

# COVER SHEET

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SEC Registration Number

A L P H A L A N D C O R P O R A T I O N

(Company's Full Name)

A L P H A L A N D M A K A T I P L A C E , 7 2 3 2

A Y A L A A V E . E X T . C O R . M A L U G A Y S T .

M A K A T I C I T Y

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

Cristina B. Zapanta

(Contact Person)

(632) 5-337-2031

(Company Telephone Number)

1 2

Month Day  
(Fiscal Year)

3 1

1 7 - 3 Q

(Form Type)

0 5

Month Day  
(Annual Meeting)

2 9

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

89

Total No. of Stockholders

nil

Domestic

Not Applicable

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended September 30, 2020

2. Commission identification number 183835

3. BIR Tax Identification No 001-746-612-000

**ALPHALAND CORPATION**

4. Exact name of issuer as specified in its charter

**Philippines**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code   (SEC Use Only)

**Alphaland Makati Place, 7232 Ayala Avenue  
corner Malugay St. Makati City**

7. Address of issuer's principal office

**1232**  
Postal Code

**(632) 337-2031**

8. Issuer's telephone number, including area code

**NA**

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common</b>	27,008,992,670 (exclusive of 423,900 in treasury)
<b>Liabilities</b>	P-

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

Yes [ ☐ ] No [ ☒ ]

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

\_\_\_\_\_

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ ☒ ] No [ ☐ ]

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

Yes [ ☒ ] No [ ☐ ]



## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

Attached herein, as Exhibit 1, are the unaudited consolidated interim financial statements of Alphaland Corporation ("ALPHA" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at, and for the quarterly period ended September 30, 2020 with comparative figures as at December 31, 2019 and for the quarterly period ended September 30, 2019 and selected Notes to the Consolidated Interim Financial Statements.

The interim consolidated financial statements of the Group and Notes thereto, which form part of this report should be read in conjunction with the audited financial statements of the Group as at and for the year ended December 31, 2019. Such financial statements and notes thereto have been prepared in compliance with accounting principles generally accepted in the Philippines ("GAAP") as set forth in Philippine Financial Reporting Standards ("PFRS"). The Group's financial statements are presented in the functional currency of Philippine pesos, except when otherwise indicated.

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **Description of Business**

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 Alphaland Makati Place, 7232 Ayala Ave. ext. cor. Malugay Street, Makati City.

#### **Business Development**

On November, 19, 1990, the Company was incorporated as Agro Plastics, Inc under Securities and Exchange Commission No. 18385 with Pioneer Ventures, Inc. as the controlling shareholder. Until 1994, the Company's sole business was to supply the requirements of the Lapanday Group's banana plantations.

Sometime in March 1995, the Company was sold to Macondray & Co., Inc. ("MCI") and was subsequently renamed Macondray Plastics, Inc. (MPI). In 1997, the Company embarked on a program to reduce its total dependence on the banana industry by further expanding its customer base to commercial/industrial accounts. In November 2000, the Company braved the sluggish stock market and became the first Davao-based, Davao-oriented company to list in the Philippine Stock Exchange ("PSE" or the "Exchange"). The proceeds of the initial public offering were used to expand the Company's production capacity and capabilities. In September 2009, the Company decided to spin off the operations and maintenance of its plastics manufacturing interest to a separate juridical entity. Thus, Macondray Plastics Products, Inc. (MPPI) was then incorporated and registered with the SEC on September 25, 2009 and became a wholly owned subsidiary of the Company. Immediately thereafter, a deed of conveyance was executed on October 13, 2009 where the Company shall transfer all of its assets and liabilities relating to the plastics manufacturing interest to MPPI with effect upon the approval by the SEC of MPPI's application for increase in authorized capital stock (the "Assignment"). Accordingly, MPPI assumed the management of the Company's plastic products manufacturing operations and absorbed all the employees of the Company who were all connected to the plastics manufacturing business at that time.

On October 1, 2009, a Share Purchase Agreement (the "SPA") was executed between RVO Capital Ventures Corporation ("RVO Capital") and MCI. The transaction involves the acquisition by RVO Capital of MCI's 99,444,000 shares in the Company which represents MCI's entire interest in the Company. Since MCI's interest represents approximately 66% of the Company's outstanding capital stock, the acquisition thereof triggered the application of the mandatory tender offer rule of the Securities Regulation Code ("SRC"). After the conduct of the tender offer, RVO Capital acquired a total of 142,656,748 shares representing 95% of the Company's then issued and outstanding capital stock.



On November 18, 2009, the Company and all the stockholders of Alphaland Development, Inc. (ADI) entered into a Share Swap Agreement (SSA) for a share-for-share swap of all of ADI's issued and outstanding shares (as well as existing shareholders' advances/deposits for future stock subscriptions) in exchange for new shares to be issued by ALPHA. Each ADI share was exchanged for approximately 5.08 ALPHA shares, or a total of 1,269,734,041 shares of ALPHA. After the share-for-share swap, ADI became a wholly owned subsidiary of ALPHA thereby allowing the diversification into the property development sector. In view of the foregoing, the Company applied for the amendment of its Articles of Incorporation involving the (a) change in corporate name from "Macondray Plastics, Inc." to "Alphaland Corporation", (b) change in primary purpose from plastics manufacturing to that of a holding company, (c) change in principal place of business from Davao City to Makati City, and (d) increase in its authorized capital stock from P400.0 million to P5.0 billion, among others. These amendments were approved by the SEC on April 7, 2010.

