

COVER SHEET

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S.E.C. Registration Number

G T C A P I T A L H O L D I N G S , I N C .

(Company's Full Name)

4 3 r d F L O O R , G T T O W E R I N T E R N A -
T I O N A L A Y A L A A V E N U E C O R N E R H . V
D E L A C O S T A S T R E E T M A K A T I C I T Y

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

Renee Lynn M. Atienza

Contact Person

8 8 3 6 - 4 5 - 0 0

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Preliminary Information Statement

Form Type

Second Wednesday of May

Regular Meeting

Certificate of Permit to Offer Securities for Sale (Order #092)

Secondary License type, if applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes.



GT CAPITAL
HOLDINGS, INCORPORATED

Notice of Annual Stockholders' Meeting
May 17, 2021 at 2:00 p.m.
Virtual Annual Stockholders' Meeting

To all Stockholders:

Please take notice that the 2021 Annual Stockholders' Meeting of GT Capital Holdings, Inc. ("GT Capital" or the "Corporation") will be conducted virtually on May 17, 2021 at 2:00 p.m. Stockholders of record may watch and participate by following the registration process to be posted in the website of the Corporation, www.gtcapital.com.ph.

A G E N D A

1. Call to order
2. Certification of notice and quorum
3. Explanation of Voting Procedures
4. Approval of minutes of the Annual Stockholders' Meeting held on June 5, 2020
5. Annual Report for the Year 2020
6. General Ratification of the Acts of the Board of Directors, Executive Committee, and Management from the date of the last Annual Stockholders' Meeting up May 17, 2021
7. Election of Directors for 2021-2022
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange (PSE) on April 7, 2021 as the record date for the determination of stockholders entitled to notice of and to vote at such meeting and any adjournment thereof.

To ensure the safety and well-being of our shareholders in light of the current circumstances, GT Capital shall allow attendance and participation only by remote communication, voting in absentia, or through the Chairman of the meeting as proxy.

Those who shall participate by remote communication may notify the Corporate Secretary by sending an e-mail to ASM2021@gtcapital.com.ph or go through the registration process to be posted in the Corporation's website, www.gtcapital.com.ph. Those who shall participate by proxy shall accomplish the attached proxy form and return the same by e-mail to the office of the Corporate Secretary at proxies@gtcapital.com.ph on or before 5:00 p.m. on May 7, 2021.

Makati City, March 26, 2021.

BY THE ORDER OF THE BOARD OF DIRECTORS

ANTONIO V. VIRAY
Corporate Secretary
GT CAPITAL HOLDINGS, INC.

PROXY

The undersigned stockholder of GT Capital Holdings, Inc. (the "Corporation") hereby appoints _____ or in his absence, the Chairman of the meeting, as *attorney and proxy*, with the power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Corporation on **May 17, 2021** and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous Annual Stockholders' Meeting held on June 5, 2020

___ Yes ___ No ___ Abstain

2. Approval of Annual Report for the year 2020

___ Yes ___ No ___ Abstain

3. Ratification of all acts and resolutions of the Board of Directors, Executive Committee and Management from the date of the last Annual Stockholders' Meeting up to May 17, 2021

___ Yes ___ No ___ Abstain

4. Appointment of external auditor

___ Yes ___ No ___ Abstain

5. Election of Directors

___ Vote for all nominees listed below

- Mr. Arthur Vy Ty
- Mr. Francisco C. Sebastian
- Mr. Alfred Vy Ty
- Mr. Carmelo Maria Luza Bautista
- Mr. Renato C. Valencia
- Mr. Wilfredo A. Paras
- Mr. Rene J. Buenaventura
- Mr. Pascual M. Garcia III
- Dr. David T. Go
- Atty. Regis V. Puno
- Ms. Consuelo D. Garcia

___ Withhold authority for all nominees listed above

___ Withhold authority to vote for the nominees listed below

| | | |
|--------------------------------------|--|---------------|
| _____ PRINTED NAME OF STOCKHOLDER | _____ SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY | _____ DATE |
|--------------------------------------|--|---------------|

THIS PROXY SHOULD BE REQUIRED BY THE CORPORATE SECRETARY ON OR BEFORE **MAY 7, 2021**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED 'FOR' THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS OR HER INTENTION TO VOTE IN PERSON.

EXPLANATION / RATIONALE OF AGENDA ITEMS

1. Call to order

The Chairman of the Board will call to order the Annual Stockholders' Meeting of the Corporation.

2. Certification of notice and quorum

The Corporate Secretary will certify that copies of the notice of the meeting were provided to holders of the Corporation's shares of stock as of April 7, 2021 Record Date under the Alternative Mode for Distribution as provided in SEC Notice dated March 17, 2021 and that a quorum exists for the valid transaction of the business in the agenda.

A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

3. Explanation of Voting Procedures

The Chairman will call on the Head of Legal and Compliance to discuss the rules for registration, participation, and voting in the meeting.

4. Approval of minutes of the June 5, 2020 Annual Stockholders' Meeting

The draft minutes of the June 5, 2020 Annual Stockholders' Meeting has been posted on the GT Capital website since June 6, 2020 and may be accessed using the following link:

<https://www.gtcapital.com.ph/governance/stockholders-meeting>

A resolution covering this matter will be presented during the meeting.

5. Annual Report for the Year 2020

The Chairman of the Board will call on the President, Mr. Carmelo Maria Luza Bautista, to render his report for the year 2020. GT Capital's Annual Report will be posted on the Corporation's website: www.gtcapital.com.ph.

A resolution covering this matter will be presented during the meeting.

6. General Ratification of the Acts of the Board of Directors, Executive Committee, and Management from the date of the last Annual Stockholders' Meeting up to May 17, 2021

This matter includes all acts, transactions, and resolutions of the Board of Directors, the Executive Committee, and Management from the date of the 2020 Annual Stockholders' Meeting up to May 17, 2021.

A resolution covering this matter will be presented during the meeting.

7. Election of Directors for 2021-2022

The Nominations Committee Chairman will explain the nomination procedure under the current SEC rules. The eleven (11) nominees have been pre-qualified by the Nominations Committee as having all of the qualifications and none of the disqualifications to serve as members of the Board for the ensuing year. The profiles of each nominee are provided in the Corporation's Information Statement.

Preliminary votes cast will be presented during the meeting.

8. Appointment of External Auditor

The Audit Committee Chairman will explain the procedure for the appointment of the external auditor. Information on the external auditor proposed for re-appointment is provided in the Corporation's Information Statement.

A resolution covering this matter will be presented during the meeting.

9. Other Matters

The stockholders of the Corporation may raise other matters or questions which may be taken up during the meeting. Questions may be sent to the Corporate Secretary at ASM2021@gtcapital.com.ph on or before 2:00 p.m., May 13, 2021. Questions that cannot be taken up during the meeting will be responded to via e-mail.

10. Adjournment

End of meeting.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **GT CAPITAL HOLDINGS, INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **CS200711792**
5. BIR Tax Identification Code: **006-806-867**
6. Address of principal office: **43/F, GT Tower International, 6813 Ayala Avenue corner H. V. de la Costa St., Makati City, Metro Manila, Philippines** Postal Code: **1227**
7. Registrant's telephone number, including area code: **(632) 8836-4500**
8. Date, time and place of the meeting of security holders: To be conducted virtually on **May 17, 2021 2:00 p.m.** via Zoom, with links to be designated and provided to GT Capital's shareholders entitled to vote upon registration.
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 15, 2021**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC (information on number of shares and amount of debt is applicable only to corporate registrants):

a) Shares of Stock

| Title of Each Class | Number of Shares/ Amount of Debt Outstanding |
|--|---|
| Common Shares | 215,284,587 |
| Series A Perpetual Preferred Shares (GTPPA) | 4,839,240 |
| Series B Perpetual Preferred Shares (GTPPB) | 7,160,760 |
| Amount of Debt Outstanding | 15,060,068,504 |

b) Debt securities: Php15.1 Billion Bonds

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes No

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

| Type of Share | Stock Exchange |
|------------------------|---|
| Common Shares | Philippine Stock Exchange |
| GTPPA | Philippine Stock Exchange |
| GTPPB | Philippine Stock Exchange |
| Corporate Retail Bonds | Philippine Dealing and Exchange Corporation |

The Corporation's Voting Preferred Shares are not listed in any stock exchange.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- (a) The Annual Stockholders' Meeting of GT Capital Holdings, Inc. ("GT Capital" or the "Corporation") is scheduled to be held on May 17, 2021 at 2:00 p.m. to be conducted virtually via Zoom, with links to be designated and provided to GT Capital's shareholders entitled to vote upon registration. The complete mailing address of the principal office of the registrant is 43/F, GT Tower International, 6813 Ayala Avenue corner H. V. de la Costa Street, Makati City, Metro Manila, Philippines 1227.
- (b) The approximate date on which the Information Statement will be sent or given to the stockholders is on April 15, 2021.

