).

Financial Assets at FVOCI. Equity securities which are not held for trading may be irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in OCI and are included under "Other comprehensive income" account in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings.

Classified under this category are the Group's club shares for sale.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

This category includes trade and other payables (excluding deposits from sale, unearned income and statutory payables), advances from related companies, customers' deposits and long-term debt.

Impairment of Financial Assets at Amortized Cost

Effective January 1, 2018, the Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Trade Receivables. The Group has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Prior to January 1, 2018, an allowance for impairment losses is recognized when a financial asset or a group of financial assets is deemed to be impaired, i.e., if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For all reporting periods, a financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

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

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Land and Development Costs and Parking Lots for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell.

Other Current Assets
This account mainly consists of the excess of input value-added tax (VAT) over output VAT, advances to contractors and suppliers, creditable withholding taxes (CWT), prepayments and supplies.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statements of financial position.

Advances to Contractors and Suppliers. Advances to contractors and suppliers represent advance payments on goods and services to be incurred in connection with the Group's projects and operations. These are charged to expense or capitalized to projects in the consolidated statements of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Advance payments to contractors and suppliers, relating to the portion of projects that are classified as investment property and advance payments that will be applied against future billings beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statements of financial position.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount.

Prepayments. Prepayments are expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent asset.

Supplies. Supplies are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. Net realizable value is the current replacement cost.

<u>Interests in Joint Operations</u>
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Group recognizes in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

<u>Investment in an Associate</u>
The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, investment in an associate is carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The consolidated statements of comprehensive income reflect the share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share in net income of the associate is shown under "Other gains (losses) - net" account in the consolidated statements of comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

<u>Investment Properties</u>
Investment properties comprise of completed properties and land for future development held by the Group to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred and if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date as determined by independent appraisers. Gains and losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which these arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement of disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

<u>Property and Equipment</u>
Property and equipment, except land, serviced residences and aircrafts, are stated at cost less accumulated depreciation, amortization and impairment in value, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

The Group adopted the revaluation model in measuring its serviced residences and aircrafts.

Under the revaluation model, serviced residences and aircrafts are initially recorded at cost and subsequently measured at fair value. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Additions subsequent to the last appraisal date are stated at acquisition cost.

A revaluation increase is recorded initially in OCI and accumulated to the revaluation surplus in equity. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. A revaluation decrease is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in revaluation surplus in equity in which case the decrease is recognized in OCI.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Serviced residences	50
Aircrafts	15 to 25
Buildings	20 to 40
Transportation equipment	2 to 5
Machinery, equipment and tools	2 to 15
Office furniture and equipment	2 to 5
Leasehold improvements	2 to 10 or lease term, whichever is shorter

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization is consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in progress, which includes cost of construction and other direct costs, is stated at cost and is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Fully depreciated assets are retained in the accounts until these are no longer in use.

<u>**Software**</u>
Software is measured initially at cost. Software is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After initial recognition, software is measured at cost less accumulated amortization and any impairment loss.

Amortization of software is computed on a straight-line basis over the estimated useful life of five (5) years.

The amortization period and method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits from the intangible assets.

<u>**Impairment of Nonfinancial Assets**</u>
Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill. The Group assesses whether there are any indicators that goodwill is impaired at each financial reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU, to which the goodwill relates.

Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Investment in an Associate. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in its associate. The Group determines at each financial reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognizes the amount in profit or loss under the "Equity in net income (loss) of an associate" account.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Retained Earnings
Retained earnings represent the cumulative balance of the Group's results of operations, reclassification adjustments on disposal of club shares for sale, amortization of revaluation surplus, and net of dividend distribution, if any.

OCI
OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. OCI of the Group pertains to unrealized valuation on club shares for sale, revaluation surplus and remeasurement on retirement liability.

Treasury Shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Parent Company's Shares Held by a Subsidiary
Parent's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional paid-in capital.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates.

Effective January 1, 2018, revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue from contracts with customers is recognized when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Real Estate Sales (Starting January 1, 2018). Revenue from sale of completed projects is recognized at a point in time when the customer obtains control of the assets. Revenue from sale of real estate projects that are under pre-completion stage are generally recognized over time during the construction period (or POC). In measuring the progress of its performance obligation over time, the Group uses the output method, i.e. revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical portion of the contract work.

The Group accounts for any cash received from buyers as "Contract liabilities" account in the consolidated statements of financial position when the related performance obligation for which payment was made has not yet been performed. Excess of collections over satisfied performance obligation is also classified as contract liabilities. Contract liabilities are reduced by the amount of revenue recognized during the reporting period. Receivables that are conditional upon the performance of other obligations are recognized as "Contract assets" (presented under "Trade and other receivables" account) in the consolidated statements of financial position. Contract assets are reclassified to trade receivables upon completion of the performance obligation.

For sale of condominium units and preferred shares under a single contract to sell, the selling price is allocated to each component. Collections received are applied pro-rata based on the selling price of the condominium unit, net of VAT and interest, and the selling price of the preferred share.

Real Estate Sales (Prior to January 1, 2018). Revenue from sales of completed projects is accounted for using the full accrual method. The POC method is used to recognize revenue from sales of projects where the Group has material obligations under the sales contracts to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical portion of the contract work. Costs related to the acquisition, development, improvement and construction of the real estate projects are capitalized and are charged to operations when the related revenues are recognized.

The Group accounts for any cash received from buyers as deposits from sale of condominium units when the construction is not beyond a preliminary stage. Construction is not beyond a preliminary stage if engineering and design work, execution of construction contracts, site clearance and preparation, excavation, and completion of the building foundation are incomplete. Proceeds shall be accounted for as deposits until the criteria for POC method are met. Excess of collections over the recognized receivables are included in the "Trade and other payables" account in the consolidated statements of financial position, if expected to be applied within 12 months from the financial reporting date. Otherwise, these are classified as noncurrent liability under "Other noncurrent liabilities" account in the consolidated statements of financial position.

Rent. Rent income from operating leases is recognized on a straight-line basis over the term of the lease. Contingent rent income is recognized when it arises. This also includes common utilities, services and maintenance charges, as well as other incidental income in providing the service.

Air Transport, Medical and Security Services. These are recognized at a point in time when the related service has been rendered.

Room Revenues. Revenue is recognized at a point in time i.e., when the room facilities are used and the related services are rendered.

Gain on Sale of Club Shares for Sale. Gain on sale of club shares for sale are recognized upon transfer of risks and rewards to the buyer.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the assets.

Other Income. Income from other sources is recognized at a point in time i.e., when earned during the period.

<u>Cost and Expense Recognition</u>

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Services. Cost of services is recognized as expense when services are rendered.

Cost of Real Estate Sold. Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of condominium units sold before the completion of the project is determined based on actual costs and project estimates of building contractors and technical staff.

Contract costs include all direct materials and labor costs and those direct costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Finance Costs. Finance costs are recognized as they accrue. This includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated in an effective interest rate basis.

<u>Employee Benefits</u>

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

Retirement Benefit Costs. The Group has an unfunded, non-contributory defined benefit plan covering all qualified employees. Retirement benefit costs are actuarially determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and nonroutine settlements, and interest expense in profit or loss. Interest is calculated by applying the discount rate to the retirement liability.

Current service costs pertain to the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

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

Remeasurements comprising actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

Leases

Accounting policies applicable beginning January 1, 2019

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
b) the right to direct the use of the identified asset.

The Group as a Lessee. At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets.

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

a) fixed payments, including in-substance fixed payments;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the lessee under residual value guarantees; and
d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.
If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

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

Accounting policies applicable prior to January 1, 2019
The determination of whether a contract is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

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

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

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

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

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

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recorded. All other borrowing costs are expensed in the period these occur.

Foreign Currency Denominated Transactions
Transactions denominated in foreign currencies are initially recorded in Philippine Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

Income Taxes

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

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

<u>Related Parties and Transactions</u>

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

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

Events after the Reporting Date

Post year-end events that provide additional information about the Group's financial position at 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 consolidated financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgment

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

Recognizing Revenue from Real Estate Sales Under PFRS 15. The recognition of revenue at a point in time requires certain judgment on when the customer obtains control over the promised goods and services. In determining whether control has been transferred to the customer, the Group considers the following indicators:

- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.

- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

For real estate sales recognized over time, the Group recognizes revenue using POC method. This method requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development. The buyer's commitment is evaluated based on collections and credit standing of the buyers. The POC of development is determined based on engineer's judgment and estimates on the physical portion of contract work done and that the development is beyond the preliminary stage.

Real estate sales recognized amounted to ₱1,115.6 million, ₱1,346.5 million and ₱1,366.6 million in 2019, 2018 and 2017, respectively (see Note 19).

Determining Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, functional currency has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates.

Determining the Classification of Lease Commitments - The Group as a Lessor. The Group entered into a number of operating lease agreements as a lessor. The Group has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

The Group recognized rent income amounting to ₱859.2 million, ₱1,173.7 million and ₱834.8 million in 2019, 2018 and 2017, respectively (see Note 18).

Determining the Classification of Lease Commitments - The Group as a Lessee. The Group has entered into leases for hangar premises. Prior to January 1, 2019, the Group evaluated the terms and conditions of its lease agreements if there will be transfer of ownership of assets to the Group at the end of the lease term. The Group has determined that all significant risks and rewards of ownership are retained by the lessors. Thus, the leases were classified as operating leases.

Rent expense amounted to ₱4.4 million and ₱2.9 million in 2018 and 2017, respectively (see Note 18).

Determining the Classification of Financial Instruments. The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Determining the Fair Value of Financial Instruments. PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Group's financial assets and liabilities are disclosed in Note 25.

Determining the Fair Value of Investments in Clubs' Preferred Shares. The Group establishes fair value by using recent arm's length market transactions between knowledgeable, willing parties. The fair value of investments in preferred shares of the Clubs is determined based on the current cash selling price to third parties.

The Group's club shares for sale amounted to ₱33,558.9 million and ₱31,036.1 million as at December 31, 2019 and 2018, respectively (see Note 10).

Determining Control, Joint Control or Significant Influence over an Investee Company. Control is presumed to exist when an investor has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agreed to share control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has assessed it has control over its subsidiaries and joint control in all joint arrangements.

The Group has a 50% interest in Alphaland Heavy Equipment Corporation (AHEC) as at December 31, 2019 and 2018. The Group accounts for these investments as associate since management has assessed that there is no joint control between the parties.

Determining the Classification of Joint Arrangements. The joint venture agreement with Boy Scouts of the Philippines (BSP) is accounted for as a joint operation since the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Classifying Investment Properties and Owner-Occupied Properties. The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Determining Transfers. Transfers between investment properties, land and development costs and property and equipment of the Group are made after determining that there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or commencement of development with a view to sale. These transfers are recorded using the carrying amounts of the investment properties, land and development costs and property and equipment at the date of change in use.

The carrying amounts of nonfinancial assets transferred between investment properties, land and development costs and property and equipment are as follows:

		(In Thousands)	
	Note	2019	2018
Transfer from land and development costs to:			
Property and equipment	12	₱–	₱2,115,863
Transfers from investment properties to:			
Land and development costs	7	–	653,310
Property and equipment	12	–	2,244

Evaluating Legal Contingencies. There are on-going litigations involving the Group which management believes would not have a material adverse impact on the Group's financial condition and results of operations. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with legal counsel handling the Group's defense in these matters and is based upon an analysis of potential results (see Note 26).

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

Recognizing Revenue and Cost. The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and cost. Revenue and cost from sale of real estate recognized based on the POC are measured principally on the basis of the estimated completion of physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Revenue from AMPI's sale of condominium units and preferred shares, ABIRC's sale of private villa and land and ABMLHI's sale of log homes under a single contract to sell are allocated to each component using the residual method.

The fair value of the preferred shares is measured at its current cash selling price to third parties on a stand-alone basis and the fair value of the condominium unit is the residual amount of the transaction price.

Revenue recognized based on POC amounted to ₱1,115.6 million, ₱1,346.5 million and ₱1,366.6 million in 2019, 2018 and 2017, respectively (see Note 19). Cost recognized based on POC amounted to ₱552.6 million, ₱859.4 million and ₱894.3 million in 2019, 2018 and 2017, respectively (see Note 20).

Assessing Impairment Losses on Trade and Other Receivables and Advances to an Associate and Related Companies. Under PFRS 9, the Group determines allowance for impairment losses based on ECL.

The Group estimates ECL on trade receivables and contract assets using a provision matrix that is based on days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Group uses its historical credit loss experience adjusted for forward-looking factors, as appropriate.

The Group's advances to an associate and related companies are noninterest-bearing and repayable on demand. Under PFRS 9, these credit exposures are considered to be in default when there is evidence that the related party is in significant financial difficulty such that it will not have sufficient liquid assets to repay its obligation upon demand. This is assessed based on a number of factors including key liquidity and solvency ratios. After taking into consideration the associate and related parties' ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related parties are assessed to be minimal.

Under PAS 39, *Financial Instruments: Recognition and Measurement*, the Group maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible advances. The level of this allowance is evaluated by the management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the age and status of receivables, the length of relationship, the counterparty's payment behavior and known market factors.

Impairment losses recognized on trade and other receivables amounted to ₱6.7 million, ₱4.5 million and ₱71.9 million in 2019, 2018 and 2017, respectively. The Group recognized a reversal of allowance for impairment losses amounting to ₱104.6 million in 2018 (see Note 6).

Allowance for impairment loss on trade and other receivables amounted to ₱36.5 million and ₱29.7 million as at December 31, 2019 and 2018, respectively (see Note 6). Management believes that the allowance is sufficient to cover receivable balances which are specifically identified to be doubtful of collection.