On December 23, 2010, ALPHA signed a Memorandum of Understanding ("MOU") with Macondray Philippines Co., Inc. ("MPCI"), where the latter is offering to buy ALPHA's entire interest in MPPI upon completion of the Assignment and which ALPHA accepted for a reasonable consideration to be determined nearer to the Assignment.

On April 29, 2011, the SEC approved the increase in authorized capital stock of MPPI that completed the Assignment and total spinoff of MPPI. It paved the way for the Company's eventual sale of MPPI to MPCI. A Deed of Absolute Sale was executed on October 28, 2011 for a consideration of P254.0 million.

For the past three years, the Company does not have any bankruptcy, receivership or similar proceedings.

The Company has likewise not undergone any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business for the past three years.

### **Business of the Company**

ALPHA's Significant Legal Subsidiaries as at September 30, 2020:

- a) *Alphaland Balesin Island Resort Corporation (ABIRC)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on May 26, 2010. ABIRC's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, and exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.

ABIRC has investment in preferred shares of Alphaland Balesin Island Club, Inc. (ABICI).

- b) *Alphaland Southgate Tower, Inc. (ASTI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on May 29, 2007. On October 15, 2015, the Philippine SEC approved the change in corporate name from "Alphaland Development, Inc." to "Alphaland Southgate Tower, Inc." ASTI's primary purpose is to engage in real property acquisition and development. ASTI's main property is a 20-storey office tower building with a six-storey podium shopping mall known as Alphaland Southgate Tower. In March 2019, ASTI sold the Alphaland Southgate Tower property for nearly four times of its cost.

- c) *Alphaland Makati Place, Inc. (AMPI)*, 100%-owned by ADI, was incorporated in the Philippines and registered with the Philippine SEC on March 6, 1991 as Silvertown Property Development Corporation. On February 26, 2010, the Philippine SEC approved the change in corporate name from "Silvertown Property Development Corporation" to "Alphaland Makati Place, Inc."

AMPI's primary purpose is to acquire by exchange of shares, purchase, lease that specific property described as three storey building with basement of strong materials together with the warehouse, other land improvements and machinery and equipment as well as the leasehold rights on the land, which is situated at Ayala Avenue corner Malugay Street, Makati, Metro Manila.





AMPI entered into a joint venture with Boy Scouts of the Philippines (BSP) to develop the Malugay Property into a first class commercial development now known as Alphaland Makati Place. It is a mixed-use property development consisting of three (3) high end residential towers atop an upscale six-storey podium with a shopping center and a City Club, including a Boy Scout Convention Center. In 2017, the Group changed its intention to lease Tower 3 to third parties instead of selling it as a condominium unit.

AMPI has investment in preferred shares of The City Club at Alphaland Makati Place, Inc. (TCCAMPI).

- d) *Alphaland Baguio Mountain Log Homes, Inc. (ABMLHI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on January 17, 2013 as Alphaland Holdings Company, Inc. On September 7, 2016, the Philippine SEC approved the change in corporate name from "Alphaland Holdings Company, Inc." to "Alphaland Baguio Mountain Log Homes, Inc."

ABMLHI's primary purpose is to deal and engage in the real estate business in all its aspects; to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent, or otherwise deal in and dispose of, for itself or for others, all kinds of real estate projects, involving commercial, industrial, urban, residential or other kinds of real property, improved or unimproved, with or to such persons and entities and under such terms and conditions as may be permitted by law.

- e) *Alphaland Balesin International Gateway, Inc. (ABIGI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the SEC on May 19, 2010, and primarily engaged to invest in, purchase or otherwise acquire and own, hold use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.
- f) *Alphaland Aviation, Inc. (AAI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on July 31, 2012 and is primarily engaged in the aviation industry and its related businesses, including but not limited to, the provision of hangarage and moorage, parking and landing operations, aircraft maintenance, supply of parts, oils, and lubricants and other related businesses.
- g) *Alphaland Baguio Mountain Log Homes, Inc. (ABMLHI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on January 17, 2013 and its primary purpose is to purchase, own and hold the stock of other corporations, and to do every act and thing covered generally by the denomination of "holding corporation," especially to direct the operations of other corporations through the ownership of stock therein.
- h) *The Alpha Suites, Inc. (TAS)*, 100%-owned by AMPI, was incorporated in the Philippines and registered with the Philippine SEC on June 11, 2018 primarily to deal and engage in the real estate business in all its aspects; to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent, lease or otherwise deal in and disclose of, for itself or for others all kinds of real estate projects. In 2018, the Company started its commercial operations catering the serviced residences activity of AMPI using a number of its condominium units.
- i) *Alphaland Balesin International Gateway, Inc. (ABIGI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the SEC on May 19, 2010 as Aklan Boracay Properties Inc. On October 17, 2016, the Philippine SEC approved the change in the Company's corporate name from "Aklan Boracay Properties, Inc." to "Alphaland Balesin Gateway, Inc." On April 10, 2018 the Philippine SEC approved the further change in the Company's corporate name from "Alphaland Balesin Gateway, Inc." to "Alphaland Balesin International Gateway, Inc." ABIGI's primary purpose is to invest in, purchase or otherwise acquire and own, hold use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.