Statement that proxies are not solicited

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.

Voting Securities

The record date for purposes of determining the stockholders entitled to vote is April 7, 2021. The total number of shares outstanding and entitled to vote in the stockholders' meeting is 389,584,587 shares composed of 215,284,587 Common Shares and 174,300,000 Voting Preferred Shares. Stockholders are entitled to cumulative voting in the election of the Board of Directors, as provided in the Revised Corporation Code of the Philippines (the "Revised Corporation Code").

Item 2. Dissenters' Right of Appraisal

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. The procedure for the exercise by a dissenting stockholder of his appraisal right is as follows:

- (a) The dissenting stockholder shall make a written demand on the corporation within 30 days after the date on which the vote was taken for payment for the fair value of his shares. The failure of the stockholder to make the demand within the 30 day period shall be deemed a waiver on his appraisal right;

- (b) If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of corresponding certificate(s) of stock within 10 days after demanding payment for his shares (Sec. 85), the fair value thereof; and
- (c) Upon payment of the agreed or awarded price, the stockholder shall transfer his share to the corporation.

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

- (a) No director or officer of the Corporation since the beginning of the last fiscal year, nominee for election as director, or associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.
- (b) No director in the Corporation has given written notice that he intends to oppose any action to be taken by the Corporation at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of February 28, 2021, the total number of shares outstanding and entitled to vote in the stockholders' meeting and the percentage holdings are as follows:

| | Total Outstanding Shares | Shares Allowed to Foreigners | Foreign Shares | Local Shares |
|----------------------|--------------------------|------------------------------|----------------|--------------|
| Common (Listed) | 215,284,587 | 86,113,834.80 | 49,470,649 | 165,813,938 |
| Preferred (Unlisted) | 174,300,000 | 69,720,000 | 1,325,936 | 172,974,064 |
| Total | 389,584,587 | 155,833,834.80 | 50,796,585 | 338,788,002 |
| Percentage | 100% | 40% | 13.04% | 86.96% |

Each class of shares is entitled to one vote per share.

- (b) The record date for determining the stockholders entitled to notice and to vote is April 7, 2021.
- (c) To ensure the safety and well-being of our shareholders in light of the current circumstances, GT Capital shall, subject to validation, allow attendance and participation (including voting) only by remote communication, voting in absentia or through the Chairman of the meeting as proxy. A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Unless otherwise provided by law, each stockholder shall have one vote for each share of stock entitled to vote, whether Common or Voting Preferred, and recorded in his name in the books of the Corporation. Stockholders are entitled to cumulative voting in the election of the board of directors, as provided in the Revised Corporation Code. At all meetings of the stockholders, all elections and all questions shall be decided by the plurality of vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present, except in cases where other provision is made under a statute. Voting shall be done by ballots or by proxy. All votes received shall be tabulated by the office of the Corporate Secretary and the stock transfer agent, and shall be validated by an external independent party. The Corporate Secretary shall report the results on the voting of each matter during the meeting.

In the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner prescribed by Title III, Section 23 of the Revised Corporation Code of the Philippines.

- (d) Security Ownership of Certain Record and Beneficial Owners as of February 28, 2021:

As of February 28, 2021, the following are the owners of more than 5% of the Company's voting stocks:

| Title of Class | Name and Address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent (%) | Percent as to the Total Voting Shares |
|-----------------------|--|---|--------------------|---------------------------|--------------------|--|
| Common | Grand Titan Capital Holdings, Inc. 43rd Floor GT Tower International 6813 Ayala Avenue cor. H.V. de la Costa St., Makati City | Same as the Record Owner Arthur Vy Ty is authorized to vote the shares held by Grand Titan Capital Holdings, Inc. | Filipino | 120,413,658 | 55.93% | 30.91% |
| Common | PCD Nominee Corp. (Non-Filipino) | Various Clients ¹ | Foreign | 49,467,586 | 22.98% | 12.70 |
| Common | PCD Nominee Corp. (Filipino) | Various Clients ¹ | Filipino | 44,662,736 | 20.75% | 11.46% |
| Voting Preferred | Grand Titan Capital Holdings, Inc. 43rd Floor GT Tower International 6813 Ayala Avenue cor. H.V. de la Costa St., Makati City | Same as the Record Owner Arthur Vy Ty is authorized to vote the shares held by Grand Titan Capital Holdings, Inc. | Filipino | 54,899,406 | 31.50% | 14.09% |
| Voting Preferred | Nove Ferum Holdings, Inc. 43rd Floor GT Tower International 6813 Ayala Avenue cor. H.V. de la Costa St., Makati City | Same as the Record Owner Arthur Vy Ty is authorized to vote the shares held by Nove Ferum Holdings, Inc. | Filipino | 47,261,757 | 27.12% | 12.13% |
| Voting Preferred | 82 Alpha Holdings Corporation 43rd Floor GT Tower International 6813 Ayala Avenue cor. H.V. de la Costa St., Makati City | Same as the Record Owner Alfred Vy Ty is authorized to vote the shares held by 82 Alpha Holdings Corporation. | Filipino | 39,594,789 | 22.72% | 10.16% |
| Voting Preferred | Neiman Rhodes Holdings, Inc. 43rd Floor GT Tower International 6813 Ayala Avenue cor. H.V. de la Costa St., Makati City | Same as the Record Owner Anjanette Ty Dy Buncio is authorized to vote the shares held by Neiman Rhodes Holdings, Inc. | Filipino | 13,299,452 | 7.63% | 3.41% |
| Voting Preferred | Philippine Geiko Holdings, Inc. | Same as the Record Owner | Filipino | 13,299,452 | 7.63% | 3.41% |

| | | | | | | |
|--|--|---|--|--|--|--|
| | 43rd Floor GT Tower International 6813 Ayala Avenue cor. H.V. de la Costa St., Makati City | Alesandra T. Ty is authorized to vote the shares held by Philippine Geiko Holdings, Inc. | | | | |
|--|--|---|--|--|--|--|

(1) PCD Nominee Corporation (“PCDNC”) is a wholly owned subsidiary of the Philippine Central Depository (“PCD”) and acts as trustee-nominee for all shares lodged in the PCD system where trades effected on the Philippine Stock Exchange are finally settled and lodged. Persons who opt to trade through the PCD do not receive stock certificates as an evidence of ownership, as trading using the PCD is completely paperless. Beneficial ownership of shares lodged with the PCDNC (Filipino/Non-Filipino) remains with the lodging stockholder.