The aggregate carrying amount of trade and other receivables and advances to an associate and related companies amounted to ₱5,117.9 million and ₱4,894.3 million as at December 31, 2019 and 2018, respectively (see Notes 6, 9 and 17).

Determining the NRV of Land and Development Costs and Parking Lots for Sale. The Group writes down the carrying amount of land and development costs and parking lots for sale whenever the NRV becomes lower than cost due to changes in market prices or other causes. The NRV of projects under construction is assessed with reference to market price at reporting date for similar completed property, less estimated costs to complete the construction and estimated costs to sell. The carrying amount is reviewed regularly for any decline in value.

The carrying amount of land and development costs and parking lots for sale amounted to ₱3,310.2 million and ₱3,080.1 million as at December 31, 2019 and 2018, respectively (see Note 7).

Assessing Club Shares for Sale for Impairment. The Group assesses club shares for sale as impaired when there has been a significant or prolonged decline in the fair value below its cost or whether there are other objective evidence of impairment. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged' as a period more than 12 months. In addition, the Group evaluates other factors, including future cash flows and the discount factors for unquoted equities.

The Group's club shares for sale amounted to ₱33,558.9 million and ₱31,036.1 million as at December 31, 2019 and 2018, respectively (see Note 10).

Estimating Useful Lives of Property and Equipment. The Group estimates the useful lives of the property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

In 2019, the estimated useful life of serviced residences was changed from 35 years to 50 years to reflect the change in the Group's assessment of the expected economic benefits of the serviced residences and to align the useful life adopted by the industry. This resulted to a reduction of ₱8.3 million in depreciation expense of the Group (see Note 12).

There is no change in the estimated useful lives of depreciable property and equipment in 2019, 2018 and 2017. The carrying amount of property and equipment amounted to ₱10,698.2 million and ₱10,174.8 million as at December 31, 2019 and 2018, respectively (see Note 12).

Estimating Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets other than investment properties whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;

- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and,

- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

No impairment loss on nonfinancial assets was recognized in 2019, 2018 and 2017. The carrying amounts of nonfinancial assets are as follows:

		(In Thousands)	
	Note	2019	2018
Other current assets*	8	**₱1,336,366**	₱1,806,510
Investment in an associate	9	**11,326**	11,326
Property and equipment	12	**10,698,168**	10,174,812
Other noncurrent assets**	13	**133,033**	141,931

**Excluding restricted cash.*
***Excluding noncurrent portion of trade receivables and refundable deposits*

Determining the Fair Value of Investment Properties. The Group engaged an independent appraiser to determine the fair value of its investment properties. The fair values of investment properties were based on the valuation performed in 2019, 2018 and 2017. The fair values of the land were determined using sales comparison and land development approach. Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. If there is limited data within the area, the independent appraiser considers the expansion of the research on properties considered comparable. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element. Land development approach is basically a discounting process wherein the present worth of the potential value of the property as "raw" land for subdivision purposes may be estimated. The fair value of properties held for lease was determined using income capitalization approach which considers income and expense data relating to the property being valued and estimated it through capitalization process. Capitalization relates income, usually a net income figure, and a defined value type by converting an income amount into a value estimate.

Further information about the assumptions made in measuring fair values of investment properties are discussed in Note 11.

Gain on fair value changes which was recognized in the consolidated statements of comprehensive income amounted to ₱18,286.2, ₱7,453.5 million and ₱11,471.8 million in 2019, 2018 and 2017, respectively. Carrying amounts of investment properties amounted to ₱54,642.3 million and ₱47,675.8 million as at December 31, 2019 and 2018, respectively (see Note 11).

Determining the Fair Value of Property and Equipment Measured at Revalued Amount. The Group engaged an independent appraiser to determine the fair value of its serviced residences and aircrafts. The fair value of the serviced residences was determined by an independent appraiser using income capitalization approach which considers income and expense data relating to the property being valued and estimated it through capitalization process. Capitalization relates income, usually a net income figure, and a defined value type by converting an income amount into a value estimate. The fair value of aircraft was determined using the market data approach. Market data approach involves gathering of cost data from original import commercial invoices as well as comparable sources of similar aircraft.

Further information about the assumptions made in measuring fair values of serviced residences and aircrafts are discussed in Note 12.

The revaluation surplus recognized in the equity section of the consolidated statements of financial position amounted to ₱3,577.4 million and ₱3,103.6 million as at December 31, 2019 and 2018, respectively. The aggregate carrying amount of serviced residences and aircraft carried at fair value amounted to ₱10,335.7 million and ₱9,786.3 million as at December 31, 2019 and 2018, respectively (see Note 12).

Determining Retirement Benefit Costs. The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 to the consolidated financial statements.

Retirement benefit expense amounted to ₱15.0 million, ₱20.1 million and ₱6.4 million in 2019, 2018 and 2017, respectively. Retirement liability amounted to ₱65.8 million and ₱44.5 million as at December 31, 2019 and 2018, respectively (see Note 21).

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized deferred tax assets of the Group amounted to ₱106.0 million and ₱6.7 million as at December 31, 2019 and 2018, respectively. Unrecognized deferred tax assets amounted to ₱186.3 million and ₱306.9 million as at December 31, 2019 and 2018, respectively (see Note 22). Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

4. Joint Operation

On June 30, 2008, AMPI and BSP entered into a Joint Venture Agreement to develop the Malugay Property into a first class commercial development to be known as Alphaland Makati Place (the "Project") whereby BSP shall contribute the Malugay Property while AMPI shall contribute the Improvemehts (the "Development Costs") and its exclusive right (the "Leasehold Rights") over the Malugay Property, as well as to provide all necessary funds, equipment, materials, construction works, expertise and related undertakings for the development of the Project.

The Project consists of three high-end residential towers atop an upscale six-storey podium, the bottom half of which is a shopping center and the top half a City Club for urban sports and leisure. The Project also includes a Boy Scout Convention Center as provided in the Joint Venture Agreement. Towers 1 and 2 were completed in 2016 while Tower 3 was completed in 2017.

AMPI and BSP agreed to share at 85% and 15%, respectively, of the total gross floor area of completed and disposable units in the Project. The 85% share of AMPI shall include The City Club and the 15% share of BSP shall include the Boy Scout Convention Center.

On June 2, 2011, BSP sold the Malugay Property to AMPI for a total consideration of ₱600.0 million. The amount of consideration paid to BSP was then contributed by BSP to the development of the Project. The Leasehold Right was effectively terminated when AMPI acquired the land from BSP in June 2011. Despite the sale, the Joint Venture remained and the partners continued the 85:15 Sharing Scheme. The partners have amended the Joint Venture Agreement accordingly.

The Group accounts for the joint venture arrangement as a joint operation. As at December 31, 2019 and 2018, the Group recognized its share in the development costs of the Project (excluding the costs related to the City Club - see Note 7) in the following accounts:

		(In Thousands)	
	Note	2019	2018
Land and development costs and parking lots for sale	7	₱499,633	₱498,133
Investment properties	11	13,806,542	12,220,473
		₱14,306,175	₱12,718,606

On September 8, 2015, the Parties executed a Supplement to the Joint Venture Agreement. The Supplement expressly enumerates the specific units in the Project that constitute the BSP Share with respect to the Podium, Tower 1, Tower 2 and Parking Slots. The Supplement further provides that the BSP Share in Tower 3 shall be determined in another Supplement.

5. Cash and Cash Equivalents

This account consists of:

	(In Thousands)	
	2019	2018
Cash on hand and in banks	₱91,250	₱106,888
Short-term placements	402,934	3,269
	₱494,184	₱110,157

Cash in banks earn interest at prevailing bank deposit rates.

Short-term placements are made for varying periods of up to three months, depending on the immediate cash requirements of the Group and earn interest ranging from 2.0% to 6.5% in 2019 and 1.05% to 1.5% in 2018 and 2017.

Sources of interest income recognized by the Group are as follows (see Note 19):

		(In Thousands)		
	Note	2019	2018	2017
In-house financing	7	₱20,172	₱13,280	₱7,705
Cash and cash equivalents		4,154	804	4,173
Trade and other receivables	6	1,909	1,998	5,368
Restricted cash	8	310	951	518
		₱26,545	₱17,033	₱17,764

6. Trade and Other Receivables

This account consists of:

		(In Thousands)	
	Note	2019	2018
Trade receivables from:			
Real estate sales		₱889,143	₱990,218
Air transport services		324,166	334,214
Sale of club shares	10	44,174	55,145
Tenants	18	51,713	88,075
Nontrade	17	200,098	55,276
Advances to officers and employees		15,198	4,869
Contract assets		–	217,610
Others		101,723	58,246
		1,626,215	1,803,653
Less allowance for impairment losses		(36,457)	(29,725)
		₱1,589,758	₱1,773,928

Receivables from real estate sales and sale club shares have terms ranging from one to three years. Noncurrent portion of these receivables are presented under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 13). Amortization of interest on these receivables amounting to ₱1.9 million, ₱2.0 million and ₱5.4 million in 2019, 2018 and 2017, respectively (see Note 5). Receivable from related companies included in receivable from real estate sales amounted to ₱301.8 million as at December 31, 2018 (see Note 17).

Receivable from air transport services are unsecured, noninterest-bearing and are due and demandable. Receivable from related companies included in receivable from air transport services amounted to ₱324.2 million and ₱317.4 million as at December 31, 2019 and 2018 (see Note 17).

Receivables from tenants are noninterest-bearing and are generally on a 30-day term.

Nontrade receivables pertain to advances to related companies. Advances to related companies are unsecured, noninterest-bearing and are due and demandable (see Note 17).

Advances to officers and employees are for business purposes, noninterest-bearing and are subject to liquidation.

Contract assets are reclassified to trade receivables when payment is due from customers. Contract assets from related companies amounted to ₱150.3 million as at December 31, 2018 (see Note 17).

Other receivables mainly consist of SSS claims and miscellaneous receivables.

Allowance for impairment losses pertain to receivables from several lessees of ASTI and unit buyers of AMPI that are at least 90 days past due.

Movements of allowance for impairment losses are as follows:

	(In Thousands)		
	2019	2018	2017
Balance at beginning of year	₱29,725	₱111,846	₱39,906
Provisions	6,732	4,495	71,940
Reversal of impairment loss	–	(104,609)	–
Changes on initial application of PFRS 9	–	17,993	–
Balance at end of year	₱36,457	₱29,725	₱111,846

Reversal of impairment loss in 2018 pertains to forfeited sales of AMPI condominium unit, parking lots and club shares for sale with related costs amounting to ₱172.5 million, ₱12.5 million and ₱2.8 million, respectively (see Notes 7 and 10). As a result of the forfeitures, the Group recognized loss on forfeited sales amounting to ₱104.6 million (see Note 7).

7. Land and Development Costs and Parking Lots for Sale

This account consists of the following:

	(In Thousands)	
	2019	2018
Land and development costs:		
Alphaland Baguio Mountain Lodges	**₱2,438,378**	₱2,143,236
Balesin Private Villa	**372,211**	438,771
Alphaland Makati Place	**226,938**	226,938
Parking lots for sale	**272,695**	271,195
	₱3,310,222	₱3,080,140

Deposit from sale of real estate amounted to ₱2,258.5 million and ₱20.1 million as at December 31, 2019 and 2018, respectively (see Note 14).

Alphaland Baguio Mountain Lodges

Movements in land and development costs pertaining to the Alphaland Baguio Mountain Lodges Project are as follows:

		(In Thousands)	
	Note	**2019**	2018
Balance at beginning of year		**₱2,143,236**	₱1,050,767
Additions:			
Development costs		**422,979**	615,277
Capitalized borrowing costs	15	**29,757**	122,644
Cost of real estate sold	20	**(157,594)**	(298,762)
Transfers	11	**–**	653,310
Balance at end of year		**₱2,438,378**	₱2,143,236

The Alphaland Baguio Mountain Lodges Project pertains to 24.5 hectares of land situated in Benguet that is currently being developed as horizontal condominium for sale.

In 2016, due to management's decision to develop the property as horizontal condominium for sale, 13.1 hectares of the property was reclassified from "Investment properties" to "Land and development costs." In 2018 and 2017, additional 7.7 hectares and 3.7 hectares, respectively, were reclassified to this account (see Note 11).

As at December 31, 2019 and 2018, capitalized depreciation expense included as part of development costs amounted to ₱5.2 million and ₱4.8 million, respectively (see Note 12).

On October 25, 2018, the Housing and Land Use Regulatory Board (HLURB) issued a license to sell (LTS) the Alphaland Baguio Mountain Lodges project.

In November 2018, ABMLHI started to sell log homes under an in-house financing arrangement at 30% down payment, payable monthly over a maximum of 5 years with interest rate at 9% per annum.

As at December 31, 2019, ABMLHI has already sold 31 full-sized log homes and 3 quadruplex units. Interest earned from real estate sales under the in-house financing arrangement amounted to ₱20.2 million and ₱11.7 million in 2019 and 2018, respectively (see Note 5).

Balesin Private Villa

Movements in land and development costs pertaining to the Balesin Private Villa project are as follows:

	Note	(In Thousands) 2019	2018
Balance at beginning of year		₱438,771	₱234,816
Cost of real estate sold	20	(394,993)	(181,808)
Additions:			
Development costs		321,973	305,228
Capitalized borrowing costs	15	6,460	23,313
Cancelled sale		–	57,222
Balance at end of year		₱372,211	₱438,771

The Balesin Private Villa pertains to 4.4 hectares of land situated in Balesin Island that is currently being developed as properties for sale.

In 2017, due to the commencement of development on the property with a view to sell, the property was reclassified from "Investment properties" to "Land and development costs" (see Note 11).

In 2018, the Group cancelled a sale with related cost amounting to ₱57.2 million and a loss on cancellation amounting to ₱92.8 million was recognized in the consolidated statements of comprehensive income under "Other gains (losses)" account.