- j) *Alphaland Aviation, Inc. (AAI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on July 31, 2012 and is primarily engaged in the aviation industry and its related businesses, including but not limited to, the provision of hangarage and moorage, parking and landing operations, aircraft maintenance, supply of parts, oils, and lubricants and other related businesses.
- k) *Alphaland Aviation-Pampanga, Inc.*, 100%-owned by AAI, was incorporated and registered with the Philippine SEC on December 5, 2016 primarily to engage in aviation industry and its related businesses, including but not limited to, the provision of hangarage and moorage, parking and landing operations, aircraft maintenance, supply of parts, oils, and lubricants and other related businesses.
- l) *Aegle Wellness Center, Inc. (AWCI)*, 100%-owned by ALPHA, incorporated and registered with the Philippine SEC on September 28, 2015 primarily to provide diagnostic, therapeutic and naturopathic services using formulated herbal supplements and natural health products and sale of such herbal supplements.
- m) *Aegle Drugstore, Inc.*, 100%-owned by AMPI, was incorporated and registered with the Philippine SEC on December 22, 2017 primarily to engage in the business of retailing or wholesaling of pharmaceutical products, medicines, foodstuffs and groceries.
- n) *Alphaland Reclamation Corporation (ARC)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on April 5, 2011, and primarily engaged in the construction of reclamation projects and to contract for and perform reclamation works.
- o) *2258 Blue Holdings, Inc. (Blue Holdings)*, 100%-owned by ASTI, was incorporated in the Philippines and registered with the Philippine SEC on November 17, 2012 and its primary purpose is to purchase, own and hold the stock of other corporations, and to do every act and thing covered generally by the denomination of "holding corporation," especially to direct the operations of other corporations through the ownership of stock therein.
- p) *Alphaland Southgate Restaurants, Inc. (ASRI)*, 100%-owned by ASTI, was incorporated in the Philippines and registered with the Philippine SEC on March 28, 2011 as Alphaland Ukiyo, Inc. It was renamed as ASRI on June 27, 2013. Its primary purpose is to establish, maintain and operate restaurants, coffee shops, refreshment parlors and cocktail lounge. ADI initially subscribed to 4,999,998 common shares of ASRI representing 50% of its outstanding shares in March 2011, which was then accounted for as an associate. In September 2013, ADI purchased the other 50% from existing shareholders for P3.3 million. Consequently, ASRI became a 100%-owned subsidiary effective September 2013.
- q) *Alphaland International, Inc. (AII)*, 100%-owned by ADI, was incorporated in the Philippines and registered with the Philippine SEC on January 29, 2014 and its primary purpose is to sell assets, including club shares and condominium units of the Group outside the Philippine market.
- r) *Choice Insurance Brokerage, Inc. (CIBI)*, 70%-owned by Blue Holdings, was incorporated in the Philippines and registered with the SEC on November 6, 2012, and is primarily engaged to, conduct, carry on and maintain insurance business, to act as a broker, and to do other related activities. In 2012, Blue Holdings subscribed to 70% of CIBI's shares of stock for a cash consideration of P14.0 million. In 2013, CIBI issued additional 2,500,000 shares of stock to its shareholders at par value to maintain the required capitalization needed for its application as an insurance broker.
- s) *Alphaforce Security Agency, Inc. (ASAI)*, 80%-owned by ALPHA, was incorporated and registered with the Philippine SEC on March 18, 2011 primarily to engage in the business of providing security and investigation services to private institutions and government organizations.

ALPHA initially subscribed to 79,999 common shares of ASAI representing 40% of its outstanding shares in March 2011, which was then accounted for as an associate. In October 2017, ALPHA



purchased additional 79,999 common shares from an existing shareholder for P11.2 million increasing its ownership of ASAI to 80%.

### **Plan of Operation**

The Group generates funds primarily from sale of Baguio Mountain Lodges and Balesin Private Villas; from leasing operations of Alphaland Makati Place Corporate Tower and Mall; and from operation of serviced residences of The Alpha Suites that commenced during the first half of the year 2018. The leasing operations and The Alpha Suites provide recurring cash flows for the Group.

The Group also generates funds through secondary sale of membership shares of the completed Club projects, namely, Alphaland Balesin Island Club and The City Club at Alphaland Makati Place.