Security Ownership of Management as of December 31, 2020

| Title of Securities | Name of Beneficial Owner of Common Stock | Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect | Citizenship | Percent of Class |
|------------------------------------|--|--|-------------|--------------------|
| Common | Arthur Vy Ty | 111,780 (D) 13,149 (I) | Filipino | 0.0519% 0.0061% |
| Common | Alfred Vy Ty | 111,780 (D) 13,149 (I) | Filipino | 0.0519% 0.0061% |
| Common | Francisco C. Sebastian | 112 (D) 143,802 (I) | Filipino | 0.0001% 0.0668% |
| Common | Anjanette T. Dy Buncio | 132,144 (I) | Filipino | 0.0614% |
| Common | Carmelo Maria Luza Bautista | 1,118 (D) 13,413 (I) | Filipino | 0.0005% 0.0062% |
| Common | Francisco H. Suarez, Jr. | 5,589 (I) | Filipino | 0.0026% |
| Perpetual Preferred Shares (GTPPA) | | 1000 (I) | Filipino | 0.0207% |
| Common | Alesandra T. Ty | 21,794 (I) | Filipino | 0.0101% |
| Perpetual Preferred Share (GTPPA) | | 1900 (I) | Filipino | 0.0393% |
| Perpetual Preferred Shares (GTPPB) | | 1100 (I) | Filipino | 0.0154% |
| Common | Jaime Miguel G. Belmonte | 1,118 (D) | Filipino | 0.0005% |
| Common | Wilfredo A. Paras | 1,118 (D) | Filipino | 0.0005% |
| Common | Renato C. Valencia | 218(D) | Filipino | 0.0001% |
| Common | Farrah Lyra Q. De Ala | 509 (I) | Filipino | 0.0002% |
| Common | Winston Andrew L. Peckson | 303 (I) | Filipino | 0.0001% |

| | | | | |
|------------------------------------|----------------------------|---------------------------|----------|--------------------|
| Common | Reyna Rose P. Manon-Og | 524(I) | Filipino | 0.0001% |
| Common | David T. Go | 112(D) | Filipino | 0.0001% |
| Common | Regis V. Puno | 112(D) 2,000 (I) | Filipino | 0.0001% 0.0010% |
| Common | Rene J. Buenaventura | 112(D) | Filipino | 0.0001% |
| Common | Renee Lynn Miciano-Atienza | 50(I) | Filipino | 0.0000% |
| Perpetual Preferred Shares (GTPPB) | | 50 (I) | Filipino | 0.0007% |
| Common | Vicente Jose S. Socco | 0 | Filipino | 0.0000% |
| Common | Antonio V. Viray | 0 | Filipino | 0.0000% |
| Common | Jocelyn Y. Kho | 6,080 (I) | Filipino | 0.0005% |
| Common | Jose B. Crisol | 0 | Filipino | 0.0000% |
| Perpetual Preferred Shares (GTPPB) | | 50 (I) | Filipino | 0.0007% |
| Common | Susan E. Cornelio | 0 | Filipino | 0.0000% |
| Common | Leo Paul C. Maagma | 0 | Filipino | 0.0000% |
| Common | Elsie D. Paras | 0 | Filipino | 0.0000% |
| Perpetual Preferred Shares (GTPPB) | | 300 (I) | Filipino | 0.0042% |
| Common | Joyce B. De Leon | 0 | Filipino | 0.0000% |
| Common | Don David C. Asuncion | 0 | Filipino | 0.0000% |
| Total Common | | 227,580 (D) 352,506(I) | | 0.2694% |
| GTPPA | | 2,900(I) | | 0.0599% |
| GTPPB | | <u>1,500(I)</u> | | 0.0209% |
| | | <u>584,486 (Total)</u> | | |

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of February 28, 2021.

(e) Change in Control

The Corporation is not aware of any change in control or arrangement that may result in a change in control of the Corporation since the beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements which may result in a change in control of the Corporation.

Item 5. **Directors and Executive Officers of the Registrant**

(a) **The incumbent Directors and Executive Officers of the Corporation are as follows:**

(i) **Board of Directors**

Board of Directors

| <u>Office</u> | <u>Name</u> | <u>Age</u> | <u>Citizenship</u> |
|---------------------------|-----------------------------|-------------------|---------------------------|
| Chairman | Arthur Vy Ty | 54 | Filipino |
| Co-Vice Chairman | Francisco C. Sebastian | 66 | Filipino |
| Co-Vice Chairman | Alfred Vy Ty | 53 | Filipino |
| Director/President | Carmelo Maria Luza Bautista | 63 | Filipino |
| Lead Independent Director | Renato C. Valencia | 79 | Filipino |
| Independent Director | Jaime Miguel G. Belmonte | 57 | Filipino |
| Independent Director | Wilfredo A. Paras | 74 | Filipino |
| Independent Director | Rene J. Buenaventura | 66 | Filipino |
| Director | David T. Go | 67 | Filipino |
| Director | Regis V. Puno | 62 | Filipino |
| Director | Alesandra T. Ty | 40 | Filipino |

Board Advisers

| | | | |
|---------|-------------------|----|----------|
| Adviser | Mary Vy Ty | 80 | Filipino |
| Adviser | Guillermo Co Choa | 61 | Filipino |

Period of Directorship

| <u>Name</u> | <u>Date First Elected</u> |
|-----------------------------|----------------------------------|
| Arthur Vy Ty | June 3, 2011 |
| Francisco C. Sebastian | May 12, 2014 |
| Alfred Vy Ty | February 14, 2012 |
| Carmelo Maria Luza Bautista | August 5, 2011 |
| Renato C. Valencia | May 10, 2017* |
| Jaime Miguel G. Belmonte | July 11, 2012 |
| Wilfredo A. Paras | May 14, 2013 |
| Rene J. Buenaventura | May 9, 2018 |
| David T. Go | May 12, 2014 |
| Regis V. Puno | May 9, 2018 |
| Alesandra T. Ty | May 14, 2020 |

**Prior to May 10, 2017, Mr. Valencia was first elected as an independent director of the Company on February 14, 2012 and served as Independent Director until May 14, 2013.*

Board Committees:

The members of the Executive Committee are:

| | |
|-----------------------------|-----------------|
| Arthur Vy Ty | - Chairman |
| Alfred Vy Ty | - Vice-Chairman |
| Carmelo Maria Luza Bautista | - Member |
| Francisco C. Sebastian | - Member |
| Mary Vy Ty | - Adviser |
| Solomon S. Cua | - Adviser |

The members of the Audit Committee are:

| | |
|----------------------|------------|
| Wilfredo A. Paras | - Chairman |
| Renato C. Valencia | - Member |
| Rene J. Buenaventura | - Member |
| Regis V. Puno | - Member |

The members of the Risk Oversight Committee are:

| | |
|----------------------|------------|
| Rene J. Buenaventura | - Chairman |
| Renato C. Valencia | - Member |
| Wilfredo A. Paras | - Member |
| David T. Go | - Member |

The members of the Compensation Committee are:

| | |
|--------------------------|------------|
| Jaime Miguel G. Belmonte | - Chairman |
| Alfred Vy Ty | - Member |
| Renato C. Valencia | - Member |

The members of the Nominations Committee are:

| | |
|-----------------------------|------------|
| Renato C. Valencia | - Chairman |
| Wilfredo A. Paras | - Member |
| Rene J. Buenaventura | - Member |
| Carmelo Maria Luza Bautista | - Adviser |

The members of the Corporate Governance and Related Party Transactions Committee are:

| | |
|--------------------------|------------|
| Renato C. Valencia | - Chairman |
| Wilfredo A. Paras | - Member |
| Jaime Miguel G. Belmonte | - Member |
| Anjanette Ty Dy Buncio | - Adviser |

The business experience of the members of the Board for the last five (5) years is as follows:

Arthur Vy Ty, 54 years old, Filipino, was elected as Chairman of GT Capital Holdings, Inc. in May 2016. Prior to this, he was the Corporation's Vice Chairman since its inception in 2007 before assuming the Chairmanship in 2012 up to June 2014. He was the President of Metropolitan Bank and Trust Company (Metrobank), a listed company, from 2006 to 2012 and was appointed as its Chairman in April 2012. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc. and Metrobank Foundation, Inc.; Vice Chairman and Director of Philippine Savings Bank (PSBank), a listed company; and Vice Chairman of AXA Philippines. He is also a Director of Federal Land, Inc. He earned his Bachelor of Science degree in Economics from the University of California, Los Angeles and obtained his Master in Business Administration degree from Columbia University, New York in 1991.

Francisco C. Sebastian, 66 years old, Filipino, is co-Vice Chairman of GT Capital since May 2016. Prior to assuming this post, he was Chairman of GT Capital since June 2014, when he was first elected to the board. He joined the Metrobank Group in 1997 as President of First Metro Investment Corporation, the investment arm of Metropolitan Bank & Trust Company (Metrobank), a post he held for 14 years until he became its Chairman in 2011. Mr. Sebastian concurrently serves as Vice Chairman of Metrobank since 2006. He is also a director of Metro Pacific Investments Corporation (MPIC), and Federal Land, Inc. He worked in Hong Kong for 20 years from 1977, initially as an investment banker for Ayala International Finance Limited and Fillinvest Finance (HK) Ltd. From 1984, until he joined the Metrobank Group, he owned and managed his own business services and financial advisory firm in Hong Kong. He earned his Bachelor of Arts in Economics (Honors) from the Ateneo de Manila University and graduated Magna Cum Laude in 1975.