Alphaland Makati Place

Movements in land and development costs pertaining to the Alphaland Makati Place project are as follows:

	Note	(In Thousands) 2019	2018
Balance at beginning of year		₱226,938	₱2,521,042
Transfers to:			
Property and equipment	12	–	(2,115,863)
Cost of real estate sold	20	–	(350,734)
Forfeited sales	6	–	172,493
Balance at end of year		₱226,938	₱226,938

The Alphaland Makati Place Project, which is a joint venture with BSP (see Note 4), is located on a one-hectare lot along Ayala Avenue Extension corner Malugay Street, Makati City. Alphaland Makati Place consists of three residential towers atop a six-storey podium comprising of a shopping center and the City Club for sports and leisure (see Note 11). Towers 1 and 2 were completed in 2016 while Tower 3 was completed in 2017.

Project costs classified as land and development costs pertains to the Group's proportionate interest in the three residential towers of Alphaland Makati Place that are intended for sale. In 2017, the Group changed its intention to lease Tower 3 to third parties instead of selling it as a condominium unit. Accordingly, cost of Tower 3 was reclassified to "Investment properties" (see Note 11).

In May 2018, AMPI started its serviced residences operations under "The Alpha Suites." A number of condominium units of AMPI were utilized for its serviced residences. Accordingly, the costs of these units were transferred to "Property and equipment" account (see Note 12).

The Group started the pre-selling of condominium units in October 2011 for Tower 1 and in November 2013 for Tower 2. The terms and conditions of the contract to sell (CTS) involve the sale of one condominium unit and one City Club share, i.e., a preferred share of The City Club at Alphaland Makati Place, Inc. (TCCAMPI), in which ownership of the condominium unit and the City Club share are inseparable. Under the CTS, the components are sold under a single selling price with downpayment payable upon signing of the CTS and the unpaid balance payable in monthly installments for a period of three years from date of CTS. Ownership of the City Club share will allow the buyer to enjoy the amenities and facilities of the City Club.

The Housing and Land Use Regulatory Board issued the permanent LTS to AMPI for the sale of condominium units in Tower 1 of Alphaland Makati Place on October 9, 2012 and for the sale of condominium units in Tower 2 on May 27, 2014.

As discussed in Note 4, on September 8, 2015, the Parties executed a Supplement to the Joint Venture Agreement enumerating the specific units in the Project that constitute the BSP Share with respect to the Podium, Tower 1, Tower 2 and Parking Slots.

In 2018, the Group forfeited a sale with related cost amounting to ₱172.5 million and a loss on forfeiture amounting to ₱104.6 million was recognized in the consolidated statements of comprehensive income (see Note 6).

<u>Parking Lots for Sale</u>

Movements in parking lots for sale are as follows:

		(In Thousands)	
	Note	**2019**	2018
Balance at beginning of year		**₱271,195**	₱135,750
Purchases		**1,500**	150,998
Cost of real estate sold	20	**–**	(28,050)
Additions due to forfeited sales	6	**–**	12,497
Balance at end of year		**₱272,695**	₱271,195

In May 2016, AMPI started to sell condominium units and parking lots under the in-house financing arrangement at 5% down payment, payable monthly over a maximum of 10 years with interest rate at 8% per annum.

As at December 31, 2019, AMPI has sold 209 and 226 condominium units and parking lots, respectively. Interest earned from real estate sales under in-house financing arrangement amounted to ₱1.6 million and ₱7.7 million in 2018 and 2017, respectively (see Note 5).

8. Other Current Assets

This account consists of:

	Note	(In Thousands) 2019	2018
Input VAT		**₱534,600**	₱832,114
Advances to contractors and suppliers	26	**426,568**	558,461
CWT		**154,262**	248,641
Accrued rent		**90,600**	43,046
Prepayments		**65,401**	52,832
Supplies		**64,935**	71,416
Restricted cash		**1,175**	382,944
		₱1,337,541	₱2,189,454

Input VAT

Input VAT arises from the acquisition of land and payments to suppliers and contractors for the acquisition of goods and development of the Group's projects.

Advances to Contractors and Suppliers

Advances to contractors and suppliers represent advance payments to contractors for the construction and development of the Group's projects and are recouped upon every progress billing payment depending on the percentage of accomplishment. Advances to contractors and suppliers, relating to the portion of the project that is classified as investment property and to advance payments that will be applied against future billings beyond 12 months from the reporting date, amounting to ₱3.1 million and ₱1.8 million as at December 31, 2019 and 2018, respectively, are presented under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 13).

Prepayments

Prepayments include prepaid rent, insurance and commissioning fees.

Restricted Cash

Details of restricted cash are as follows:

	(In Thousands) 2019	2018
Escrow - environmental funds	**₱1,175**	₱1,193
Debt service reserve account (DSRA)	**–**	378,834
Escrow - license to sell	**–**	2,917
	₱1,175	₱382,944

Escrow - environmental funds represent cash deposited with Philippine Bank of Communications (PBCom), pursuant to the Environmental Compliance Certificate issued to ABIRC relating to the rehabilitation of the Project-affected area throughout the construction and maintenance of the Island Club. The funds shall be replenished annually or whenever the amount goes below 50% of the initial deposit.

The DSRA required under an Omnibus Loan and Security Agreement (OLSA) was released in 2019 when the loans were fully settled (see Note 15).

Escrow - license to sell represents cash deposited with Sterling Bank of Asia, Inc., pursuant to the license to sell issued by HLURB to ABMLHI in relation to the completion of Alphaland Baguio Mountain Lodges project (see Note 7). In 2019, HLURB approved the termination of the escrow agreement.

Interest income earned from restricted cash amounted to ₱0.3 million, ₱1.0 million and ₱0.5 million in 2019, 2018 and 2017, respectively (see Note 5).

9. Investment in and Advances to an Associate

This account consists of:

		(In Thousands)	
	Note	2019	2018
Investment in an associate		₱11,326	₱11,326
Advances to an associate	17	1,023	1,023
		₱12,349	₱12,349

Investment in an associate comprises of a 50% interest in AHEC whose principal activity is sale and lease of heavy equipment as at December 31, 2019 and 2018. The Group recognized its equity in net income of an associate in 2017 amounting to ₱1.4 million.

On April 5, 2013, the BOD of AHEC approved a resolution to shorten the corporate life of AHEC to four years. As at December 31, 2019, AHEC's liquidation is still in progress. The remaining carrying amount represents the Group's share in the residual net assets of AHEC.

Details of the investment are as follows:

	(In Thousands)	
	2019	2018
Acquisition costs:		
Balance at beginning and end of year	₱50,000	₱50,000
Accumulated equity in net loss:		
Balance at beginning and end of year	(38,674)	(38,674)
	₱11,326	₱11,326

Condensed financial information of the associate prepared on the historical basis of accounting are as follows:

	(In Thousands)	
	2019	2018
Current assets	₱46,532	₱46,532
Current liabilities	23,888	23,888
Net equity	22,644	22,644

	(In Thousands)		
	2019	2018	2017*
Revenue	₱–	₱–	₱12,042
Costs and expenses	–	–	(7,266)
Net income	₱–	₱–	₱4,776

**Including ASAI up to October 2017.*

The Group has not incurred any contingent liabilities in relation to this investment nor does the associate itself has any contingent liabilities for which the Group is contingently liable as at December 31, 2019 and 2018.

The Group has not entered into any capital commitments in relation to its investment in AHEC and did not receive any dividends from the associate in 2019, 2018 and 2017.

10. Club Shares for Sale

This account consists of:

	(In Thousands)	
	2019	2018
Unquoted Clubs' preferred shares:		
Alphaland Balesin Island Club, Inc. (ABICI)	₱27,905,400	₱25,379,585
TCCAMPI	5,653,500	5,656,500
	₱33,558,900	₱31,036,085

The rollforward analysis of the account are as follows:

		(In Thousands)	
	Note	2019	2018
Balance at beginning of year		₱31,036,085	₱30,064,268
Fair value adjustments		2,732,624	1,084,338
Sale of club shares for sale		(211,309)	(218,711)
Additional subscriptions		1,500	103,400
Additions due to forfeited sales	6	–	2,790
Balance at end of year		₱33,558,900	₱31,036,085
Current		₱1,062,311	₱1,065,311
Noncurrent		32,496,589	29,970,774
		₱33,558,900	₱31,036,085

The preferred shares held by the Group are not required to gain control of the Clubs and are intended to be disposed of over time to third parties. The preferred shareholders are entitled to name one nominee per share to become a member and avail of the amenities and facilities of the Clubs, unless as otherwise required by applicable laws. They are not entitled to vote and be voted for in all meetings of the shareholders of the Clubs. The preferred shares have preference over the issuer's common shares in the distribution of assets in case of dissolution and liquidation.

The cost of the Group's investments in the preferred shares of ABICI and TCCAMPI includes the cash consideration and the cost incurred to complete the Clubs' facilities.

a. ABICI

On February 10, 2011, ALPHA, ABIRC and ABICI entered into a Development Agreement (DA) for the development and construction of a resort club (the "Island Club"). It is agreed that ABIRC will develop and construct the Island Club with ALPHA extending any financing required for the completion of the Island Club and its amenities in exchange for the ABICI shares. ABICI agrees that the excess of the construction costs over the par value of the shares issued by ABICI shall be treated as additional paid-in capital. Furthermore, it was clarified that the ownership of the Island Club, its facilities and amenities will be transferred to ABICI as cost is incurred. In 2015, approximately 98 hectares were committed for transfer to ABICI. The transfer of certificate of title was completed in 2018 (see Note 11).

On February 24, 2011, the Philippine SEC approved ABICI's Registration Statement on the Island Club Offer Shares for the primary offering of 391 of its Class "B" preferred shares and secondary offering of its 3,519 Class "B" preferred shares (Offer Shares or Tranche 1). In 2013, the SEC approved ABICI's Amended Registration Statement to increase its offer price from ₱2,000,000 per share to ₱3,000,000 per share. ABICI filed in 2013 a Second Amended Registration Statement to further increase its offer price to ₱5,000,000, which is still subject for approval by the SEC as at December 31, 2019.

In 2012, ABIRC subscribed to additional Class "B" preferred shares of ABICI totaling 3,090 shares. As a consideration for the additional acquisitions of ABICI preferred shares, ABIRC entered into a Supplemental DA with ABICI in June 2012 increasing its obligation to complete the Island Club's facilities. By virtue of these additional subscriptions, ABIRC transferred investment properties to ABICI amounting to ₱453.3 million.

On November 12, 2012, the shareholders of ABICI approved an amendment to the ABICI's shareholder structure whereby the additional 3,090 shares with par value of ₱100 were split into 6,180 shares (Tranche 2) with a par value of ₱50 per share. As a result, ABIRC's subscription to the above 3,090 shares was converted to 6,180 shares. On January 31, 2013, the stock split was approved by the SEC.

On January 5, 2017, the SEC approved the increase in authorized capital stock of ABICI from ₱2.1 million divided into 14,000 common shares with par value of ₱100 per share, and 10,090 Class "B" preferred shares divided further into 3,910 Class "B-1" preferred shares with par value of ₱100 a share and 6,180 Class "B-2" preferred shares with par value of ₱50 a share to ₱3.0 million divided into 20,000 common shares with par value of ₱100 per share, and 15,000 Class "B" preferred shares divided further into 2,000 Class "B-1" preferred shares with par value of ₱100 per share, 12,000 Class "B-2" preferred shares with par value of ₱50 per share, and 1,000 Class "B-3" preferred shares with par value of ₱200 per share.

On May 31, 2017, ABIRC subscribed to additional 2,000 Class "B-2" preferred shares and 1,000 Class "B-3" (Tranche 3) preferred shares at a subscription price of ₱100 per share and ₱200 per share, respectively, or an aggregate amount of ₱0.4 million.

In April 2013, ABICI and ABIRC executed a Letter Agreement wherein the parties agreed that the difference between the budget under the Supplementary DA and the actual construction costs incurred will be treated as advances to ABICI. Advances to ABICI related to this agreement amounted to ₱1,575.5 million as at December 31, 2019 and 2018 (see Note 17). In 2015, ABICI already financed its own construction in the Island Club.

In 2019, sales of club shares for sale includes 25 Class "B-1" preferred shares with carrying amount of ₱100.0 million at the date of transaction transferred to existing Balesin Island landowners under land-for-share swap in exchange for 5 hectares of land in Balesin Island, Polillo, Quezon (see Note 11).

ABICI's Tranche 1 and Tranche 2 preferred shares entitle the holder for 14 and 7 free villa night stay in the Island Club, respectively.

The fair values of unsold shares as at December 31, 2019 and 2018 are as follows:

	2019		2018	
	Number of Shares	Amount*	Number of Shares	Amount*
Tranche 1	665	₱2,992,500	711	₱3,199,500
Tranche 2	11,965	24,912,700	11,965	22,179,885
Tranche 3	1,000	200	1,000	200
		₱27,905,400		₱25,379,585

*Amounts in thousands.

b. TCCAMPI

In October 2010, ASTI, AMPI and TCCAMPI entered into a DA for the development and construction of a City Club in Alphaland Makati Place. It is agreed that ASTI and/or AMPI will develop and construct the City Club with AMPI extending any financing required for its completion and amenities in exchange for the TCCAMPI shares.

On December 9, 2010, the SEC approved TCCAMPI's registration of an aggregate of 5,000 preferred shares, with issue price of ₱100 per share, comprising of 500 shares to be offered by way of primary offering and 4,500 shares by way of secondary offering.

In December 2010, ASTI, AMPI and TCCAMPI entered into a Supplemental DA to clarify that under the DA, it is AMPI who has the primary obligation to develop and construct the City Club. Moreover, it was clarified that, in consideration for the City Club's construction, TCCAMPI agrees to convert any and all advances provided by ASTI and AMPI to additional paid-in capital as cost is incurred. Furthermore, it was clarified that the ownership of the City Club, its facilities and amenities will be transferred to TCCAMPI as cost is incurred.