In March 2019, ASTI sold its Alphaland Southgate Tower property at nearly four times of its cost. The proceeds was used to pay off all of ALPHA's bank debts and ended the year with zero bank debt and almost half a billion pesos in cash. Additionally, ALPHA has an unutilized P3 billion bank line from Philippine Bank of Communications to fund the Group's expansion projects going forward. While the Group has lost rental income from its Alphaland Southgate Tower, the Group was able to eliminate about P1 billion in debt service, which has a dramatic positive impact on the Group's financial performance for 2019 and beyond.

The Alphaland Baguio Mountain Lodges, a master-planned development of authentic log homes spread out over 87 hectares of rolling mountains and terrain, just 15 minutes away from Baguio City proper continued to progress. There are five designs and floor plans to choose from, and the homes are sited to maximize the views of the surrounding pine-forested mountains. The entire property is secured by a perimeter fence. The Clubhouse, along with the first 32 single-family homes, has been completed. The quadruplex multi-family lodges of 2 and 3 bedrooms, which consist of some 15 structures for a total of 60 home units, is sold for about half the price of the single family units and is already generating brisk market interest.

The most significant project that broke ground in December 2018 is the Alphaland Balesin International Gateway on Patnanungan Island in Quezon. Alphaland has acquired 753 hectares of land in Patnanungan Island for the purpose of building a full international airport facility which will accommodate even Boeing 747s. With the establishment of Balesin Gateway International Airport, international members and guests will be able to bypass the congestion of NAIA in Manila and fly directly to Balesin from Tokyo, Seoul, Taipei, Hongkong, Bangkok, Singapore, Jakarta and Sydney, all cities that will be the target of Alphaland's aggressive international marketing of Balesin Island Club in 2017. Along with the plan for full international airport, Alphaland plans to build an 18-hole championship golf course and a 300-room hotel, as well as 500 beachfront and golf course homes. The entire project will take 3 to 4 years to complete.

The Group is looking forward to a strong operating performance towards yearend 2020 despite of the adverse effects of the covid-19 pandemic in its operations as well as in worldwide economy. The Alphaland Corporate Tower is 100% leased at a record amount per square meter, while The Alpha Suites, in only two years has been consistently rated as the no. 1 hotel in Metro Manila by TripAdvisor. Both operations are strongly contributing to the company's cash flows.



**Financial Condition**

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Amounts in Thousands, Except for Book Value per Share)**

	September 30, 2020 Unaudited	December 31, 2019 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P417,848	P494,184
Trade and other receivables	1,322,491	1,589,758
Land and development costs and parking lots for sale	3,420,120	3,310,222
Advances to related companies	3,813,763	3,527,104
Club shares for sale	1,062,311	1,062,311
Other current assets	1,420,507	1,337,541
Total Current Assets	11,457,040	11,321,120
<b>Noncurrent Assets</b>		
Investment in and advances to an associate	12,349	12,349
Club shares for sale - net of current portion	32,446,925	32,496,589
Investment properties	54,849,148	54,642,253
Property and equipment	10,892,268	10,698,168
Other noncurrent assets	114,521	198,764
Total Noncurrent Assets	98,315,211	98,048,123
	P109,772,251	P109,369,243
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	P5,853,507	P5,612,035
Advances from related companies	191,456	356,542
Customers' deposits	83,632	83,927
Income tax payable	473,409	505,775
Total Current Liabilities	6,602,004	6,558,279
<b>Noncurrent Liabilities</b>		
Customers' deposits - net of current portion	200,728	192,877
Retirement liability	66,873	65,784
Net deferred tax liabilities	21,581,520	21,672,232
Other noncurrent liabilities	576,543	49,743
Total Noncurrent Liabilities	22,425,664	21,980,636
Total Liabilities	29,027,668	28,538,915

(Forward)



	September 30, 2020 Unaudited	December 31, 2019 Audited
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock	₱2,842,174	₱2,842,174
Additional paid-in capital	12,769,730	12,769,730
Retained earnings	53,312,188	53,419,451
Other comprehensive income:		
Cumulative unrealized valuation gains on club shares for sale	25,020,337	25,057,294
Revaluation surplus	3,638,769	3,577,428
Accumulated remeasurement gain on retirement liability	39,797	40,957
	97,622,995	97,707,034
Less:		
Parent Company's shares held by a subsidiary	16,881,220	16,881,220
Cost of treasury shares	1,214	1,214
	80,740,561	80,824,600
Noncontrolling interests	4,022	5,728
Total Equity	80,744,583	80,830,328
	₱109,778,929	₱109,369,243
Book value per share	₱6.129	₱5.546

#### September 30, 2020 vs. December 31, 2019

##### *15% decrease in cash and cash equivalents*

Cash and cash equivalents were significantly lower by 15% or ₱76.3 million due to higher net cash used by the Group to its operation.

##### *19% decrease in trade and other receivables*

Trade and other receivables significantly decreased by 19% or ₱267.3 million due to increased collection efficiency during the year. Limited sales on account of log homes and villas for the nine months ended September 30, 2020 due to COVID-19 pandemic also contributed to the decrease.