Alfred Vy Ty, 53 years old, Filipino, has been a Vice Chairman of the Corporation since February 14, 2012 and has served as a Director of the Corporation since 2007. He is also a Director of Metropolitan Bank and Trust Company (Metrobank) and Chairman of Toyota Motor Philippines Corporation (TMP). He graduated from the University of Southern California in 1989 with a degree in Business Administration, after which he lived in Japan for two years. Some of his other current roles and positions include: Vice Chairman of Metro

Pacific Investments Corporation, a listed company; Chairman, Federal Land, Inc.; Member of the Board of Trustees, Metrobank Foundation, Inc.; Chairman, Toyota Motor Philippines Foundation (TMPF); and President, GT Foundation, Inc. (GTFI).

Carmelo Maria Luza Bautista, 63 years old, Filipino, assumed the role of President and Director of GT Capital in 2011. Prior to his election, Mr. Bautista joined First Metro Investment Corporation (FMIC) in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of FMIC's Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 43 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups at Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore Branch; Vice President-Structured Finance at Citibank N.A.-Singapore Regional Office; Country Manager of ABN AMRO Bank-Philippines; and President and CEO of Philippine Bank of Communications (PBCOM). Mr. Bautista has a Master's degree in Business Management from the Asian Institute of Management, where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista currently serves as Chairman of Toyota Financial Services Philippines Corporation (TFSPH), as well as Director of Federal Land, Inc., Toyota Motor Philippines Corporation (TMP), AXA Philippines, GT Capital Auto Dealership Holdings, Inc. (GTCAD), Toyota Subic, Inc., GT Mobility Ventures, Inc., and Toyota Manila Bay Corporation (TMBC). He is also an Adviser to the Board of Trustees of GT Foundation, Inc. and an Independent Director of Vivant Corporation, a listed company.

Renato C. Valencia, 79 years old, Filipino, is the Lead Independent Director of GT Capital, the current Chairman of iPeople Inc., and Independent Director of EEI Corporation and Anglo Philippine Holdings, Inc. His past positions include the following: President/CEO, Social Security System (SSS); Chairman/CEO, Union Bank of the Philippines; President/CEO, Roxas Holdings, Inc.; Vice Chairman/Director, San Miguel Corporation (SMC); Chairman, Philippine Savings Bank (PSBank); and Independent Director, Metropolitan Bank & Trust Company (Metrobank). Mr. Valencia was formerly a Director at the following companies: Philippine Long Distance Telephone Company (PLDT), Manila Electric Company (Meralco), Philex Mining Corporation, Far East Bank and Trust Company, Roxas and Company, Inc., Bases Conversion Development Academy (BCDA), Fort Bonifacio Development Corporation, and the Makati Stock Exchange. Mr. Valencia also served as Board Adviser at Philippine Veterans Bank, Advisory Board Member of the Philippines Coca-Cola System Council, and Board Member of the Civil Aeronautics Board. He is a graduate of the Philippine Military Academy with a Bachelor's degree in General Engineering, and also holds a Master's degree in Business Administration from the Asian Institute of Management.

Jaime Miguel G. Belmonte, 57 years old, Filipino, was elected as an Independent Director of GT Capital on July 11, 2012. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Chief Executive Officer of BusinessWorld (since 2015); President and Publisher of Pilipino Star Ngayon (since 1994) and PM Pang-Masa (since 2003); President of Pilipino Star Printing Company (since 1994); President of Nation Broadcasting Corporation of the Philippines (since 2016); and President of Hastings Holdings Inc. Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004); Vice Chairman of People Asia magazine; and a member of the Board of Advisers of Manila Tytana College (since 2008). Aside from GT Capital, Mr. Belmonte also sits on the board of Signal TV, Nation Broadcasting Corporation of the Philippines, and Hastings Holdings Inc. He earned his undergraduate degree from the University of the Philippines in Diliman. Mr. Belmonte has no directorships in other listed companies aside from GT Capital.

Wilfredo A. Paras, 74 years old, Filipino, was elected as Independent Director of GT Capital on May 14, 2013. He currently holds various positions in other Philippine corporations, such as: Independent Director of Philex Mining Corporation, a listed company, (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); and President of WAP Holdings, Inc. (2007-present). He also served as the Executive Vice President/Chief Operating Officer and Director of JG Summit Petrochemical Corporation; President of Union Carbide Philippines; President/Director of Union Carbide-Indonesia; Managing Director of Union Carbide Singapore; and Business Director for Union Carbide Asia-Pacific. Mr. Paras holds a Bachelor of Science (BS) in Industrial Pharmacy degree from the University of the Philippines and a Master's degree in Business Administration (MBA) from the De La Salle University Graduate School of Business. He finished a Management Program from the University of Michigan, Ann Arbor, Michigan, USA. He is also a Fellow of the Institute of Corporate Directors.

Rene J. Buenaventura, 66 years old, Filipino, is an Independent Director of GT Capital Holdings, Inc. He is also the Vice Chairman of Equicom Manila Holdings, Inc., a holding company for businesses engaged in healthcare, banking and finance, and information technology. In addition to his appointment to GT Capital's Board, he also holds the following positions: Independent Director of UBS Philippines, Inc., Independent Director of AIG Insurance Philippines Inc., Independent Director of Lorenzo Shipping Corporation, Independent Director of DDMP REIT, Inc., Independent Director and Chairman of DDMP REIT Fund Managers, Inc., and Independent Director and Chairman of DDMP REIT Property Managers, Inc. He is likewise a Director and Member of the Executive Committee of Maxicare Healthcare Corporation and President of Cliveden Management Corporation. Mr. Buenaventura is a Certified Public Accountant and graduated Summa Cum Laude for Bachelor of Arts, major in Behavioral Sciences and Bachelor of Science in Commerce, major in Accounting at De La Salle University in the Philippines. He also earned his Master in Business Administration from the same university.

Dr. David T. Go, 67 years old, Filipino, has been a Director of GT Capital since May 2014. He garnered his Doctor of Philosophy degree in International Relations from New York University in 1982. He currently serves as Vice Chairman and Treasurer of Toyota Motor Philippines Corporation (TMP). He is also the Vice Chairman of Lexus Manila, Inc. and Toyota Aisin Philippines, Inc.; Director and Treasurer of Toyota Financial Services Philippines Corporation (TFSPH); President of Toyota Motor Philippines Foundation, Inc. and Toyota Motor Philippines School of Technology, Inc.; Chairman of Toyota San Fernando, Inc., Toyota Manila Bay Corporation (TMBC), and Toyota Logistics, Inc. Dr. Go has no directorships in other listed companies aside from GT Capital.

Atty. Regis V. Puno, 62 years old, Filipino, assumed the role of Director and Member of the Audit Committee of GT Capital in 2018. He is currently Special Legal Counsel of the Metrobank Group and the Corporate Secretary of Metrobank. In addition, he is also Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW), and formerly a Senior Partner of Puno & Puno Law Offices. He was also a former Undersecretary of the Department of Justice. Atty. Puno has a Master of Laws Degree from the Georgetown University Law Center, Washington D.C., U.S.A. He obtained his Bachelor of Laws degree from the Ateneo de Manila University, where he graduated with honors, and has a Bachelor's degree in Economics from the University of the Philippines. He is also a Director of Lepanto Consolidated Mining Co. and LMG Chemicals Corporation, both publicly listed companies, and is the Philippine Committee Chairman of the Alumni Admissions Program (AAP) of Georgetown University in the United States.

Alesandra T. Ty, 40 years old, Filipino, assumed the role of Director of GT Capital in 2020. She was appointed Assistant Treasurer of GT Capital on February 14, 2012. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Master's in Business Administration from the China Europe International Business School in Shanghai, China. She is currently Director and Corporate Treasurer of AXA Philippines; Corporate Secretary and Corporate Treasurer of First Metro Investment Corporation; Corporate Secretary of GT Foundation, Inc.; Senior Vice President and Treasurer of Federal Homes, Inc.; and Executive Vice President of Grand Titan Capital Holdings, Inc.