The City Club was fully completed in January 2014.

AMPI's club shares for sale are marked to market using the fair value of ₱1.5 million per share as at December 31, 2019 and 2018. There are 3,769 and 3,771 unsold shares as at December 31, 2019 and 2018, respectively. As at December 31, 2019 and 2018, the fair value of unsold shares amounted to ₱5,653.5 million and ₱5,656.5 million, respectively.

Unrealized Valuation Gain on Club Shares for Sale

The Group's club shares for sale is marked to market using the fair value equivalent to the cash selling price of a recent sale to the public for the unquoted preferred shares.

Movements in the unrealized gain on club shares for sale, net of related tax effect, are as follows:

	(In Thousands)	
	2019	2018
Balance at beginning of year	₱22,891,678	₱23,432,497
Reclassification adjustments	(157,114)	(160,701)
Unrealized valuation gain	2,322,730	921,687
Effect of change in tax rate	–	(1,301,805)
Balance at end of year	₱25,057,294	₱22,891,678

On December 19, 2017, a new tax reform law, Tax Reform for Acceleration and Inclusion (TRAIN), was approved which provides amendments to several provisions of the National Internal Revenue Code of 1997 (NIRC of 1997). This was effective beginning January 1, 2018. Capital gains tax (CGT) from sale of shares of stock not traded in local stock exchange is amended from 5% on the first ₱0.1 million and 10% in excess thereof based on the NIRC of 1997 to a flat rate of 15% under the TRAIN.

On various dates in 2019, AMPI and ABIRC sold 3 and 46 shares, respectively, with carrying amounts aggregating ₱211.4 million at respective dates of disposal in response to liquidity requirements. In 2018, AMPI and ABIRC sold 33 and 51 shares, respectively, with carrying amounts aggregating ₱218.7 million. The cumulative net gain on disposal amounting to ₱184.8 million and ₱189.1 million, gross of tax effect, was directly reclassified to retained earnings in 2019 and 2018, respectively. Gain on sale of club shares for sale amounting to ₱123.2 million in 2017 is presented in profit or loss.

Receivable arising from the sale of club shares amounted to ₱83.0 million and ₱62.7 million as at December 31, 2019 and 2018, respectively (see Notes 6 and 13). No dividends were recognized in 2019, 2018 and 2017.

As at December 31, 2019 and 2018, deposits received from buyers of club shares amounting to ₱459.7 million and ₱380.3 million, respectively, were presented under "Trade and other payables" account in the consolidated statements of financial position (see Note 14).

11. Investment Properties

Movements in this account are as follows:

		(In Thousands)	
	Note	2019	2018
Balance at beginning of year		₱47,675,812	₱40,664,073
Fair value change		18,286,157	7,453,516
Disposals		(11,467,552)	–
Additions:			
Capital expenditures		36,121	177,096
Purchases		111,715	31,681

(Forward)

	Note	(In Thousands) 2019	2018
Transfers to:			
Land and development costs	7	₱–	(₱653,310)
Property and equipment	12	–	(2,244)
Rescission of disposal		–	5,000
Balance at end of year		₱54,642,253	₱47,675,812

Investment properties carried at fair value consist of the following:

	(In Thousands) 2019	2018
Alphaland Balesin Island Property	₱21,636,715	₱9,566,450
Alphaland Makati Place:		
Tower 3	10,255,768	8,672,092
Podium	3,550,774	3,548,381
Patnangunan Property	6,779,160	5,286,260
Baguio Property	6,495,132	4,744,557
Silang Property	5,910,000	4,380,012
Atimonan Property	14,704	14,704
Alphaland Southgate Tower	–	11,463,356
	₱54,642,253	₱47,675,812

As at December 31, 2019 and 2018, the cumulative gain on fair value changes of the Group's investment properties, net of tax, amounted to ₱36,542.9 million and ₱29,972.1 million, respectively.

Alphaland Balesin Island Property

ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. Additional 12 hectares were also acquired via land-for-share swaps with existing Balesin Island landowners in 2012. In 2019, additional 13 hectares were acquired. Of the total land acquired, 5 hectares were acquired via land-for-share swap with existing Balesin Island landowners in exchange for 25 Class "B-1" preferred shares with carrying amount of ₱100.0 million at the date of transaction (see Note 10). This brings the total land ownership to 419 hectares and 406 hectares as at December 31, 2019 and 2018, respectively. Of this total, approximately 98 hectares were committed for transfer to ABICI in 2015. The transfer of certificate of title was completed in 2018 (see Note 10).

In 2017, ABIRC started the development of certain portions of its land for sale. Accordingly, these portions were reclassified to "Land and development costs" account (see Note 7).

Alphaland Makati Place

This represents the Podium and Tower 3 at the Alphaland Makati Place. The Podium is currently operated as a mall and is for lease to third parties (see Notes 4 and 7). In 2017, the Group reclassified Tower 3 from "Land and development costs" to "Investment property" account due to change in intention over the property from condominium units for sale to a property held for leasing. The change in management's intention was evidenced by actual change in the use of property
(see Note 7).

Rent income earned from Alphaland Makati Place amounted to ₱688.5 million, ₱393.9 million and ₱94.5 million in 2019, 2018 and 2017, respectively. Direct costs related to rent income amounted to ₱118.7 million, ₱42.5 million and ₱13.7 million in 2019, 2018 and 2017, respectively, which mainly comprised of utilities and commissary costs (see Note 18).

<u>Patnanungan Property</u>
In 2016 and 2015, the Group acquired parcels of land aggregating approximately 385.6 hectares and 325.3 hectares of land, respectively, in Patnanungan, Quezon.

In December 2017, the Group sold 2.0 hectares to Red Sun Capital Holdings Corporation for ₱8.0 million, resulting to a gain amounting to ₱2.1 million. In 2018, the contract to sell was rescinded resulting to a loss amounting to ₱2.1 million. In December 2018, the Group acquired 42.2 hectares with a carrying amount of ₱31.7 million.

In March 2019, the Group acquired 0.06 hectares for ₱1.9 million. The total land area of the property approximates 753.2 hectares and 753.1 hectares as at December 31, 2019 and 2018, respectively.

<u>Baguio Property</u>
This consists of parcels of land and related transaction costs acquired by the Group (through a wholly-owned subsidiary) from various sellers in July 2015. The beneficial owner of the entire property is RVO, the majority shareholder and Chairman of ALPHA.

These parcels of land, measuring approximately 73.4 hectares as of the end of 2015, of rolling terrains are situated in Itogon, Benguet, just ten minutes from Baguio City by land. RVO likewise transferred to the Group rights to another 2.9 hectares of land to complete the total area at 76.3 hectares. The Group is developing the property into the Alphaland Baguio Mountain Lodges.

The Group acquired the property in 2015 at zonal value, or at acquisition cost of ₱106.0 million, which is substantially below the appraised value. As a consideration to RVO for having sold the property at zonal value, RVO shall have a 15% interest, to be finalized upon conclusion of the project, without need of any further investment or equity infusion. The Group will shoulder all development costs required for the project.

In 2016, due to management's decision to develop the property as a horizontal condominium for sale, 13.1 hectare of the property was reclassified to land and development costs. Additional 7.7 hectares and 3.7 hectares were reclassified to land and development costs account in 2018 and 2017, respectively (see Note 7). In 2017, 0.3 hectares were reclassified to property and equipment account due to development of clubhouse, chapel and other amenities.

In 2017, the Group started the development for the initial phase of the project and the Group also acquired additional land, measuring 4.2 hectares.

In 2019, the Group acquired additional land measuring 9.2 hectares. The total land area of the property approximates 86.7 hectares and 77.5 hectares as at December 31, 2019 and 2018, respectively. Of the total land area, 61.9 hectares and 52.7 hectares are allocated to investment property as at December 31, 2019 and 2018, respectively.

The fair value of the property based on an independent appraiser's report dated January 21, 2020, October 22, 2018, November 10, 2017 is at ₱10,500 per square meter or a total of ₱6.5 billion, ₱9,000 per square meter or a total of ₱4.7 billion, and ₱7,353 per square meter or a total of ₱4.4 billion, respectively.

Silang Property
ASTI's three parcels of land in Silang, Cavite, measuring a total of 30 hectares, more or less, is reserved for future development.

Atimonan Property
BIRC's land in Atimonan, Quezon Province, measuring a total of 21,005 square meters, more or less, is reserved for future development.

The fair value of the property as at December 31, 2015 is based on valuations performed by accredited independent appraisers. As at December 31, 2019 and 2018, management evaluated that the carrying amount of the investment property approximates the fair value as at reporting date since there were no significant changes in the condition of this property and economic environment between those dates.

Alphaland Southgate Tower
In January 2008, ASTI acquired from South China Resources, Inc. and the Puyat family two parcels of land measuring a total of 9,497 square meters, more or less, at the corner of EDSA and Chino Roces Avenue in Makati City together with the existing improvements thereon. The property is now a fully developed and operational 20-storey office tower building with a 6-storey podium known as Alphaland Southgate Tower. It was declared an Information Technology Zone on January 12, 2009 by the Philippine Economic Zone Authority, pursuant to Presidential Proclamation No. 1692 dated December 22, 2008.

Rent income from Alphaland Southgate Tower including common utilities, services and maintenance charges amounted to ₱164.7 million, ₱779.8 million and ₱740.3 million in 2019, 2018 and 2017, respectively. Direct costs related to rent income amounted to ₱35.4 million, ₱186.7 million and ₱179.1 million in 2019, 2018 and 2017, respectively, which mainly comprised of utilities and commissary costs (see Note 18).

In March 2019, the Group sold the property for net proceeds of ₱4,464.3 million resulting to a net accounting loss of ₱7,003.3 million.

The description of the valuation techniques used and key inputs to fair valuation are as follows:

Income Capitalization Approach

	Stabilized net operating income (NOI)*		Capitalization rate	
	2019	2018	**2019**	2018
Alphaland Makati Place:				
Tower 3**	**₱602,475**	₱509,911	**5.00%**	5.00%
Podium	**67,968**	67,968	**2.00%**	2.00%
Alphaland Southgate Tower	**–**	576,169	**–**	5.00%

**In thousands.*
***Reclassified from "Land and development costs" account in 2017.*

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the entity's portfolios of investment properties are:

- *Stabilized NOI*: calculation used to identify performance of an investment property that produces stable income.
- *Capitalization rate*: rate used to estimate the potential return of the investment property.

Income capitalization approach is a comparative approach, which considers income and expense data relating to the property being valued and estimated the value through a capitalization process. Capitalization relates income and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalization rates), yield or discount rates (reflecting measures of return on investment), or both.

Sensitivity Analysis. Generally, an increase (decrease) in stabilized NOI will result in an increase (decrease) to the fair value of investment property. An increase (decrease) in the capitalization rate will result in a decrease (increase) to the fair value of an investment property. The capitalization rate magnifies the effect of a change in stabilized NOI, with a lower capitalization rate resulting in a greater impact of a change in stabilized NOI than a higher capitalization rate.

Market Data Approach

	Class of		Range	
Project	Property	Significant Unobservable Inputs	2019	2018
Alphaland Balesin Island	Land	Price per square meter	₱2,300-₱10,200	₱1,500-₱9,615
		Value adjustments (for development)	150%-220%	189%-339%
Atimonan	Land	Price per square meter	₱1,200-₱3,600	₱1,200-₱3,600
		Value adjusments	40%-80%	40%-80%
Patnanungan	Land	Price per square meter	₱1,010-₱1,018	₱1,000
		Value adjustments	41.5%	30%

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: adjustments are made to bring the comparative values in approximation to the investment properties taking into account external factors (market conditions, competitiveness, economic condition/demand/growth, time element) and internal factors (location, size/shape/terrain and development).

In valuing the land using sales comparison approach, records of recent sales and offerings of similar land are analyzed and comparisons were made for such factors as size, characteristic of the lot, location, quality and prospective use.

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property:

- property location and neighborhood data
- present use of the property is either commercial/residential/agricultural
- quantitative market value adjustments based on external and internal factors
- highest and best use (commercial and residential building/resort and its allied development)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

Land Development Approach

	December 31, 2019	
Significant Unobservable Input	**Baguio**	**Silang**
Period of land development and selling program	5 years	5 - 6 years
Administrative/marketing cost	7% of gross sales	12% of gross sales
Interest rate selected for discounting	10%	12%
Developer's profit	20% of development cost	20% of development cost
Proposed selling price	₱22,000 - ₱60,000 per unit*	₱28,000 - ₱48,000 per sqm**
Calculated no. of subdivision lot	300 lots	175 - 486 lots
Land value/annual increment of land value	25%	10%-20%

*In thousands.
**In absolute amounts.

	December 31, 2018	
Significant Unobservable Input	Baguio	Silang
Period of land development and selling program	5 years	5 - 6 years
Administrative/marketing cost	7% of gross sales	12% of gross sales
Interest rate selected for discounting	14%	12%
Developer's profit	20% of development cost	20% of development cost
Proposed selling price	₱45,000 - ₱55,000 per unit*	₱18,000 - ₱26,400 per sqm**
Calculated no. of subdivision lot	320 lots	175 - 486 lots
Land value/annual increment of land value	25%	10%-20%

*In thousands.
**In absolute amounts.

Using the land development approach, the properties are treated as mixed-used subdivision development and the gross sales that may be expected from the proposed saleable lots are then estimated in accordance with the prevailing prices of comparable development subdivision lots within the immediate vicinity. Overhead and sales expenses, and developer's profit, the residual sales income is then attributed to the "raw" land value.