##### *3% increase in land and development costs and parking lots for sale*

Land and development costs and parking lots for sale increased by 3% or ₱109.9 million due to additional costs to complete the villas and log homes.

##### *8% increase in advances to related companies*

Advances to related companies increased by 8% or ₱286.7 million due to additional advances to the Clubs for working capital requirements.

##### *0.2% decrease in club shares for sale*

Club shares for sale decreased by 0.2% or ₱49.7 million due to sale of club shares held by ABIRC and AMPI.

##### *0.4% increase in investment properties*

Increase in investment properties mainly pertains to the forfeited TRMP units at cost plus fair value changes.

94



*2% increase in property and equipment*

Property and equipment increased by 3% or ₱194.1 million mainly due to effect of PFRS 16, Leases, in which AAI, as a lessee, recognized an asset representing the right to use the leased hangar and aircrafts. The amount is net of depreciation expense of the Group.

*4% increase in trade and other payables*

Trade and other payables increased by 4% or ₱241.5 million due to increase in construction-related payable during the nine-months ended September 30, 2020.

*46% decrease in advances from related companies*

Advances from related companies decreased by 46% or ₱165.1 million due to settlement of various advances from affiliates.

*1059% increase in other noncurrent liabilities*

Other noncurrent liabilities were significantly higher by 1059% due to recognition of deferred output tax related to the receivables of ABIRC from sale of Balesin villas in 2019 and recognition of lease liability by AAI as effect of PFRS 16.

*0.2% increase in retained earnings*

This pertains to the net effect of net loss and reclassification adjustments on disposal of club shares amounting to ₱113.7 million and ₱6.4 million, respectively, during the year.

*0.1% decrease cumulative unrealized valuation gains on club shares for sale*

Cumulative unrealized valuation gains on club shares for sale decreased by 0.1% or ₱33.5 million due to sale of club shares held by ABIRC and AMPI.



## Results of Operation

### ALPHALAND CORPORATION AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except for Earnings per Share)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>REVENUES</b>				
Real estate sold	P66,591	P147,485	P167,377	P698,196
Rental income	174,500	280,082	443,560	720,307
Service income	102,372	62,941	318,181	391,752
Interest income	4,338	5,296	14,164	18,795
Others	19,249	19,586	33,519	52,457
	367,050	515,390	976,801	1,366,117
<b>COSTS AND EXPENSES</b>				
Cost of services	56,824	56,697	286,410	373,188
Cost of real estate sold	29,585	63,374	63,122	408,570
General and administrative	492,418	241,455	910,991	788,970
	578,827	361,526	1,260,523	1,209,202
<b>OTHER INCOME (EXPENSES)</b>				
Gain on fair value changes of investment properties	90,101	—	90,101	—
Net accounting loss on sale of Southgate	—	—	—	(7,003,266)
Finance costs	—	—	—	(190,870)
Other gains (losses) - net	51,926	(64,245)	52,642	(65,340)
	142,027	(64,245)	142,743	(7,259,476)
<b>INCOME BEFORE INCOME TAX</b>	(69,750)	89,619	(140,979)	(6,948,698)
<b>INCOME TAX EXPENSE (BENEFIT)</b>				
Current	(70,230)	—	(61,731)	665,468
Deferred	36,148	—	36,148	(2,772,613)
	(34,083)	—	(25,583)	(2,107,145)
<b>NET INCOME (LOSS)</b>	(35,667)	89,619	(115,396)	(4,841,553)
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Not to be reclassified to profit or loss in subsequent years:</i>				
Revaluation increase	87,630	—	87,630	—
Income tax effect	(26,289)	—	(26,289)	—
	61,341	—	61,341	—
Unrealized valuation gain on club shares for sale	8,088	—	(5,412)	(8,000)
Income tax effect	(1,213)	—	812	1,200
	6,875	—	(4,600)	(6,800)
Remeasurement gain(loss) on retirement liability	(543)	—	(1,160)	—
	67,672	—	55,581	(6,800)
<b>TOTAL COMPREHENSIVE INCOME</b>	P32,005	P89,619	(P59,815)	(P4,848,353)
Net income attributable to:				
Equity holders of the Parent Company	(P34,183)	P89,619	(P113,691)	(P4,840,443)
Noncontrolling interests	(1,484)	—	(1,705)	(1,110)
	(P35,667)	P89,619	(P115,396)	(P4,841,553)
Total comprehensive income attributable to:				
Equity holders of the Parent Company	P33,489	P2,241,786	(P58,110)	(P4,847,243)
Noncontrolling interests	(1,484)	—	(1,705)	(1,110)
	P32,005	P2,241,786	(P59,815)	(P4,848,353)



**For the Three Months Ended September 30, 2020 vs. for the Three Months Ended September 30, 2019**

*29% decrease in revenues and 60% increase in costs and expenses*

The consolidated revenues of the Group for the three months ended September 30, 2020 amounted to ₱367.1 million, 29% lower compared to the same period last year. The consolidated costs and expenses of the Group for the three months ended September 30, 2020 amounted to ₱578.8 million, 60% higher compared to the same period last year.