** Independent director – The Corporation has complied with the Guidelines set forth by SRC (Securities Regulation Code) Rule 38 regarding the Nomination and Election of Independent Director. The Corporation's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule. The Corporation's By-laws were amended for this purpose and such amendment was approved by the SEC on January 13, 2012.*

The business experience of the Board Advisers for the last five (5) years is as follows:

Mary Vy Ty, 80 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2014. Prior to this, she served as the Corporation's Treasurer since its incorporation in 2007. Mrs. Ty has more than 50 years of experience in banking and general business. She currently holds the following positions: Assistant to the Group Chairman, Metropolitan Bank & Trust Company (Metrobank); Adviser, Metrobank Foundation, Inc. and Federal Land, Inc.; Adviser, Manila Medical Services, Inc.; Adviser, Horizon Land Development Corporation; Chairperson, Horizon Royale Holdings, Inc.; Director, Grand Titan Capital Holdings, Inc.; Chairperson, Ausan Resources Corporation; Chairperson, Grand Estate Property Corporation; Chairperson, Inter-Par Philippines Resources Corporation; and Chairperson of Philippine Securities Corporation, Tytana Corporation, and Federal Homes, Inc. Previously, Mrs. Ty held the position of Director for First Metro Investment Corporation. She earned her collegiate degree from the University of Santo Tomas.

Guillermo Co Choa, 61 years old, Filipino, was appointed as Board Adviser of GT Capital in June 2016. He is currently the Chairman and President of Property Company of Friends, Inc. Mr. Choa earned his Bachelor's Degree in Commerce, Major in Marketing, from De La Salle University and his Master's degree in Business Economics from the University of Asia and the Pacific.

Nominee Directors

As of the date of this report, the nominees for independent directors are Messrs. Renato C. Valencia, Wilfredo A. Paras and Rene J. Buenaventura and Ms. Consuelo D. Garcia. Messrs. Valencia, Paras, and Buenaventura as well as Ms. Garcia were nominated by Aaron M. Say. The four (4) nominees for independent directors are not related either by consanguinity or affinity to the person who nominated them.

Based on Section 2.1.4 of GT Capital's Manual on Corporate Governance, the stockholders must elect at least three (3) independent directors as defined by existing laws and regulations.

Aside from the above nominees for independent directors, the other nominees for director are Messrs. Arthur Vy Ty, Alfred Vy Ty, Francisco C. Sebastian, Carmelo Maria Luza Bautista, Pascual M. Garcia III, David T. Go, and Atty. Regis V. Puno.

All the nominees, except Mr. Pascual M. Garcia III and Ms. Consuelo D. Garcia, are incumbent directors of GT Capital. The experience and qualifications of the nominated incumbent directors are found above. The experience and qualifications of Mr. Pascual M. Garcia III and Ms. Consuelo D. Garcia are as follows:

Pascual M. Garcia III, 67 years old, Filipino, served as a Board Adviser of GT Capital since May 2013 and a Director of GT Capital from May 9, 2018 until March 27, 2020. He was the President of Federal Land, Inc. from 2015 to 2020. Prior to joining Federal Land, he was the President and Director of Philippine Savings Bank (PSBank) from 2001 to 2013; Director of Toyota Financial Services Philippines, Inc. from 2007 to 2017 and Director of Sumisho Motor Finance Corporation from 2009 to 2016. Mr. Garcia III earned his Bachelor's degree in Commerce, major in Management, from the Ateneo de Zamboanga University.

Consuelo D. Garcia, 66 years old, Filipino, is nominated for the first time as an Independent Director of GT Capital Holdings, Inc. She is the Senior Consultant for Challengers and Growth Markets, ING Bank, N.V., Manila Branch. She currently holds the following positions: Independent Director of AC Energy Corporation, The Philippine Stock Exchange, Inc., Sun Life Investment Management and Trust Corporation, and FEU Alabang, Inc.; Independent Director and Trustee of ING Foundation Philippines, Inc.; Member of the Board of Directors of the Financial Executives Institute of the Philippines (FINEX) and Liaison Director to the Finex Capital Markets Development Committee, and the Information, Communications and Technology Committee and member of the Capital Markets Development Council; Member of the Board of Trustees of the Finex Academy of the Philippines; and a Fellow of the Institute of Corporate Directors. She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila from September 2008 - November 15, 2017. Ms. Garcia previously worked with SGV in audit and in Bank of Boston, Philippine Branch. Ms. Garcia is a Certified Public Accountant and she graduated Magna Cum Laude, Bachelor of Science in Business Administration, major in Accounting from University of the East.

Review of qualifications of candidates nominated as Directors, including Independent Directors, is conducted by the Nominations Committee prior to the stockholders' meeting. The Nominations Committee prepares a Final List of Candidates of those who have passed the Guidelines, Screening Policies and Parameters for nomination as Director of the Corporation, and which list contains information about the nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Directors of the Corporation. No other nomination shall be entertained or allowed on the floor during the actual Annual Stockholders' Meeting.

The Directors of the Corporation are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC (Securities Regulation Code) and its Implementing Rules and Regulations, as well as the Corporation's By-laws.

In case of resignation, disqualification or cessation of any directorship, and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, may the vacancy be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nominations Committee; otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

The Nominations Committee created by the Board under its Manual on Corporate Governance nominated the following for election to the Board of Directors at the forthcoming Annual Stockholders' Meeting:

| | |
|-----------------------------|-----------------------|
| Arthur Vy Ty | Rene J. Buenaventura |
| Francisco C. Sebastian | Pascual M. Garcia III |
| Alfred Vy Ty | Dr. David T. Go |
| Carmelo Maria Luza Bautista | Atty. Regis V. Puno |
| Renato C. Valencia | Consuelo D. Garcia |
| Wilfredo A. Paras | |

The Corporation has complied with the Guidelines set forth by SRC Rule 38 regarding the Nomination and Election of Independent Directors. The same provision has been incorporated in the Amended By-Laws of the Corporation.

Period of Officership

| <u>Name</u> | <u>Office</u> | <u>Period Held</u> |
|-----------------------------|--|---------------------------|
| Carmelo Maria Luza Bautista | President | 2011-Present |
| Francisco H. Suarez, Jr. | Executive Vice President/Chief Financial Officer | 2012-Present |
| Anjanette T. Dy Buncio | Treasurer | 2007-Present |
| Alesandra T. Ty | Assistant Treasurer | 2012-Present |
| Vicente Jose S. Socco | Chairman of GTCAD | 2019-Present |
| Antonio V. Viray | Corporate Secretary | 2009-Present |
| Jocelyn Y. Kho | Assistant Corporate Secretary | 2011-Present |
| Jose B. Crisol, Jr. | Senior Vice President/Head, Investor Relations, Strategic Planning and Corporate Communication | 2012-Present |
| Reyna Rose P. Manon-og | First Vice President/Controller and Head, Accounting and Financial Control | 2011-Present |
| Joyce B. De Leon | Chief Risk Officer | 2020-Present |
| Susan E. Cornelio | Vice President/Head, Human Resources and Administration | 2012-Present |
| Elsie D. Paras | Vice President/Head, Corporate Planning and Business Development | 2015-Present |
| Leo Paul C. Maagma | Vice President/Chief Audit Executive | 2018-Present |
| Renee Lynn Miciano-Atienza | Vice President /Head, Legal and Compliance | 2016-Present |
| Don David C. Asuncion | Vice President | 2020-Present |

Francisco H. Suarez, Jr., 61 years old, Filipino, serves as GT Capital's Executive Vice President and Chief Financial Officer (CFO). He was appointed to the position on February 16, 2012. He is also a Director and the Treasurer of GT Capital Auto Dealership Holdings, Inc., Toyota Subic Bay, GT Mobility Ventures and JBA Philippines, Director of Toyota Sta Rosa, Inc. and Premium Warranty Services Philippines, Inc., Adviser to the Board of Toyota Manila Bay Corp., and Corporate Secretary of Toyota Financial Services. Over his tenure, he successfully supervised the launch of the Corporation's initial public offering, a top-up private placement, two retail bond issuances, several bilateral fixed-rate term loans and two series of perpetual preferred shares. Mr. Suarez brings to GT Capital over 39 years of solid and extensive experience in investment banking and financial management. Prior to joining GT Capital, he was the CFO of three subsidiaries of the ATR KimEng Group. For a time, he also served as Executive Director of ATR KimEng Capital Partners, Inc. Before this, he was appointed as the CFO of PSI Technologies, Inc., and, prior to that, of SPi Technologies, Inc. Previously, he was a Director for Corporate Finance at Asian Alliance Investment Corporation. He has also assumed various positions in Metrobank, International Corporate Bank (InterBank), Far East Bank and Trust Company, and the National Economic Development Authority. Mr. Suarez graduated from De La Salle University with a Bachelor of Science degree in Applied Economics and is a candidate for the Master in Business Administration degree at the Ateneo de Manila University.