The valuation process consists of the following:

- Preparation of a subdivision study in accordance with the highest and best use concept (i.e. residential subdivision development) of the land;
- Establishment of total revenue or proceeds of sales of subdivision lots on the basis of what ready-to-build sites in similar subdivisions are selling;
- Determination of development costs consisting of clearing and grading, survey, titling services, construction of access roads, roadways, curbs and gutters, sewerage and drainage system, water supply and electrical distribution, rip-rapping and supervision and other contingency items considering current prices for construction materials, labor, contractor's profit and overhead expenses;
- Estimation of overhead and sales expenses such as broker's commissions, promotion and advertisement, administrative and collection, taxes and miscellaneous expenses.

Sensitivity Analysis. Significant increase (decrease) in land value, proposed selling price and calculated no. of lots would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in administrative and marketing costs and developer's profit would result in a lower (higher) fair value measurement.

12. Property and Equipment

The composition and movements of this account are presented below (in thousands):

	2019									
	Serviced Residences*	Aircrafts*	Buildings	Transportation Equipment	Machinery, Equipment and Tools	Office Furniture, and Equipment	Leasehold Improvements	Land	Construction In Progress	Total
Cost										
Balance at beginning of year	₱8,274,316	₱1,955,669	₱133,280	₱90,059	₱344,393	₱139,210	₱74,947	₱21,715	₱3,784	₱11,028,373
Additions	24,872	63,887	–	8,103	359	25,023	3,614	–	3,738	129,596
Revaluation increase	768,967	–	–	–	–	–	–	–	–	768,967
Disposal	–	(33,764)	–	–	–	(645)	–	–	–	(34,409)
Reclassifications		–	3,781	(28,190)	–	18,190	–	–	(3,781)	–
Balance at end of year	9,068,155	1,985,792	137,061	69,972	344,752	181,778	78,561	21,715	3,741	11,891,527
Accumulated Depreciation and Amortization										
Balance at beginning of year	124,464	319,210	23,228	42,039	234,536	78,749	33,365	–	–	853,561
Depreciation and amortization	174,034	108,289	5,148	6,521	10,865	23,107	20,673	–	–	348,667
Disposals	–	(7,743)	–	–	–	(126)	–	–	–	(7,869)
Reclassifications	–	–	–	(1,817)	–	1,817	–	–	–	–
Balance at end of year	298,498	419,756	28,376	46,743	245,401	103,547	54,038	–	–	1,194,359
Net Carrying Amount	₱8,769,657	₱1,566,036	₱108,685	₱23,229	₱99,351	₱78,231	₱24,523	₱21,715	₱3,741	₱10,698,168

*At revalued amounts.

	Note	Serviced Residences*	Aircrafts*	Buildings	Transportation Equipment	Machinery, Equipment and Tools	Office Furniture, and Equipment	Leasehold Improvements	Land	Construction in Progress	Total
		2018									
Cost											
Balance at beginning of year		₱–	₱1,733,573	₱128,270	₱51,830	₱294,964	₱106,135	₱40,034	₱19,471	₱12,851	₱2,387,128
Additions		1,948,836	101,982	3,466	38,229	49,429	24,075	23,610	–	3,780	2,193,407
Revaluation increase		4,245,034	120,114	–	–	–	–	–	–	–	4,365,148
Transfers from:											
Land and development costs	7	2,115,863	–	–	–	–	–	–	–	–	2,115,863
Investment properties	11	–	–	–	–	–	–	–	2,244	–	2,244
Disposal		(35,417)	–	–	–	–	–	–	–	–	(35,417)
Reclassifications		–	–	1,544	–	–	–	11,303	–	(12,847)	–
Balance at end of year		8,274,316	1,955,669	133,280	90,059	344,393	130,210	74,947	21,715	3,784	11,028,373
Accumulated Depreciation and Amortization											
Balance at beginning of year		–	198,863	17,057	34,010	222,779	62,931	19,140	–	–	554,780
Depreciation and amortization		124,464	120,347	4,171	8,029	11,757	15,788	14,225	–	–	298,781
Balance at end of year		124,464	319,210	21,228	42,039	234,536	78,719	33,365	–	–	853,561
Net Carrying Amount		₱8,149,852	₱1,636,459	₱112,052	₱48,020	₱109,857	₱51,491	₱41,582	₱21,715	₱3,784	₱10,174,812

*At revalued amounts.

In 2019, the Group changed the useful life of serviced residences to reflect the change in the Group's assessment of the expected economic benefits of the asset and to align the useful life adopted by the industry. This resulted to a reduction of ₱8.3 million in depreciation expense.

In May 2018, the Group reclassified a number of condominium units of AMPI from "Land and development costs" to "Property and equipment" account due to change in intention over the property from condominium units for sale to a property operated as serviced residences. The change in management's intention was evidenced by an actual change in use of the property (see Note 7).

Fair Value Measurement

In 2018, the Group adopted the revaluation model for the measurement of its serviced residences. The fair value of the Group's serviced residences as determined by an independent appraiser on June 27, 2019 and October 19, 2018 using the Income Capitalization Approach amounted to ₱8,835.8 million and ₱8,229.0 million, respectively. The difference between the fair value and the carrying amount of the serviced residences amounting to ₱769.0 million and ₱4,245.0 million in 2019 and 2018, respectively were recognized as revaluation increase. The fair value measurement for serviced residences has been categorized as Level 3 (significant unobservable inputs).

In 2016, the Group adopted the revaluation model for the subsequent measurement of its aircrafts. The fair value of the Group's aircrafts as determined by an independent appraiser on December 12, 2018 and November 7, 2017 using Cost Approach amounted to ₱1,446.1 million and ₱558.5 million, respectively. The difference between the fair value and the carrying amount of the aircrafts amounting to ₱120.1 million and ₱9.5 million was recognized as revaluation increase in 2018 and 2017, respectively. The fair value measurement for the Group's aircraft has been categorized as Level 3 (significant unobservable inputs).

The revaluation surplus recognized in the equity section of the consolidated statements of financial position amounted to ₱3,577.4 million and ₱3,103.6 million as at December 31, 2019 and 2018, respectively.

The carrying amount of property and equipment measured at revalued amounts had they been recognized at cost are as follows:

	(In Thousands)	
	2019	2018
Serviced residences	**₱3,896,509**	₱3,952,534
Aircrafts	**1,356,878**	1,413,192
	₱5,253,387	₱5,365,726

Income Capitalization Approach

	Stabilized net operating income (NOI)*		Capitalization rate	
	2019	2018	**2019**	2018
Serviced Residences	**₱441,788**	₱411,449	**5.00%**	5.00%

*In thousands.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the entity's serviced residences are:

- *Stabilized NOI:* calculation used to identify performance of a property that produces stable income.
- *Capitalization rate:* rate used to estimate the potential return of the property.

Income capitalization approach is a comparative approach, which considers income and expense data relating to the property being valued and estimated the value through a capitalization process. Capitalization relates income and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalization rates), yield or discount rates (reflecting measures of return on investment), or both.

Sensitivity Analysis. Generally, an increase (decrease) in stabilized NOI will result in an increase (decrease) to the fair value of serviced residences. An increase (decrease) in the capitalization rate will result in a decrease (increase) to the fair value of serviced residences. The capitalization rate magnifies the effect of a change in stabilized NOI, with a lower capitalization rate resulting in a greater impact of a change in stabilized NOI than a higher capitalization rate.

Cost Approach
In determining the fair value of aircrafts, cost data were gathered from original import commercial invoices and as well as the comparable sources of similar machinery and equipment and used of prices and other relevant information generated by market transaction involving similar asset. The fair value was determined by reference to the replacement cost translated at the current foreign exchange rate.

Sensitivity Analysis. Significant increase (decrease) in replacement cost and exchange rate would result in a significantly higher (lower) fair value measurement.

Further information about the assumptions made in measuring fair values is included in Note 25.

Depreciation and amortization is recognized under the following accounts:

		(In Thousands)		
	Note	2019	2018	2017
Property and equipment		**₱348,667**	₱298,781	₱124,483
Right-of-use asset	18	**4,535**	–	–
Software	13	**2,041**	2,126	84
		₱355,243	₱300,907	₱124,567

Depreciation and amortization are allocated as follows:

		(In Thousands)		
	Note	2019	2018	2017
Cost of services	20	**₱276,648**	₱250,454	₱75,211
General and administrative expenses	20	**73,436**	45,646	49,356
Capitalized as part of land and development costs	7	**5,159**	4,807	–
		₱355,243	₱300,907	₱124,567

13. Other Noncurrent Assets

This account consists of:

		(In Thousands)	
	Note	2019	2018
Input VAT		₱90,526	₱95,321
Receivables from sale of:			
Club shares	10	38,799	7,556
Real estate	6	–	4,868
Refundable deposits		26,932	36,229
Prepayments		17,339	15,761
Right-of-use asset	18	14,947	–
Software		5,164	3,747
Advances to contractors and suppliers - net of current portion	8	3,057	1,769
Others		2,000	25,333
		₱198,764	₱190,584

Refundable deposits include billing and meter deposits to Manila Electric Company (Meralco). These are refundable upon termination of service of Meralco.

The movements in software are as follow:

		(In Thousands)	
	Note	2019	2018
Cost			
Balance at beginning of year		₱13,836	₱8,040
Additions		3,458	5,796
Balance at end of year		17,294	13,836
Accumulated Amortization			
Balance at beginning of year		10,089	7,963
Amortization	12	2,041	2,126
Balance at end of year		12,130	10,089
Net Carrying Amount		₱5,164	₱3,747

14. Trade and Other Payables

This account consists of:

	Note	(In Thousands) 2019	2018
Trade		₱1,939,265	₱1,777,061
Accrued expenses:			
Construction costs		174,032	186,773
Interest		15,119	188,291
Others		205,992	18,495
Deposits from sale of:			
Real estate	7	2,255,031	13,005
Preferred shares	10	459,735	380,252
Retention payable	26	379,636	409,037
Lease liability	18	4,262	–
Unearned rental income	18	1,339	105,065
Nontrade		–	560,247
Others		177,624	257,836
		₱5,612,035	₱3,896,062

Trade payables are noninterest-bearing and are due for payment within 30 to 120 days.

Accrued expenses mainly pertain to accruals for development costs and general and administrative expenses. Other payables consist of government payables. Accrued expenses and other payables are generally settled within one year.

Noncurrent portion of deposit from sale of real estate amounted to ₱3.4 million and ₱7.1 million as at December 31, 2019 and 2018, respectively, presented under "Other noncurrent liabilities" account in the consolidated statements of financial position. Deposit from related companies included in deposit from sale of real estate amounted to ₱2,192.7 million as at December 31, 2019 (see Note 17).

Nontrade payables are noninterest-bearing and are due and demandable. These pertain to purchases of assets.

15. Long-term Debt

Presented below are the details of this account:

	(In Thousands) 2019			2018		
Borrower	Current	Noncurrent	Total	Current	Noncurrent	Total
ALPHA	₱–	₱–	₱–	₱1,053,655	₱4,467,365	₱5,521,020
AAPI	–	–	–	48,765	118,973	167,738
AAI	–	–	–	55,310	74,831	130,141
ABMLHI	–	–	–	66,232	313,800	380,032
	₱–	₱–	₱–	₱1,223,962	₱4,974,969	₱6,198,931

ALPHA

Omnibus Loan and Security Agreement with BDO

ALPHA had an OLSA with BDO for a loan facility aggregating ₱6,726.0 million from 2017 to refinance loans and to finance new projects and working capital requirements of the Group. The loan was payable in seven years, commencing one year after initial drawdown date. Loan drawdowns aggregated ₱400.0 million and ₱6,286.0 million in 2018 and 2017.

BDO assigned the long-term loan under the OLSA with outstanding balance of ₱5,653.2 million inclusive of interest and adjustments as of January 23, 2019 to the Philippine Bank of Communications - Trust and Wealth Management Group pursuant to an Assignment Agreement on the same date.

The loan was fully settled in 2019.

Effective interest rates of the long-term debt range from 7.1% to 9.2%, 5.0% to 9.1% and 4.8% to 8.1% per annum in 2019, 2018 and 2017, respectively. Interest recognized from the long-term debt amounted to ₱163.7 million, ₱292.3 million and ₱268.2 million in 2019, 2018 and 2017, respectively. Interest expense pertaining to the refinanced loans amounted to ₱45.9 million in 2017.

Capitalized interest and other financing costs on the loans are as follows:

		(In Thousands)		
	Note	2019	2018	2017
Land and development costs	7	₱36,217	₱145,957	₱67,037
Investment properties	11	–	–	4,212
		₱36,217	₱145,957	₱71,249

The rate used to determine the amount of borrowing cost eligible for capitalization was 1.35%, 6.5% and 7.1% as at December 31, 2019, 2018 and 2017, respectively.

AAPI

AAPI had an Amortized Commercial Loan (ACL) agreement in 2017 with BDO Leasing and Finance, Inc. (BDOLFI) for a loan facility aggregating ₱265.2 million for the acquisition of an ATR72 Turboprop Aircraft, MSN 678 and its replacement engine. Loan drawdowns aggregated ₱244.1 million in 2017 at a fixed interest rate of 7.0% to 8.0% per annum.

Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱5.1 million, ₱16.4 million and ₱12.8 million in 2019, 2018 and 2017, respectively. The loan is payable within 60 months from the date of initial borrowing.

The loan was fully settled in 2019.

AAI

AAI also had an ACL agreement with BDOLFI for a loan facility of ₱309.0 million for the acquisition of ATR72 Turboprop Aircraft, MSN 666. AAI made a drawdown amounting to ₱266.8 million in 2016.

Interest rate of the long-term debt in 2019 is 7.04% per annum and in 2018 and 2017 ranges from 5.82% to 7.04% and 5.06% to 7.25% per annum, respectively. Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱3.6 million, ₱10.2 million and ₱13.0 million in 2019, 2018 and 2017, respectively.