Real estate sales and cost of real estate sold

Real estate sales and cost of real estate sold were significantly lower by 55% or ₱80.9 million and 53% or ₱33.8 million, respectively, due to decrease in the number of sold Baguio log homes and Balesin villas for the three months ended September 30, 2020.

Rental and service income and cost of services

Rental income was significantly lower by 38% or ₱24.5 million due to decrease in the number of tenants of AMPI owing to the pandemic. Service income was significantly higher by 63% or ₱39.4 million due to increased occupancy rate of the Alpha Suites and increased clients of Aegle Wellness.

General and administrative expenses

General and administrative expenses was significantly higher by 104% or ₱250.9 million due to the written off receivables of AMPI and the recognition of association dues, including those in prior years, of Alpha Suites and AMPI.

Other income (expenses)

*100% increase in gain on fair value changes of investment properties*

This pertains to the gain on fair value changes of the forfeited TRMP units. Appraisal of investment properties of the Group is normally conducted during the last quarter of year.

*181% increase in other gains (losses) – net*

Increase mainly pertains to the reversal of various payables of ASTI related to its operation in prior years.

Revaluation increase

This pertains to the revaluation surplus in prior year which was only recognized this year.

**For the Nine Months Ended September 30, 2020 vs. for the Nine Months Ended September 30, 2019**

*48% decrease in revenues and 20% decrease in costs and expenses*

The consolidated revenues of the Group for the nine months ended September 30, 2020 amounted to ₱976.8 million, 48% lower compared to the same period last year. The consolidated costs and expenses of the Group for the nine months ended September 30, 2020 amounted to ₱1,260.5 million, 20% lower compared to the same period last year.

Real estate sales and cost of real estate sold

Real estate sales and cost of real estate sold were significantly lower by 76% or ₱530.8 million and 85% or ₱345.4 million, respectively, due to decrease in the number of sold Baguio log homes and Balesin villas for the nine months ended September 30, 2020 owing to the pandemic.

Rental and service income and cost of services

Rental income was significantly lower by 38% or ₱276.7 million due to sale of Southgate, which is being rented out as office and commercial spaces, and decrease in the number of tenants of AMPI. Service income was significantly lower by 19% or ₱73.6 million due to decreased number of flights of AAI to Balesin island and decrease in the occupancy rate of the Alpha Suites owing to the pandemic.

Correspondingly, the cost of services also decreased significantly by 23% or ₱86.8 million.



Interest income

Interest income was lower by 25% or ₱4.6 million attributable to the interest income from CTS financing of ABMLHI and the interest income from trust account of the Parent Company in 2019. The trust account was released in conjunction with the settlement of loan from BDO in 2019.

Others

Other income was lower by 36% or ₱18.9 million mainly due to decrease in other income generating activities of the Group.

General and administrative expenses

General and administrative expenses was significantly higher by 104% or ₱250.9 million due to the written off receivables of AMPI and the recognition of association dues, including those in prior years, of Alpha Suites and AMPI.

Other income (expenses)

*100.0% decrease in net accounting loss on sale of Southgate*

This pertains to the loss recognized arising from the sale Southgate in March 2019.

*100.0% decrease in finance costs*

Finance costs for the nine months ended September 30, 2020 amounted to nil since loans payable of the Group were fully settled in March 2019.

*181% increase in other gains (losses) – net*

Increase mainly pertains to the reversal of various payables of ASTI related to its operation in prior years.

Provision for income tax

Significant decrease in income tax expense (benefit) is due to net income tax benefit recognized arising from the sale of Southgate at loss.

Revaluation increase

This pertains to the revaluation surplus in prior year which was only recognized this year.

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## Comparative Key Performance Indicators

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
(a) Total comprehensive income attributable to equity holders of the Parent Company (in thousands)	(P58,111)	P10,688,482
(b) Weighted average number of shares outstanding	13,174,717,890	14,573,224,623
Basic/diluted earnings per share (a/b)	(P0.004)	P0.733
(a) Total equity (in thousands)	P80,744,583	P80,830,328
(b) Total number of shares outstanding at end of period	13,174,717,890	14,573,224,630
Book value per share (a/b)	P6.129	P5.546
(a) Total long-term debt (in thousands)	P-	P-
(b) Total equity (in thousands)	80,744,583	80,830,328
Debt-to-equity ratio (a/b)	P-	P-
(a) Total comprehensive income attributable to equity holders of the Parent Company (in thousands)	(P58,111)	P10,688,482
(b) Average total equity (in thousands)	80,787,456	75,450,233
Return on equity (a/b)	(P0.001)	P0.142

No material off-balance sheet transactions, arrangements, obligations, and other relationships of the Group with unconsolidated entities were created during the year.

As of September 30, 2020, except for what has been noted in the preceding:

- There are no known trends, events, or uncertainties that would have a material impact on the Group's liquidity;
- There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;
- There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons during the reporting period;
- The commitments for capital expenditures are those within the ordinary course of trade or business;
- There are no material changes or changes amounting to 5% of the relevant accounts or such lower amount which the Group deems material on the basis of other factors from period to period;
- There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- There are no significant elements of income or loss that did not arise from the Group's results of operations;
- There are no material changes in the financial statements of the Group; and
- There are no seasonal aspects that had a material effect on the financial statements or financial condition or results of the operations of the Group.

## Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, advances to related parties, loans payable and long-term debt. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has various financial instruments such as trade and other receivables, trade and other payables, customers' deposits and advances to and from related parties, which arise directly from its 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.

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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.

#### *Credit Risk*

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.

#### *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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt subject to floating interest rates. The other financial instruments of the Group are noninterest-bearing and, therefore, not subject to interest rate risk.

#### *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, management oversees liquidity and funding risks, and related processes and policies. 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 of. 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.





## PART II--OTHER INFORMATION

There are no disclosures not reported under SEC Form 17-C.

### SIGNATURES

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

Issuer : **Alphaland Corporation**

President :   
**Dennis O. Valdes**

Signature and Title : President

Date : NOV 17 2020

Principal Financial/Accounting Officer/Controller :   
**Cristina B. Zapanta**

Signature and Title : SVP - Finance

Date : NOV 17 2020

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**Exhibit 1:**

Unaudited Consolidated Interim Financial  
Statements as at and for the Three  
Months Ended September 30, 2020



**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Thousands, Except for Book Value per Share)

	September 30, 2020 Unaudited	December 31, 2019 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P417,848	P494,184
Trade and other receivables	1,322,491	1,589,758
Land and development costs and parking lots for sale	3,420,120	3,310,222
Advances to related companies	3,813,763	3,527,104
Club shares for sale	1,062,311	1,062,311
Other current assets	1,420,507	1,337,541
Total Current Assets	11,457,040	11,321,120
<b>Noncurrent Assets</b>		
Investment in and advances to an associate	12,349	12,349
Club shares for sale - net of current portion	32,446,925	32,496,589
Investment properties	54,849,148	54,642,253
Property and equipment	10,892,268	10,698,168
Other noncurrent assets	114,521	198,764
Total Noncurrent Assets	98,315,211	98,048,123
	P109,772,251	P109,369,243
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	P5,853,507	P5,612,035
Advances from related companies	191,456	356,542
Customers' deposits	83,632	83,927
Income tax payable	473,409	505,775
Total Current Liabilities	6,602,004	6,558,279
<b>Noncurrent Liabilities</b>		
Customers' deposits - net of current portion	200,728	192,877
Retirement liability	66,873	65,784
Net deferred tax liabilities	21,581,520	21,672,232
Other noncurrent liabilities	576,543	49,743
Total Noncurrent Liabilities	22,425,664	21,980,636
Total Liabilities	29,027,668	28,538,915

(Forward)

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	September 30, 2020 Unaudited	December 31, 2019 Audited
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock	P2,842,174	P2,842,174
Additional paid-in capital	12,769,730	12,769,730
Retained earnings	53,312,188	53,419,451
Other comprehensive income:		
Cumulative unrealized valuation gains on club shares for sale	25,020,337	25,057,294
Revaluation surplus	3,638,769	3,577,428
Accumulated remeasurement gain on retirement liability	39,797	40,957
	<b>97,622,995</b>	<b>97,707,034</b>
Less:		
Parent Company's shares held by a subsidiary	16,881,220	16,881,220
Cost of treasury shares	1,214	1,214
	<b>80,740,561</b>	<b>80,824,600</b>
Noncontrolling interests	4,022	5,728
<b>Total Equity</b>	<b>80,744,583</b>	<b>80,830,328</b>
	<b>P109,778,929</b>	<b>P109,369,243</b>
 Book value per share	 <b>P6.129</b>	 <b>P5.546</b>