Anjanette Ty Dy Buncio, 52 years old, Filipino, was appointed as GT Capital's Treasurer in May 2015. Prior to this, she served as the Corporation's Assistant Treasurer since 2007. She holds several other positions in other companies among which are: Director, Treasurer and Executive Vice President of Federal Land, Inc.; Director and Chairman of the Board of Manila Medical Services Inc.; Treasurer and Corporate Secretary of Bonifacio Landmark Realty Development Corp.; Senior Vice President of Metrobank Foundation Inc.; Senior Vice President of GT Foundation Inc.; and Executive Vice President and Corporate Secretary of Pro Oil Corporation. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Social Science Degree in Economics.

Alesandra T. Ty, 40 years old, Filipino, assumed the role of Director of GT Capital in 2020. She was appointed Assistant Treasurer of GT Capital on February 14, 2012. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Master's in Business Administration from the China Europe International Business School in Shanghai, China. She is currently Director and Corporate Treasurer of AXA Philippines; Corporate Secretary and Corporate Treasurer of First Metro Investment Corporation; Corporate Secretary of GT Foundation, Inc.; Senior Vice President and Treasurer of Federal Homes, Inc.; and Executive Vice President of Grand Titan Capital Holdings, Inc.

Vicente Jose S. Socco, 61 years old, is the Chairman of GT Capital Auto Dealership Holdings, Inc. (GTCAD). GTCAD is a wholly-owned subsidiary of GT Capital and is the vehicle for the management of the Group's mobility initiatives and automotive dealerships. He brings forty years of expertise in the automotive sector. Mr. Socco began his career with Toyota in the Philippines as a member of its marketing team. He was then appointed General Affairs Manager of Toyota's Manila Representative Office in 1984, until Toyota Motor Philippines Corporation (TMP) opened in 1988, where he rose through the ranks to become Senior Vice President (SVP) for Marketing and After-Sales. In 2001, Mr. Socco joined the regional headquarters of Toyota in Singapore. Mr. Socco was appointed SVP of Lexus Asia in 2007, concurrent with his roles as the Executive-in-Charge for country operations at Toyota Motor Asia Pacific (TMAP). In 2012, he assumed the role of Executive Vice President and acting Chief Operating Officer for the region. Then, in 2014, he was assigned to Toyota's global headquarters as Project General Manager for TMAP in Japan. He then returned to Singapore in 2017 as EVP for Lexus Asia until his retirement in July 2019. Mr. Socco garnered his Bachelor of Science in Economics at the University of the Philippines in Diliman and completed the Executive Development Program of the Wharton School of the University of Pennsylvania.

Atty. Antonio V. Viray, 81 years old, Filipino, has served as Corporate Secretary of GT Capital since 2009. His legal profession started as a litigation lawyer of the Feria Law Office (formerly Feria Feria Lugtu & Lao). He then embarked on a banking career with the Philippine Savings Bank (PSBank) retiring as Senior Vice President and Corporate Secretary. When PSBank was acquired by Metropolitan Bank & Trust Company (Metrobank), he was appointed General Counsel (later Special Counsel) of Metrobank, later becoming Senior Vice President, Corporate Secretary, and Director. He is currently Corporate Secretary of Grand Titan Capital Holdings, Inc., and Of Counsel of Feria Tantoco Daos Law Firm. His foundations as a successful corporate lawyer and secretary were provided by Colegio de San Juan de Letran (Letran College), where he graduated Valedictorian of his Associate in Arts cohort; the University of Santo Tomas, where he finished his Bachelor of Laws as Valedictorian and Magna Cum Laude; and Northwestern University School of Law in Chicago, Illinois, U.S.A., where he obtained his Master of Laws degree through a Ford Foundation Fellowship Grant.

Atty. Viray was former President of the Bankers Institute of the Philippines (BAIPhil); and Association of Bank Lawyers. He incorporated the Chamber of Thrift Banks, the aggregation of the country's thrift banks associations: Savings Banks Association of the Philippines, Stock Savings and Loan Associations, and the Development Bankers Association.

Jocelyn Y. Kho, 66 years old, Filipino, has served as GT Capital's Assistant Corporate Secretary since June 2011. Previously, she was the company's Controller until 2010. Before this, Ms. Kho worked for Metropolitan Bank & Trust Company (Metrobank) as Vice President under the Office of the Assistant to the Group Chairman from 1978 to 2009. She concurrently holds the following positions: Assistant Corporate Secretary, Grand Titan Capital Holdings, Inc.; Controller and Assistant Corporate Secretary, Global Treasure Holdings, Inc.; Director and Treasurer, Global Business Holdings, Inc., Circa 2000 Homes, Inc., Nove Ferum Holdings, Inc. and Horizon Royale Holdings, Inc.; Director and First Vice President, Federal Homes, Inc.; Director, Treasurer and Corporate Secretary of Crown Central Properties Corporation; Director of Cathay International Resources, Inc. and Magnificat Resources Corporation; Corporate Secretary, Federal Land, Inc.; Assistant Treasurer, Horizon Land Property Dev't Corp.; Chairman, Multi Fortune Holdings, Inc.; Chairman and President, Glam Holdings Corporation, Yorktown Properties, Inc., Uni-Plastic International Corporation, MBTC Management Consultancy, Inc., The Metropolitan Park, Inc., Titan Resources Corporation, Granview Realty and Development Corporation, Cellini Holdings, Inc., Veronese Holdings, Inc. and Service Leasing Corporation; Director and President, Harmony Property Holdings, Inc., Splendor Fortune Holdings, Inc., and Splendor Realty Corporation. She earned her Bachelor of Science degree in Commerce, major in Accounting, from the University of Santo Tomas in 1975, and is a candidate for the Master of Science degree in Taxation from Manuel L. Quezon University.

Jose B. Crisol, Jr., 54 years old, Filipino, serves as Senior Vice President and Head of the Investor Relations, Strategic Planning, and Corporate Communication Department of GT Capital. He was appointed to the position on July 26, 2012. Before joining the Corporation, he was the Assistant Vice President for Investor Relations of SM Investments Corporation (SM). Prior to working with SM, he was a Director at the Department of Trade and Industry (DTI), heading its Trade and Industry Information Center. He also served for a time, on a concurrent basis, as Head of DTI's Office of Operational Planning. His other past employment includes occupying various positions at The Philippine American Life Insurance Company and Merrill Lynch Philippines, Inc., among others. He holds a Master in Business Economics degree from the University of Asia and the Pacific, and a Bachelor of Science degree in Economics from the University of the Philippines - Diliman. He completed his primary and secondary education at the Ateneo de Manila University.