The loan was fully settled in 2019.

<u>ABMLHI</u>

ABMLHI had a memorandum of agreement with BDO Unibank, Inc. for a CTS receivable purchase facility of ₱500.0 million to refinance existing CTS receivables.

The notes payable represents liability from assigned receivables with recourse of ABMLHI which bears an effective rate of 7% and has a term of 5 years payable. Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱6.0 million and ₱1.1 million in 2019 and 2018, respectively.

Summarized below are the details of the notes payable:

	(In Thousands)	
	2019	2018
Balance at beginning of year	₱380,032	₱–
Availments	–	382,737
Payments	(380,032)	(2,705)
	₱–	₱380,032

The loan was fully settled in 2019.

Finance costs recognized in the consolidated statements of comprehensive income are as follows:

	(In Thousands)		
	2019	2018	2017
Long-term debt	₱178,413	₱320,038	₱333,248
Finance charges	9,420	1,307	29,218
Accretion of customers' deposits	3,037	–	–
Others	–	–	3,261
	₱190,870	₱321,345	₱365,727

16. Equity

Capital Stock

The composition of ALPHA's capital stock consisting of all common shares are as follows:

	2019		2018	
	Number of Shares	Amount*	Number of Shares	Amount*
Authorized - ₱0.1 Par Value	50,000,000,000	₱5,000,000	50,000,000,000	₱5,000,000
Issued				
Beginning of year	28,411,738,410	₱2,842,174	2,654,707,417	₱2,655,707
Additions	10	–	186,466,424	186,467
Effect of stock split	–	–	25,570,564,569	–
End of year	28,411,738,420	₱2,842,174	28,411,738,410	₱2,842,174
Parent Company's shares held by a subsidiary				
Beginning of year	(13,834,274,790)	(₱16,881,220)	(1,383,427,479)	(₱16,881,220)
Effect of stock split	–	–	(12,450,847,311)	–
End of year	(13,834,274,790)	(₱16,881,220)	(13,834,274,790)	(₱16,881,220)
Treasury				
Beginning of year	(4,239,000)	(₱1,214)	(423,900)	(₱1,214)
Effect of stock split	–	–	(3,815,100)	–
End of year	(4,239,000)	(₱1,214)	(4,239,000)	(₱1,214)
	14,573,224,630		14,573,224,620	

*In thousands

The total number of shareholders, which includes PCD Nominee Corporation, is 89 and 88 as at December 31, 2019 and 2018, respectively.

Parent Company's Shares Held by a Subsidiary

On June 5, 2014, Alphaland Holdings (Singapore) Pte. Limited (AH) and Masrickstar Corporation (MC) on one hand, and another group affiliated with RVO including ALPHA and ASTI (collectively, the "RVO Group") entered into a Memorandum of Agreement (MOA) to settle a shareholder dispute. Pursuant to the MOA, ALPHA, through its 100%-owned subsidiary, ASTI acquired the shares of stock of ALPHA owned by AH, MC and Credit Suisse (Singapore) Limited (Credit Suisse), another shareholder, and received ₱2,500.0 million in cash in exchange for assets and liabilities mainly comprising of 100% ownership of Alphaland Makati Tower, Inc. (AMTI); 100% ownership of Alphaland Marina Corporation (AMC) including AMC's investment in preferred shares of Alphaland Marina Club, Inc. (AMCI); 50% ownership of ABCC, the joint venture company formed by ASTI and a group led by D.M. Wenceslao & Associates, Inc. (DMWAI) (the Wenceslao Group or "WG"); and 60% interest in the unincorporated joint venture between the Group and Akean Resorts Corporation and the additional parcels of land acquired by the Group with total area of approximately 10.81 hectares.

On October 17, 2014, these assets owned by the Group were transferred to Bedfordbury Development Corporation (BDC), a newly incorporated company owned by AH and MC. AH, MC and BDC will be collectively referred to as the "AH Group."

The Group's joint venture with WG is subject to litigation because of WG's actions in causing a delay in ASTI and AMC's construction and development of the Marina Club Project. With BDC's takeover of AMC and AMCI, BDC assumed the responsibility of handling the litigation with WG.

Pursuant to the implementation of the MOA discussed above, ASTI acquired shares of stock of ALPHA owned by AH, MC and Credit Suisse amounting to ₱16,818.0 million.

In 2017, ASTI acquired additional shares of stock of ALPHA owned by a minority shareholder amounting to ₱63.2 million.

Stock Split

On January 19, 2018, ALPHA filed a 10-for-1 stock split with the SEC. On December 10, 2018, the SEC approved the application for the stock split, whereby its capital stock would be divided into ₱50.0 billion common shares with a par value ₱0.10 each share. The stock split has no dilutive effect on the proportionate percentage ownership of the shareholders.

Retained Earnings

Accumulated equity in net income of an associate and subsidiaries not available for dividend declaration amounted to ₱37,288.5 million and ₱30,063.9 million as at December 31, 2019 and 2018, respectively. Significant components of the retained earnings pertain to cumulative gain on fair value changes of investment properties.

17. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related companies. The following tables summarize the transactions with the related companies and outstanding balance arising from these transactions:

			(In Thousands)			
			2019		2018	
	Nature of Transactions	Note	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables						
Trade						
Related companies under common key management	Air transport services	6	**₱187,227**	**₱324,166**	₱184,348	₱317,380
	Real estate sales	6	**102,554**	**–**	202,987	301,762
				324,166		619,142
Nontrade						
Related companies under common key management	Capital expenditures, debt servicing		**144,822**	**200,098**	215,400	55,276
Contract assets						
Related companies under common key management	Real estate sales	6	**–**	**–**	286,025	150,265
				₱524,264		₱824,683
Advances to						
Associate -						
AHEC	Reimbursement of expenses		**₱–**	**₱1,023**	₱–	₱1,023
Related companies under common key management	Reimbursement of expenses		**₱407,725**	**₱3,527,104**	₱647,126	₱3,119,379

	Nature of Transactions	Note	2019 Amount of Transactions	2019 Outstanding Balances	2018 Amount of Transactions	2018 Outstanding Balances
			(In Thousands)			
Trade and other payables						
Trade						
Related companies under common key management	Acquisition of properties		**₱–**	**₱647,301**	₱2,216,117	₱647,301
	Purchases		**–**	**–**	24,699	1,143
				647,301		648,444
Deposits						
Related companies under common key management	Real estate	7	**2,302,676**	**2,192,676**	–	–
				₱2,839,977		₱648,444
Advances from						
Related companies under common key management	Purchase of assets and reimbursement of expenses		**₱111,290**	**₱356,542**	₱163,488	₱245,252

Other transactions of the Group with its related companies are as follows:

- As discussed in Note 11, RVO is the beneficial owner of certain investment properties (i.e. Baguio Property) acquired by the Group during 2015.

- In 2016, the Group entered into lease agreements with TCCAMPI and ABICI for the rental space of AWCI. In January 2017, ABICI and TCCAMPI rescinded the lease agreement and started to assume the rental charges at no cost to AWCI.

- In April 2013, ABICI and the ABIRC executed a Letter Agreement wherein the parties agreed that the difference between the budget under the Supplementary DA and the actual construction costs incurred will be treated as advances to ABICI. Advances to ABICI related to this agreement amounting to ₱1,575.5 million as at December 31, 2019 and 2018 is due and demandable (see Note 10).

Terms and Conditions of Transactions with Related Companies

Outstanding balances as of year-end are unsecured, noninterest-bearing and settlement occurs in cash or equity. The Group has not made any provision for impairment losses relating to the amounts owed by related companies.

Compensation of Key Management Personnel

The details of compensation of key management personnel, which include its senior vice presidents, follow:

	2019	2018	2017
	(In Thousands)		
Short-term employee benefits	**₱91,983**	₱92,254	₱83,868
Post-employment benefits	**24,804**	29,478	28,638
	₱116,787	₱121,732	₱112,506

Stock Option Plan
On November 27, 2017 and December 19, 2016, the Stock Option Plan Committee awarded stock options to key officers and employees of the Group. The Stock Option Plan was approved by the BOD of ALPHA on June 5, 2013, and by stockholders representing more than 2/3 of the outstanding capital stock of ALPHA during the annual meeting held on December 3, 2014. The Stock Option Plan was approved by the SEC on July 24, 2019. Additional stock option awards were given on May 30, 2019, June 5, 2019, and September 18, 2019 to qualified personnel of ALPHA. Furthermore, all such grants shall not vest until the listing of ALPHA in a stock exchange.

18. Leases

The Group as a Lessee

Hangar Leases
On June 2011, the Group and Civil Aviation Authority of the Philippines (CAAP) entered into a noncancellable lease agreement for the use of a portion of CAAP's hangar, including the appurtenant structures, with an aggregate land area of approximately 1,580 square meters for 10 years at ₱70 per square meter subject to an escalation rate of 10% per annum.

In July 2016, the Group and Clark International Airport Corporation (CIAC) entered into a noncancellable lease agreement for the lease of structure and open space with a total area of 2,590 square meters, for 9 years. The agreement requires for a minimum guaranteed lease payment plus 20% of gross rental income from sub-lessees, if any, and is subject to an escalation rate of 10% per annum.

The incremental borrowing rate applied to the lease liabilities ranges from 6.88% to 7.05%, depending on the lease term. ROU assets were measured at the amount equal to the lease liabilities at adoption date.

The balance of and movements in ROU assets as at December 31, 2019 are as follows:

	Note	(In Thousands)
Cost		
Balance at beginning of year		₱–
Impact of PFRS 16	2	19,482
Balance at end of year	2	19,482
Accumulated Amortization		
Balance at beginning of year		–
Amortization		4,535
Balance at end of year		4,535
Carrying Amount		₱14,947

The balance of and movements in lease liabilities as at December 31, 2019 are as follows:

	Note	(In Thousands)
Balance at beginning of year	2	₱–
Impact of PFRS 16		19,482
Rental payments		(4,335)
Interest		1,188
Balance at end of year		16,335
Current portion		4,262
Noncurrent portion		₱12,073

Rent expense charged to operations amounted to ₱4.4 million and ₱2.9 million in 2018 and 2017, respectively.

Operating Lease - Group as a Lessor

ASTI and AMPI entered into various operating lease agreements as a lessor covering mall and office spaces at Alphaland Southgate Tower and Alphaland Makati Place for a period of one to ten years and two to ten years, respectively, which may be renewed or extended under such new or additional terms or conditions agreed by the parties. Upon inception of the lease agreements, tenants are required to pay certain amounts of deposits. Commencement of the lease term started upon completion of construction of the mall and tower in November 2013 and November 2017, respectively.

Tenants likewise pay either a fixed monthly rent, which is calculated with reference to a fixed sum per square meter of area leased, or pay rent on a percentage rental basis, which comprises a basic monthly amount and a percentage of gross sales or a minimum set amount, whichever is higher. The terms of the lease agreements also provide for an increase in the rent generally at the rate of 5% to 10% starting on the second year and annually thereafter for ASTI; and 5% to 7% escalation rate starting on the third year of the lease term for AMPI.

Rent income and billings for common utilities, services and maintenance charges from Alphaland Southgate Tower and Alphaland Makati Place aggregated ₱853.2 million, ₱1,173.7 million and ₱834.8 million in 2019, 2018 and 2017, respectively (see Note 11). Direct costs related to rent income aggregated ₱154.1 million, ₱229.2 million and ₱192.8 million in 2019, 2018 and 2017, respectively, which mainly comprised of utilities and commissary costs (see Note 11).

As at December 31, 2019, the estimated minimum future rental receivables under the lease agreements are as follows (in thousands):

Within one year	₱521,568
After one year but not more than five years	1,132,366
More than five years	30,348
	₱1,684,282

As at December 31, 2019 and 2018, the Group's receivable from tenants amounting to ₱51.7 million and ₱88.1 million, respectively, were presented under "Trade and other receivables" account in the consolidated statements of financial position (see Note 6).

The Group's customers' deposits on lease contracts are as follows:

	(In Thousands)	
	2019	2018
Current	**₱83,927**	₱3,592
Noncurrent	**192,877**	266,111
	₱276,804	₱269,703

Customers' deposits on lease contracts are generally equivalent to six months rental and refundable at the end of the lease term. Current portion pertains to one year operating lease agreements while noncurrent portion pertains to two to five years' operating lease agreements.

The Group recognizes the customers' deposits at fair value. The fair value of the deposit is determined based on the prevailing market rate of interest for a similar loan. The excess of the principal amount of the deposit over its fair value is accounted for as deferred lease income and amortized on a straight-line basis. The deferred lease income amounted to ₱4.7 million and ₱0.1 million as at December 31, 2019 and 2018, respectively, and is included under "Other noncurrent liabilities" account in the consolidated statements of financial position. Interest on the deposit is accounted for using the effective interest rate method.

Aside from customers' deposits paid by tenants, advance rentals generally equivalent to two months rental are also paid and included in the initial billing to tenants, which shall be applied to the monthly rental at the end of the lease term. Current portion of advance rentals amounted to ₱1.3 million and ₱105.1 million as at December 31, 2019 and 2018, respectively (see Note 14). Noncurrent portion amounting to ₱21.3 million and ₱21.0 million as at December 31, 2019 and 2018, respectively, are included under "Other noncurrent liabilities" account in the consolidated statements of financial position.