**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Amounts in Thousands, Except for Earnings per Share)**

	Three Months Ended September 30		Nine Months Ended September 30	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>REVENUES</b>				
Real estate sold	P66,591	P147,485	P167,377	P698,196
Rental income	174,500	280,082	443,560	720,307
Service income	102,372	62,941	318,181	391,752
Interest income	4,338	5,296	14,164	18,795
Others	19,249	19,586	33,519	52,457
	367,050	515,390	976,801	1,366,117
<b>COSTS AND EXPENSES</b>				
Cost of services	56,824	56,697	286,410	373,188
Cost of real estate sold	29,585	63,374	63,122	408,570
General and administrative	492,418	241,455	910,991	788,970
	578,827	361,526	1,260,523	1,209,202
<b>OTHER INCOME (EXPENSES)</b>				
Gain on fair value changes of investment properties	90,101	—	90,101	—
Net accounting loss on sale of Southgate	—	—	—	(7,003,266)
Finance costs	—	—	—	(190,870)
Other gains (losses) - net	51,926	(64,245)	52,642	(65,340)
	142,027	(64,245)	142,743	(7,259,476)
<b>INCOME BEFORE INCOME TAX</b>	(69,750)	89,619	(140,979)	(6,948,698)
<b>INCOME TAX EXPENSE (BENEFIT)</b>				
Current	(70,230)	—	(61,731)	665,468
Deferred	36,148	—	36,148	(2,772,613)
	(34,083)	—	(25,583)	(2,107,145)
<b>NET INCOME (LOSS)</b>	(35,667)	89,619	(115,396)	(4,841,553)
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Not to be reclassified to profit or loss in subsequent years:</i>				
Revaluation increase	87,630	—	87,630	—
Income tax effect	(26,289)	—	(26,289)	—
	61,341	—	61,341	—
Unrealized valuation gain on club shares for sale	8,088	—	(5,412)	(8,000)
Income tax effect	(1,213)	—	812	1,200
	6,875	—	(4,600)	(6,800)
Remeasurement gain(loss) on retirement liability	(543)	—	(1,160)	—
	67,672	—	55,581	(6,800)
<b>TOTAL COMPREHENSIVE INCOME</b>	P32,005	P89,619	(P59,815)	(P4,848,353)
Net income attributable to:				
Equity holders of the Parent Company	(P34,183)	P89,619	(P113,691)	(P4,840,443)
Noncontrolling interests	(1,484)	—	(1,705)	(1,110)
	(P35,667)	P89,619	(P115,396)	(P4,841,553)
Total comprehensive income attributable to:				
Equity holders of the Parent Company	P33,489	P2,241,786	(P58,110)	(P4,847,243)
Noncontrolling interests	(1,484)	—	(1,705)	(1,110)
	P32,005	P2,241,786	(P59,815)	(P4,848,353)

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**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**(Amounts in Thousands)**

	For the Nine Months Ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
<b>CAPITAL STOCK</b>		
Balance at beginning and of period	P2,842,174	P2,842,174
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at beginning and end of period	12,769,730	12,769,730
<b>RETAINED EARNINGS</b>		
Balance at beginning of period	53,419,451	45,295,494
Net income (loss)	(113,691)	(4,840,443)
Reclassification adjustments on disposal of club shares for sale	6,428	27,440
Balance at end of period	53,312,188	40,482,491
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Cumulative Unrealized Valuation Gain on Club Shares for Sale</b>		
Balance at beginning of period	25,057,294	22,891,678
Reclassification adjustments on disposal of clubs hares for sale	(32,357)	(23,324)
Unrealized valuation gain	(4,600)	(6,800)
Balance at end of period	25,020,337	22,861,554
<b>Revaluation Surplus</b>		
Balance at beginning and end of period	3,638,769	3,103,638
<b>Accumulated Remeasurement Gain on Retirement Liability</b>		
Balance at beginning of period	40,957	45,350
Remeasurement loss	(1,160)	-
Balance at end of period	39,797	45,350
	28,698,903	26,010,778
<b>PARENT COMPANY'S SHARES HELD BY A SUBSIDIARY</b>		
Balance at beginning and end of period	(16,881,220)	(16,881,220)
<b>TREASURY SHARES</b>		
Balance at beginning and end of period	(1,214)	(1,214)
<b>NONCONTROLLING INTERESTS</b>		
Balance at beginning of period	5,727	4,508
Share in net income	(1,705)	(1,110)
Balance at end of period	4,022	3,398
	P80,744,583	P65,136,518



**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(P140,979)	(P6,948,698)
Adjustments for:		
Gain on fair value changes of investment properties	(90,101)	–
Net accounting loss from sale of Southgate	–	7,003,266
Depreciation and amortization	232,606	120,517
Finance costs	–	190,870
Interest income	(14,164)	(18,795)
Unrealized foreign exchange losses (gains)	7,439	(235)
Operating income before working capital changes	(5,199)	346,925
Decrease (increase) in:		
Trade and other receivables	267,267	405,499
Land and development costs and parking lots for sale	(109,899)	(255,582)
Other current assets	(2,966)	640,925
Increase in:		
Trade and other payables	241,471	1,894,057
Customers' deposits	7,553	122
Retirement liability	(72)	5,977
Net cash generated from (used for) operations	398,155	3,037,923
Income taxes paid	(97,493)	(376,186)
Interest received	14,164	18,795
Net cash provided by (used in) operating activities	314,826	2,680,532
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from:		
Sale of club shares for sale	79,302	47,052
Disposal of property and equipment	20,741	22,680
Decrease (increase) in:		
Advances to related companies	(286,658)	(868,438)
Other noncurrent assets	4,244	(149,322)
Investment properties	(116,794)	5,000,000
Net cash provided by (used in) investing activities	(299,165)	4,051,972
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Long-term debt	–	(6,198,930)
Finance costs	–	(190,870)
Increase (decrease) in:		
Advances from related companies	(165,086)	(760,160)
Other noncurrent liabilities	79,353	10,619
Net cash provided by (used in) financing activities	(85,733)	(7,139,341)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(7,439)	235
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(77,511)	(406,602)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
Cash and cash equivalents	494,184	110,157
Restricted cash	1,175	382,944
	495,359	493,101
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
Cash and cash equivalents	417,848	85,147
Restricted cash	–	1,352
	P417,848	P86,499