Reyna Rose Paner-Manon-og, 39 years old, Filipino, is the Controller and First Vice President of GT Capital. She was appointed Controller in October 2011 and serves as Head of the Accounting and Financial Control Department. Before joining the conglomerate, she was the Assistant Vice President and Head of the Financial Accounting Department of United Coconut Planters Bank. Prior to this, she was a Director at Sycip Gorres Velayo & Company (SGV & Co.), where she gained seven years of experience in external audit. Ms. Manon-og is a Certified Public Accountant and a Cum Laude graduate of Bicol University with a Bachelor of Science degree in Accountancy. She recently completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Joyce B. de Leon, 46 years old, Filipino, serves as Chief Risk Officer and First Vice President of GT Capital Holdings, Inc. She was appointed to the position on 19 October 2020. Ms. de Leon brings close to 15 years of solid risk management experience to the company, across various local and international financial institutions. Prior to GT Capital, she was the First Vice President and Head of Market and Liquidity Risk for BDO Unibank, Inc. and a member of its asset and liability committee. Previously, for close to a decade, she served as Senior Vice President and Head of Risk Management for Maybank ATR Kim Eng, building the Risk Management function from the ground up and engaging in the investment bank and stock brokerage's management risk, credit and underwriting, management, and executive committees. Before this, she was the Country Head for Market Risk of Standard Chartered Bank, with purview of the bank's risk reporting in Vietnam. For a time, she also served as Market Risk Manager for Philippine Savings Bank (PSBank), the thrift bank subsidiary of the Metrobank Group. Ms. De Leon garnered her Master's degree in International Business (MIB) at the University of Melbourne in Australia, her Master in Business Administration (MBA) degree, major in Finance, with distinction, and Bachelor of Arts in Psychology from De La Salle University.

Susan Encabo-Cornelio, 49 years old, Filipino, joined GT Capital on July 4, 2012 as its Head of Human Resources and Administration. Prior to this, she served as Vice President and Head of Compensation and

Benefits of Sterling Bank of Asia and as Assistant Vice President and Head of Compensation and Benefits of United Coconut Planters Bank. She has had other HR stints from the following institutions: Metrobank, ABN AMRO Offshore Banking, Solidbank, and Citytrust. She holds a Bachelor of Science in Commerce major in Accounting from the Sta. Isabel College and a Master Certificate in Human Resources and International HR Practices from Cornell University's School of Industrial and Labor Relations. She obtained a Master's degree in Business Economics from the University of Asia and the Pacific.

Elsie D. Paras, 48 years old, Filipino, serves as GT Capital's Vice President and Head of Corporate Finance and Business Development. She has led several of the company's mergers, acquisitions, divestment activities, and fundraising initiatives since she joined on 05 January 2015. She is also involved in the Property Management of the Group's real estate assets in Cavite. Prior to her employment at GT Capital, she served as Finance Manager and Deputy Chief Finance Officer of SIA Engineering Philippines, a joint venture of Cebu Air, Inc. and SIA Engineering Company of the Singapore Airlines Group. Before this, she was a Manager for Strategic Consulting for Jones Lang La Salle Middle East and North Africa in Dubai. Previously, she worked as Business Development Manager for Commercial Centers at Robinsons Land Corporation and Project Development Manager at Ayala Land, Inc. for middle-income housing among others. She garnered her Master's degree in Business Management (MBM), major in Finance, from the Asian Institute of Management in 2001. Ms. Paras also participated in the International Exchange Student Program of HEC School of Management in France. Prior to her MBM, she worked for six years in equity research and investment banking. She graduated with honors from the University of the Philippines with a Bachelor of Science degree in Business Economics.

Leo Paul C. Maagma, 50 years old, Filipino, was appointed the Chief Audit Executive of GT Capital Holdings, Inc. in April 2018. With over 27 years of extensive work experience—more than 22 years in audit and five years in accounting, accounts receivables, treasury, and payroll—Mr. Maagma began his career in an external auditing firm, then spent five years in a food manufacturing company, and nearly 15 years in a business engaged in the distribution of health care products. He spent eight of his nearly two decades in audit work at the regional and country head offices of two multinational companies, Zuellig Pharma Corporation (Zuellig) and Unilever Bestfoods (Unilever). Before joining GT Capital, for 14½ years, Mr. Maagma served in various capacities at Zuellig—Internal Audit Manager from 2012 to 2018, Accounts Receivable Manager from 2010 to 2012, Corporate Internal Audit Manager from 2007 to 2010, and Internal Audit Manager from 2003 to 2007. At Zuellig, he was chiefly responsible for the Philippine subsidiary's internal audit function, while assisting in regional risk-based internal audits for the Zuellig Pharma Group across 12 countries in the Asia-Pacific region. Prior to his time at Zuellig, Mr. Maagma held several positions at Unilever from 1998 to 2003: Regional Information Systems Audit Supervisor, Category Accounting Manager, and Treasury Manager. Previously, he performed other supervisory roles in audit in Empire East Land Holdings, Inc. and Ernst and Young International. Mr. Maagma earned his Master's degree in Business Administration (MBA) from the Asian Institute of Management (AIM). Aside from this, he is a Certified Public Accountant (CPA), Chartered Business Administrator (CBA), and a certified Information Security Management Systems (ISMS) Internal Auditor. He graduated from the University of Santo Tomas with a Bachelor of Science degree in Commerce, major in Accountancy.

Atty. Renee Lynn Miciano-Atienza, 38 years old, Filipino, is Vice President and Head of the Legal & Compliance Department of GT Capital. She was appointed to her position on May 11, 2016 and has been with GT Capital since August 2012. She concurrently holds the following positions: Director, GT Capital Auto Dealership Holdings, Inc.; Director, Toyota Subic, Inc. Prior to joining the Corporation, she was the Head of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation (CMIC). Before joining CMIC, she was the Officer-in-Charge of the Prosecution and Enforcement Department of the PSE. She was also Legal Counsel of the Office of Senator Miguel Zubiri, and prior to entering law school, a trader for United Coconut Planters Bank. She earned her Bachelor of Science degree in Management from the Ateneo de Manila University and finished her Juris Doctor degree in the same university. In 2019, she completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Don David C. Asuncion, 41 years old, Filipino, is the Vice President of GT Capital Auto Dealership Holdings, Inc. (GTCAD), the conglomerate's wholly-owned subsidiary for the Group's automotive holdings. He brings to GT Capital more than nineteen years of expertise in the automotive sector. Mr. Asuncion began his career with Toyota Motor Philippines in 2002 handling franchise development and area operations in 2006. In 2008, he joined Ford Group Philippines taking on diverse roles in Business Development, Customer Service, and Sales. Subsequently, in 2012, he joined Bermaz Auto Philippines (formerly Berjaya Auto Philippines) as the company's General Sales Manager and later General Manager for Sales and Marketing. In 2019, he

assumed the role of Assistant Vice President for Mitsubishi Motors Philippines Corporation where he was most recently employed prior to joining GTCAD. Mr. Asuncion garnered his Bachelor of Science degree in Management at the Ateneo de Manila University.

Directorships in Other Reporting Companies and Subsidiaries

The following are directorships held by Directors and Executive Officers in other reporting (listed) companies and subsidiaries of the Corporation during the last five years:

| <u>Name of Corporation</u> | <u>Position</u> |
|---|---------------------------------------|
| Arthur Vy Ty | |
| Metropolitan Bank & Trust Company | Chairman/Director |
| Metropolitan Bank (China) Ltd., Inc. | Chairman |
| Metrobank Foundation, Inc. | Chairman |
| Philippine Savings Bank | Vice Chairman/Director |
| First Metro Investment Corporation | Vice Chairman/Director |
| Philippine AXA Life Insurance Corporation | Vice-Chairman/Director |
| Federal Land, Inc. | Director |
| Francisco C. Sebastian | |
| Metropolitan Bank & Trust Company | Vice Chairman/Director |
| Federal Land, Inc. | Director |
| Metro Pacific Investments Corporation | Director |
| Property Company of Friends, Inc.* | Director** |
| Alfred Vy Ty | |
| Toyota Motor Philippines Corporation | Chairman/Director |
| Federal Land, Inc. | Chairman/Director |
| Metropolitan Bank & Trust Company | Director |
| Metrobank Foundation, Inc. | Trustee |
| Property Company of Friends, Inc.* | Chairman/Director** |
| Metro Pacific Investment Corporation | Director |
| Philippine Long Distance Telephone Company | Independent Director |
| GT Capital Auto Dealership Holdings, Inc. | Director |
| Toyota Motor School of Technology, Inc. | Vice Chairman/Director |
| Federal Land-Orix Corporation | Vice Chairman/Director |
| Carmelo Maria Luza Bautista | |
| Toyota Motor Philippines Corporation | Director |
| Federal Land, Inc. | Director |
| Property Company of Friends, Inc.* | Director** |
| Philippine AXA Life Insurance Corporation | Director |
| GT Capital Auto Dealership Holdings, Inc. | Director |
| Toyota Subic, Inc. | Director |
| Toyota Financial Services Philippines Corporation | Chairman/Director |
| GT Mobility Ventures, Inc. | Chairman/Director |
| Vivant Corporation | Independent Director |
| JBA Philippines, Inc. | Director** |
| Toyota Manila Bay Corporation | Director |
| David T. Go | |
| Toyota Manila Bay Corporation | Chairman/Director |
| Toyota Motor Philippines Corporation | Vice Chairman/ Director/ Treasurer |
| GT Capital Auto Dealership Holdings, Inc. | Chairman/President/Director** |
| Toyota Subic, Inc. | Chairman/Director** |
| Toyota Financial Services Philippines Corporation | Director/Treasurer |
| Toyota Cubao, Inc. | Chairman/Director |