19. Revenues

This account consists of:

		(In Thousands)		
	Note	**2019**	2018	2017
Rent	18	**₱853,183**	₱1,173,732	₱834,780
Real estate sales of:				
Private Villa		**801,786**	331,250	746,556
Log homes		**313,830**	467,334	222,000
Towers 1 and 2		**–**	499,936	356,834
Parking lots		**–**	48,006	41,176
Service income:				
Air transport services		**202,110**	226,042	200,483
Room revenues		**171,567**	26,514	–
Security services		**127,206**	18,715	15,499
Medical services		**29,656**	35,567	20,992
Interest income	5	**26,545**	17,033	17,764
Others		**50,454**	33,690	27,343
		₱2,576,336	₱2,877,819	₱2,483,427

Others revenues consist mainly of commission income and income from restaurant operations.

20. Costs and Expenses

Costs and expenses are classified in the consolidated statements of comprehensive income as follows:

	Note		(In Thousands)	
		2019	2018	2017
Cost of services:				
Transportation		**₱231,543**	₱305,511	₱161,916
Depreciation and amortization	12	**174,035**	79,125	–
Utilities		**154,621**	229,170	192,758
Security services		**115,317**	4,229	–
Room services		**65,597**	4,243	–
Medical services		**19,340**	18,311	5,794
Others		**1,178**	6,000	–
		₱761,631	₱646,589	₱360,468
Cost of real estate sold:				
Land and development cost	7	**₱552,587**	₱831,304	₱818,365
Parking lots for sale	7	**–**	28,050	15,975
		₱552,587	₱859,354	₱834,340
General and administrative:				
Salaries and employees' benefits		**₱249,713**	₱263,319	₱219,857
Sales and marketing		**170,084**	52,644	9,496
Utilities and rent		**133,565**	140,724	109,372
Service and professional fees		**113,111**	119,025	83,394
Depreciation and amortization	12	**73,436**	45,646	49,356
Taxes and licenses		**70,094**	164,894	69,110
Travel and transportation		**63,475**	82,401	62,944
Supplies		**49,843**	12,963	14,073
Repairs and maintenance		**44,269**	73,285	39,216
Representation		**34,761**	37,989	18,261
Insurance		**11,597**	46,359	33,587
Communication		**1,089**	10,886	7,868
Donation		**–**	–	114,132
Others		**106,818**	187,195	44,118
		₱1,121,855	₱1,237,330	₱874,784

Transportation expense, security services and medical services under "Cost of services" account include depreciation amounting to ₱102.6 million, ₱171.3 million and ₱75.2 million in 2019, 2018 and 2017, respectively (see Note 12).

In December 2017, ASTI donated to Ateneo de Manila, Inc. (Ateneo), a non-stock, non-profit educational institution, real and personal property in support of the mission of Ateneo to be an educational institution with the highest level of professional competence and service in order to provide the best possible quality of formation and education to its students.

21. Retirement Liability

The Group has an unfunded defined benefit plan covering all its regular employees. Benefits are computed using an amount equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year. The retirement liability is determined using the projected unit credit method.

The latest actuarial valuation report for the retirement liability is dated January 19, 2018. The Group did not obtain an updated actuarial valuation in 2019 because the management has assessed that the effect on the consolidated financial statements of the difference between the retirement expense recognized by the Group and that resulting from an updated actuarial valuation is not significant.

The components of the retirement benefit expense included in "Salaries and employees' benefits" presented under "General and administrative" account in the consolidated statements of comprehensive income are as follows:

	(In Thousands)		
	2019	2018	2017
Retirement benefit cost:			
Current service cost	**₱12,463**	₱18,264	₱10,548
Interest cost	**2,537**	1,794	2,173
Past service cost - curtailment	**–**	–	(6,296)
	₱15,000	₱20,058	₱6,425

The components of retirement liability recognized in the consolidated statements of financial position and the changes in the present value of defined benefit obligation as at December 31 are as follows:

	(In Thousands)	
	2019	2018
Present value of defined benefit obligation:		
Balance at beginning of year	**₱44,509**	₱24,451
Current service cost	**12,463**	18,264
Remeasurement loss from financial assumptions	**6,275**	–
Interest cost	**2,537**	1,794
Balance at end of year	**₱65,784**	₱44,509

The accumulated remeasurement gain on retirement liability, net of deferred income tax, recognized in the equity section of the consolidated statements of financial position amounted to ₱ 41.0 million and ₱45.4 million as at December 31, 2019 and 2018, respectively.

Principal actuarial assumptions used to determine retirement benefit obligations are as follows:

	2019	2018
Discount rate	**4.66%**	5.70%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	(In Thousands)	
	Increase (Decrease)	
	2019	2018
Discount rate:		
Increase by 14.0% to 15.5%	(₱801)	(₱986)
Decrease by 11.5% to 12.5%	954	1,173
Salary increase rate:		
Increase by 12.9% to 14.4%	1,792	1,604
Decrease by 10.8% to 11.9%	(1,579)	(1,414)

Shown below is the maturity analysis of the undiscounted benefit payments as at year ended:

	(In Thousands)	
	2019	2018
2020	₱1,863	₱1,863
2021	3,804	3,804
2022	2,605	2,605
2023 to 2027	28,310	28,310

The average duration of the defined benefit obligation at the end of the period is 11.8 years to 12.8 years in 2019 and 2018.

22. Income Taxes

The provision for current income tax represents MCIT for ALPHA, AMPI, ABMLHI, ABIGI and AWCI in 2019, ALPHA, ABMLHI and ABIRC in 2018 and ALPHA, ASTI and ABIRC in 2017 and RCIT for other companies within the Group.

For income tax purposes, full recognition is applied when more than 25% of the selling price of condominium units has been collected in the year of sale. Otherwise, the installment method is applied.

The following are the components of the Group's net deferred tax liabilities:

	(In Thousands)	
	2019	2018
Deferred tax liabilities:		
Cumulative gain on fair value change of investment properties	₱15,661,225	₱12,845,181
Unrealized valuation gain on club shares for sale	4,421,875	4,039,709
Revaluation surplus	1,504,878	1,316,947
Accumulated depreciation for tax purposes	103,473	190,837
Capitalized borrowing costs	59,511	92,861
Excess rent income under operating lease computed on a straight-line basis	27,180	11,952
Cumulative unrealized foreign exchange gain	110	191
Excess of book basis over tax basis of accounting for real estate transactions	–	50,233
	21,778,252	18,547,911
Deferred tax assets:		
Difference of POC between accounting and tax	51,554	–
Accrued expense not yet deductible	36,000	–
NOLCO	1,404	–
MCIT	8,778	3,734
Retirement liability	8,284	2,931
	106,020	6,665
	₱21,672,232	₱18,541,246

The presentation of net deferred tax liabilities are as follows:

	2019	2018
Through profit or loss	₱15,727,926	₱13,165,154
Through OCI	5,944,306	5,376,092
	₱21,672,232	₱18,541,246

The following deferred tax assets were not recognized as it is not probable that sufficient taxable profit will be available to allow the benefit of the net deferred tax assets to be utilized in the future:

	(In Thousands)	
	2019	2018
NOLCO	₱139,758	₱240,485
Accrued rent	18,486	–
Retirement liability	11,413	7,036
Allowance for impairment loss on receivables	9,407	8,923
MCIT	6,854	18,930
Unrealized foreign exchange losses	322	3
Unearned income	63	31,550
	₱186,303	₱306,927

The details of NOLCO, which can be claimed as deduction from future taxable income, within three years from the year the NOLCO was incurred, is shown below (in thousands).

Year Incurred	Beginning Balance	Incurred	Applied/ Expired	Ending Balance	Valid Until
2019	₱–	₱164,928	₱–	₱164,928	2022
2018	371,947	–	(215,161)	156,786	2021
2017	429,670	–	(280,844)	148,826	2020
	₱801,617	₱164,928	(₱496,005)	₱470,540	

The details of MCIT which can be claimed as deduction from income tax due are as follows (in thousands):

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2019	₱–	₱8,988	₱–	₱8,988	2022
2018	16,426	–	(13,202)	3,224	2021
2017	5,941	–	(2,521)	3,420	2020
2016	297	–	(297)	–	2019
	₱22,664	₱8,988	(₱16,020)	₱15,632	

The reconciliation of income tax computed at statutory tax rate to provision for income tax shown in the consolidated statements of comprehensive income are as follows:

	(In Thousands)		
	2019	2018	2017
Income tax computed at statutory tax rate	**₱3,367,444**	₱2,180,080	₱3,471,421
Applied and expired NOLCO	**148,802**	103,790	25,790
Change in unrecognized deferred tax assets	**(120,624)**	89,702	(118,254)
Applied and expired MCIT	**16,020**	356	–
Additions to (reductions in) income tax resulting from:			
Nontaxable income	**(1,500,808)**	–	–
Nondeductible expenses and others	**1,482,229**	64,156	61,767
Interest income already subjected to final tax	**(1,339)**	(527)	(1,407)
Income subjected to CGT	**–**	–	(36,946)
	₱3,391,724	₱2,437,557	₱3,402,371

23. Total Comprehensive Income Per Share and Book Value Per Share Computation

Total comprehensive income per share is computed as follows:

	2019	2018	2017
(a) Total comprehensive income attributable to equity holders of the Parent Company (in thousands)	**₱10,688,482**	₱8,726,791	₱8,054,768
(b) Weighted average number of shares outstanding after the effect of stock split	**14,573,224,623**	13,640,892,500	12,729,642,885
Basic/diluted earnings per share (a/b)	**₱0.733**	₱0.640	₱0.633

The Group has no dilutive potential common shares outstanding, therefore basic earnings per share is the same as diluted earnings per share.

Book value per share is computed as follows:

	2019	2018
(a) Total equity (in thousands)	₱80,830,328	₱70,070,138
(b) Total number of shares outstanding at end of year after the effect of stock split	14,573,224,630	14,573,224,620
Book value per share (a/b)	₱5.546	₱4.808

The information presented above are intended as additional information for management reporting purposes only.

24. Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), advances to related companies, restricted cash (presented under "Other current assets" account), refundable deposits (presented under "Other noncurrent assets" account), advances to an associate, club shares for sale, trade and other payables (excluding deposits from sale, unearned rent income and statutory payables), long-term debt, customers' deposits and advances from related companies. The main purpose of these financial instruments is to provide funds for the Group's operations.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, interest rate risk and liquidity risk from the use of its financial instruments. The Group's exposure to foreign currency risk is minimal as it does not normally enter into transactions in currencies other than its functional currency. The BOD reviews and approves the policies for managing each of these risks.

<u>Credit Risk</u>

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the Parent Company, the Group does not offer credit terms without the specific approval of the Chief Finance Officer.

With respect to credit risk arising from the other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades with recognized third parties and related parties, there is no requirement for collateral. There are no other concentrations of credit risk within the Group.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Group using internal credit ratings such as high grade, standard grade, past due but not impaired and impaired.

High Grade - pertains to deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers accounts of good paying customers, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Grade - other financial assets not belonging to high quality financial assets are included in this credit rating.

Past due but not impaired - pertains to financial assets where contractual payments are past due but the Group believes that impairment is not appropriate based on the probability of collection of amounts owed to the Group.

Impaired - pertains to financial assets for which the Group determines that it is probable that it will not be able to collect the amount due based on the contractual terms and agreements.

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

	(In Thousands)					
	December 31, 2019					
		Neither Past Due nor Impaired			Past Due but	Past Due
	Total	High Grade	Standard Grade	Total	not Impaired	and Impaired
Financial Assets at Amortized Cost						
Cash and cash equivalents*	₱492,126	₱492,126	₱–	₱492,126	₱–	₱–
Trade and other receivables**	1,649,816	1,244,442	368,917	1,613,359	–	36,457
Advances to an associate and related companies	3,528,127	3,528,127	–	3,528,127	–	–
Restricted cash	1,175	1,175	–	1,175	–	–
Refundable deposits	26,932	26,932	–	26,932	–	–
	5,698,176	5,292,802	368,917	5,661,719	–	36,457
Financial Assets at FVOCI						
Unquoted Clubs' preferred shares	33,558,900	–	33,558,900	33,558,900	–	–
	₱39,257,076	₱5,292,802	₱33,927,817	₱39,220,619	₱–	₱36,457

**Excluding cash on hand amounting to ₱2,058.*

***Excluding advances to officers and employees and excluding noncurrent portion of trade receivables amounting to ₱15,198 and ₱38,798, respectively.*

(In Thousands)

	December 31, 2018					
		Neither Past Due nor Impaired			Past Due but	Past Due
	Total	High Grade	Standard Grade	Total	not Impaired	and Impaired
Financial Assets at Amortized Cost						
Cash and cash equivalents*	₱107,816	₱107,816	₱–	₱107,816	₱–	₱–
Trade and other receivables**	1,811,208	1,405,306	368,917	1,774,223	7,260	29,725
Advances to an associate and related companies	3,120,402	3,120,402	–	3,120,402	–	–
Restricted cash	382,944	382,944	–	382,944	–	–
Refundable deposits	36,229	36,229	–	36,229	–	–
	5,458,599	5,052,697	368,917	5,421,614	7,260	29,725
Financial Assets at FVOCI						
Unquoted Clubs' preferred shares	31,036,085	–	31,036,085	31,036,085	–	–
	₱36,494,684	₱5,052,697	₱31,405,002	₱36,457,699	₱7,260	₱29,725

**Excluding cash on hand amounting to ₱2,341.*
***Excluding advances to officers and employees and including noncurrent portion of trade receivables amounting to ₱4,869 and ₱12,424, respectively.*

The following are the aging analyses of financial assets as at year end:

(In Thousands)

	December 31, 2019						
			Past Due But Not Impaired				**Past Due**
		Neither Past Due	**1–30**	**31–60**	**61–90**	**More than**	**And**
	Total	**nor Impaired**	**Days**	**Days**	**Days**	**90 Days**	**Impaired**
Financial Assets at Amortized Cost							
Cash and cash equivalents*	**₱492,126**	**₱492,126**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Trade and other receivables**	**1,649,816**	**1,613,359**	–	–	–	–	**36,457**
Advances to an associate and related companies	**3,528,127**	**3,528,127**	–	–	–	–	–
Restricted cash	**1,175**	**1,175**	–	–	–	–	–
Refundable deposits	**26,932**	**26,932**	–	–	–	–	–
	5,698,176	**5,661,719**	–	–	–	–	**36,457**
Financial Assets at FVOCI							
Unquoted Clubs' preferred shares	**33,558,900**	**33,558,900**	–	–	–	–	–
	₱39,257,076	**₱39,220,619**	**₱–**	**₱–**	**₱–**	**₱–**	**₱36,457**

**Excluding cash on hand amounting to ₱2,058.*
***Excluding advances to officers and employees and including noncurrent portion of trade receivables amounting to ₱15,198 and ₱38,799, respectively.*

(In Thousands)

	December 31, 2018						
			Past Due But Not Impaired				Past Due
		Neither Past Due	1–30	31–60	61–90	More than	And
	Total	nor Impaired	Days	Days	Days	90 Days	Impaired
Financial Assets at Amortized Cost							
Cash and cash equivalents*	₱107,816	₱107,816	₱–	₱–	₱–	₱–	₱–
Trade and other receivables**	1,811,208	1,774,223	7,260	–	–	–	29,725
Advances to an associate and related companies	3,120,402	3,120,402	–	–	–	–	–
Restricted cash	382,944	382,944	–	–	–	–	–
Refundable deposits	36,229	36,229	–	–	–	–	–
	5,458,599	5,421,614	7,260	–	–	–	29,725
Financial Assets at FVOCI							
Unquoted Clubs' preferred shares	31,036,085	1,065,311	–	–	–	29,970,774	–
	₱36,494,684	₱6,486,925	₱7,260	₱–	₱–	₱29,970,774	₱29,725

**Excluding cash on hand amounting to ₱2,341.*
***Excluding advances to officers and employees and including noncurrent portion of trade receivables amounting to ₱4,869 and ₱12,424, respectively.*

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk relates primarily to its financial instruments with floating interest and/or fixed interest rates. Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every three to six months. Interest on fixed rate financial instruments is fixed until maturity of the instrument. The details of financial instruments that are exposed to interest rate risk are disclosed in Note 15.

The Group's exposure to the risk of changes in market interest rates relates to the Group's long-term debt subject to floating interest rates as discussed in Note 15. The loan was fully settled in 2019.

The other financial instruments of the Group are noninterest-bearing and, therefore, not subject to interest rate risk.

The following table demonstrates the sensitivity of the Group's profit before tax due to a reasonably possible change in interest rates in the next reporting period with all other variables held constant. There is no other impact on the Group's equity other than those already affecting profit and loss.

	Increase/Decrease in Interest Rate	Effect on Income before Tax	Effect on Equity
December 31, 2018	+1.0%	(₱11,735)	(₱8,215)
	−1.0%	11,735	8,215
December 31, 2017	+1.0%	(12,565)	(8,796)
	−1.0%	12,565	8,796

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time. Management is responsible for liquidity, funding, as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The Group also maintains a balance between continuity of funding and flexibility. The policy of the Group is to first exhaust lines available from affiliated companies before local bank lines are availed. The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Also, the Group only places funds in the money market which are exceeding the Group requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted cash flows:

	(In Thousands)					
	December 31, 2019					
	On Demand	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	Total
Financial Liabilities						
Trade and other payables*	₱561,522	₱2,334,408	₱–	₱–	₱–	₱2,895,930
Customers' deposits	83,927	–	–	–	192,877	276,804
Advances from related companies	356,542	–	–	–	–	356,542
	₱1,001,991	₱2,334,408	₱–	₱–	₱192,877	₱3,529,276

**Excluding deposits from sale, unearned rent income, and statutory payables amounting to ₱2,716,105*

	(In Thousands)					
	December 31, 2018					
	On Demand	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	Total
Financial Liabilities						
Trade and other payables*	₱487,746	₱2,798,752	₱22,330	₱–	₱–	₱3,308,828
Long-term debt	–	8,448	8,498	274,977	5,982,098	6,274,021
Customers' deposits	3,592	–	–	–	266,111	269,703
Advances from related companies	245,252	–	–	–	–	245,252
	₱736,590	₱2,807,200	₱30,828	₱274,977	₱6,248,209	₱10,097,804

**Excluding deposits from sale, unearned rent income, and statutory payables amounting to ₱567,234.*

Capital Management

The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To manage or adjust the capital structure, the Group may obtain additional advances from stockholders, adjust the return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2019 and 2018. The Group monitors capital using the monthly cash position report and financial statements. The Parent Company is not subject to externally imposed capital requirements.

The components of the Group's capital are as follows:

	(In Thousands)	
	2019	2018
Layer I:		
Capital stock	₱2,842,174	₱2,842,174
Additional paid-in capital	12,769,730	12,769,730
	15,611,904	15,611,904
Layer II:		
Retained earnings - operating income	(1,906,374)	8,255,826
Parent Company's shares held by a subsidiary	(16,881,220)	(16,881,220)
Treasury shares	(1,214)	(1,214)
	(18,788,808)	(8,626,608)

	(In Thousands)	
	2019	2018
(Forward)		
Layer III:		
Unrealized valuation gain on club shares for sale	₱25,057,294	₱22,891,678
Revaluation surplus	3,577,428	3,103,638
Accumulated remeasurement gain on retirement liability	40,957	45,350
Retained earnings - gain on fair value change of investment properties	54,563,938	36,277,781
Retained earnings - others	761,887	761,887
	84,001,504	63,080,334
Total capital	₱80,824,600	₱70,065,630

- Layer I is composed of the Group's contributed capital;
- Layer II is composed of income from operations, excess of acquisition price over acquired interest and treasury shares; and
- Layer III is composed mainly of income from fair value changes of investment properties and unrealized valuation gain on club shares for sale.

25. Fair Value Measurements

The following table provides the fair value hierarchy of assets and liabilities measured at fair value:

		(In Thousands)				
		December 31, 2019				
				Fair value measurement using		
	Note	Carrying Amount	Fair Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at Fair Value						
Financial Assets -						
Club shares for sale	10	₱33,558,900	₱33,558,900	₱–	₱33,558,900	₱–
Nonfinancial Asset -						
Investment properties	11	54,642,253	54,642,253	–	–	54,642,253
Serviced residences	12	8,769,657	8,769,657	–	–	8,769,657
Aircrafts	12	1,566,036	1,566,036	–	–	1,566,036
Fair Values are Disclosed						
Financial Asset -						
Loans and receivables - Noncurrent trade receivables	13	38,799	38,799	–	–	38,799
Financial Liability -						
Customers' deposits	18	276,804	276,804	–	–	276,804

		(In Thousands)				
		December 31, 2018				
				Fair value measurement using		
	Note	Carrying Amount	Fair Value	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
Measured at Fair Value						
Financial Assets -						
Club shares for sale	10	₱31,036,085	₱31,036,085	₱–	₱31,036,085	₱–
Non-financial Asset -						
Investment properties	11	47,675,812	47,675,812	–	–	47,675,812
Serviced residences	12	8,149,852	8,149,852	–	–	8,149,852
Aircrafts	12	1,636,459	1,636,459	–	–	1,636,459
Fair Values are Disclosed						
Financial Asset -						
Loans and receivables - Noncurrent trade receivables	13	12,424	12,424	–	–	12,424
Financial Liability -						
Customers' deposits	18	269,703	269,703	–	–	269,703

The following methods and assumptions were used to determine the fair value of each class of financial instrument for which it is practicable to estimate such value.

Financial Assets (Excluding Club Shares for Sale, Noncurrent Trade Receivables and Customers' Deposits). Due to the short-term nature of these financial assets, the fair values approximate the carrying amount as at reporting date.

Club Shares for Sale. The fair values of club shares for sale were determined based on the current cash selling price to third parties.

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 11.

Serviced Residences. The fair values of the serviced residences were based on valuations performed by accredited independent appraisers, as discussed in Note 12.

Aircrafts. As at December 31, 2019, the management has assessed that the carrying amount of the acquired aircrafts approximates its fair value. The fair value of the aircrafts as at December 31, 2018 was based on valuation performed by accredited independent appraisers, as discussed in Note 12.

Noncurrent Trade Receivables. The fair values of noncurrent trade receivables were determined by discounting the principal amounts using risk-free interest rates.

Customers' Deposits. The fair values of customers' deposit were determined by discounting the principal amount using risk-free interest rates.

26. Commitments and Contingencies

Commitments

The Group entered into various construction contracts for the development of its projects (see Note 8). Total advances to contractors amounted to ₱429.6 million and ₱560.2 million as at December 31, 2019 and 2018, respectively (see Notes 8 and 13).

The significant construction contracts that gave rise to the advances are as follows:

	(In Thousands)		
Subsidiary	2019	2018	Nature
ABMLHI	₱203,827	₱151,716	Supply of labor, materials, equipment and all related construction works for Alphaland Baguio Mountain Lodges Project
AMPI	98,009	₱280,925	Civil, structural, masonry works and supply and installation of materials for Alphaland Makati Place

Retention Payable

Retention payable is based upon specifically identified construction contracts that stipulate the right of the Group to retain a portion of the progress billings of contractors. Depending on the terms of the contract, all retention payable shall be released to contractors upon 100% completion and acceptance of works normally within one year after completion. Total retention payable amounted to ₱379.6 million and ₱409.0 million as at December 31, 2019 and 2018, respectively (see Note 14). Significant contract with retention clause arises from the civil, structural and masonry works for Towers 1 to 3 and the construction of the Podium.

Contingencies

As a result of the dispute between the Group and with the WG (see Note 16), the cases have been filed against each other. However, the agreement signed by the major shareholders of ALPHA, as discussed in Note 1, includes the transfer of the Group's interest in ABCC, AMC and AMCI including the assumption by BDC of the responsibility of handling all litigation and/or settling all disputes with the WG.

Deficiency VAT Assessment for ASTI and AMPI. The Bureau of Internal Revenue (BIR) issued a Final Decision on Disputed Assessment (FDDA) to ASTI and AMPI on June 20, 2016 covering the taxable year 2014 amounting to ₱30.9 million. ASTI and AMPI filed their respective motions for reconsideration, which were subsequently denied by the BIR. ASTI and AMPI elevated the cases to the Court of Tax Appeals (CTA).

For the case against ASTI, in a Decision dated December 13, 2019, the CTA dismissed ASTI's petition. ASTI moved for reconsideration, which was denied by the CTA. ASTI's appeal is currently pending before the CTA En Banc, which is currently pending decision.

For the case against AMPI, in a Decision dated January 15, 2020, the CTA decided in favor of AMPI and cancelled the Commissioner of Internal Revenue's Decision holding AMPI liable for deficiency VAT (and compromise penalty) for the period of January 1, 2014 and June 30, 2014. The Commissioner of Internal Revenue moved for reconsideration, which is pending resolution by the CTA.

Other Legal Cases. There are certain lawsuits and claims filed by third parties against the Group which are either pending decision by the proper judicial bodies or under negotiation, the outcome of which are presently undeterminable. In the opinion of the Group's management, the ultimate disposition of these cases, disputes and assessments will not have a material adverse effect on the financial position or results of operations of the Group.

27. Note to Consolidated Statements of Cash Flows

The Group's noncash activities are presented below:

		(In Thousands)		
	Note	2019	2018	2017
Land-for-share swap:				
Club shares for sale	10	₱100,000	₱–	₱–
Investment properties	11	100,000	–	–
Recognition of:	18			
ROU assets		19,482	–	–
Lease liabilities		19,482	–	–
Transfers from land and development costs to:	7			
Property and equipment	12	–	2,115,863	–
Investment properties	11	–	–	2,425,353
Transfers from investment properties to:	11			
Land and development costs	7	–	653,310	327,319
Property and equipment	12	–	2,244	19,471
Forfeited sales:				
Land and development costs	7	–	172,493	–
Parking lots for sale	7	–	12,497	–
Club shares for sale	10	–	2,790	–
Cancelled sale -				
Land and development costs	7	–	57,222	–

The reconciliation of the Group's liabilities arising from financing activities is presented below:

	(In Thousands)			
	2018	Cash Flows	Noncash Flows	2019
Long-term debt	₱6,198,931	(₱5,322,427)	(₱876,504)	₱–
Finance cost	188,291	(330,808)	157,636	15,119
Advances from related companies	245,252	111,290	–	356,542
Other noncurrent liabilities	29,910	351	19,482	49,743
	₱6,662,384	(₱5,541,594)	(₱699,386)	₱421,404

	(In Thousands)			
	2017	Cash Flows	Noncash Flows	2018
Long-term debt	₱6,596,620	(₱411,116)	₱13,427	₱6,198,931
Finance cost	15,376	(296,078)	468,993	188,291
Advances from related companies	81,764	163,488	-	245,252
Other noncurrent liabilities	20,118	9,792	–	29,910
	₱6,713,878	(₱533,914)	₱482,420	₱6,662,384

Legal Counsel

Angara Abello Concepcion Regala & Cruz Law Offices

Ponferrada & San Juan Law Offices

Vicente T. Verdadero and Partners

Mario A. Oreta and Partners

Independent Public Accountants

Reyes Tacandong & Co.

Banks

Philippine Bank of Communications

Banco De Oro Unibank, Inc.

East West Banking Corporation

Maybank Philippines, Inc.

Philippine National Bank

Sterling Bank of Asia

United Coconut Planters Bank

Bank of the Philippine Islands

Stock Transfer Agent

AB Stock Transfers Corporation

Annual Report 2019

Alphaland Makati Place
7232 Ayala Avenue Ext.,
Makati City 1209,
Philippines

T: +632.5337.2031
E: info@alphaland.com.ph

www.alphaland.com.ph