Rene J. Buenaventura

| | |
|--|----------------------|
| Lorenzo Shipping Corporation | Independent Director |
| AIIG Insurance, Philippines | Independent Director |
| UBS Investments, Philippines, Inc. | Independent Director |
| Consumer Creditscore Philippines, Inc. | Chairman |
| Equitable Foundation | Trustee |
| Go Kim Pah Foundation | Trustee |
| Maxicare Healthcare Foundation | Director |
| Algo Leasing and Finance, Inc. | Vice Chairman |
| Equicom Savings Bank | Vice Chairman |

Renato C. Valencia

| | |
|---------------------------------------|----------------------|
| iPeople, Inc. | Chairman |
| EEL Corporation | Independent Director |
| Anglo Philippine Holdings Corporation | Independent Director |
| Metropolitan Bank & Trust Company | Independent Director |

Wilfredo A. Paras

| | |
|---------------------------|----------------------|
| Philex Mining Corporation | Independent Director |
|---------------------------|----------------------|

Anjanette Ty Dy Buncio

| | |
|------------------------------------|--|
| Federal Land, Inc. | Director/Treasurer/Senior Vice President |
| Property Company of Friends, Inc.* | Director/Treasurer** |

Alesandra T. Ty

| | |
|---|--------------------|
| Philippine AXA Life Insurance Corporation | Director/Treasurer |
| Sumisho Motorcycle Finance Corp. | Director |

Vicente Jose S. Socco

| | |
|---|--------------------|
| GT Capital Auto Dealership Holdings, Inc. | Chairman/Director |
| GT Mobility Ventures, Inc. | Chairman/Director |
| Toyota Manila Bay Corporation | Director |
| Toyota Motor Philippines Corporation | Director |
| Toyota Subic, Inc. | Chairman/Director |
| JBA Philippines Inc. | Chairman/President |
| Premium Warranty Services Philippines, Inc. | Chairman /Director |
| Toyota Santa Rosa, Laguna, Inc. | Chairman/Director |

Francisco H. Suarez, Jr.

| | |
|---|--------------------|
| GT Capital Auto Dealership Holdings, Inc. | Director/Treasurer |
| Toyota Subic, Inc. | Director/Treasurer |
| GT Mobility Ventures, Inc. | Director/Treasurer |
| JBA Philippines, Inc. | Director/Treasurer |
| Toyota Manila Bay Corporation | Director** |
| Premium Warranty Services Philippines, Inc. | Director/Treasurer |
| Toyota Santa Rosa, Laguna, Inc. | Director |

Jose B. Crisol, Jr.

| | |
|---------------------------------|----------|
| Toyota Santa Rosa, Laguna, Inc. | Director |
|---------------------------------|----------|

Renee Lynn Miciano-Atienza

| | |
|---|----------|
| GT Capital Auto Dealership Holdings, Inc. | Director |
| Toyota Subic, Inc. | Director |

*PCFI is no longer a subsidiary of the Corporation as of July 2019.

**Past Directorships

The following will be nominated as officers of the Corporation during the Organizational Meeting:

| <u>Office</u> | <u>Name</u> |
|--|-----------------------------|
| Chairman | Arthur Vy Ty |
| Co-Vice Chairman | Alfred Vy Ty |
| Co-Vice Chairman | Francisco C. Sebastian |
| President | Carmelo Maria Luza Bautista |
| Treasurer | Anjanette T. Dy Buncio |
| Assistant Treasurer | Alesandra T. Ty |
| Corporate Secretary | Antonio V. Viray |
| Assistant Corporate Secretary | Jocelyn Y. Kho |
| Chief Financial Officer | Francisco H. Suarez, Jr. |
| Chairman of GTCAD | Vicente Jose S. Socco |
| Head, Investor Relations, Strategic Planning & Corporate Communications | Jose B. Crisol, Jr. |
| Controller and Head, Accounting and Financial Control | Reyna Rose P. Manon-og |
| Chief Risk Officer | Joyce B. De Leon |
| Head, Human Resources & Administration | Susan E. Cornelio |
| Head, Corporate Planning and Business Development | Elsie D. Paras |
| Chief Audit Executive | Leo Paul C. Maagma |
| Head, Legal and Compliance | Renee Lynn Miciano-Atienza |
| Vice President of GTCAD | Don David C. Asuncion |

The following will be nominated as Board Advisers during the Organizational Meeting:

| | |
|---------|--------------------------|
| Adviser | Mary Vy Ty |
| Adviser | Guillermo Co Choa |
| Adviser | Jaime Miguel G. Belmonte |

(b) Significant Employees

The Corporation does not believe that its business is dependent on the services of any particular employee.

(c) Family Relationships

Mary Vy Ty is the wife of the late Dr. George S.K. Ty. Arthur Vy Ty, Alfred Vy Ty, Anjanette T. Dy Buncio, and Alesandra T. Ty are the children of the late Dr. George S.K. Ty and Mary Vy Ty. All other directors and officers are not related either by consanguinity or affinity. There are no other family relationships known to the registrant other than the ones disclosed herein.

(d) Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 27 (Related Party Transactions) of the Notes to the Consolidated Financial Statements and those eliminated during consolidation. Related Party Transactions are made on an arm's length basis.

(e) Involvement in Legal Proceedings

The Corporation is not aware of any of the following events having occurred during the past five years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Corporation:

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

- (2) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- (4) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated; and
- (5) a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

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

Summary compensation table of Directors

| Remuneration Item | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|--------------------------|----------------------------|--|------------------------------|
| Per diem Allowance | Php 1.51 million | Php 26.49 million | Php 5.90 million |
| Bonuses | Php 0.90 million | Php 6.00 million | Php 3.40 million |
| Transportation Allowance | Php 0.04 million | Php 0.44 million | Php 1.23 million |

The directors receive per diems, bonuses, and allowances that are included in the amounts stated above. Aside from the amounts stated, there are no other compensation plans or arrangements between the directors and the Corporation.

Summary compensation table of Executive Officers

The following table identifies the Corporation's President and four most highly-compensated executive officers (the "Named Executive Officers") and summarizes their aggregate compensation in 2019, 2020, and 2021. The amounts (in P millions) set forth in the table below have been prepared based on what the Corporation paid its executive officers in 2019 and 2020, and what the Corporation expects to pay in 2021.

| Name and Principal Position | Year | Salary | Bonus | Other | Annual Compensation |
|------------------------------------|-------------|---------------|--------------|--------------|----------------------------|
| Named Executive Officers*..... | 2019 | 53.06 | 22.10 | - | - |
| | 2020 | 54.40 | 23.88 | - | - |
| | 2021** | 58.75 | 25.79 | - | - |
| All other Officers as a Group..... | 2018 | 35.42 | 14.76 | - | - |
| | 2019 | 48.85 | 22.80 | - | - |
| | 2021** | 52.76 | 24.62 | - | - |

* Named executive officers include: Carmelo Maria Luza Bautista (President), Vicente Saniel Socco (Chairman of GTCAD), Francisco H. Suarez, Jr. (Chief Financial Officer), Jose B. Crisol (Head, Investor Relations, Strategic Planning and Corporate Communication), and Winston Andrew L. Peckson (First Vice President).

** Figures for the year 2021 are estimates

Employment contracts between the Corporation and named executive officers

The Corporation has no special employment contracts with its executive officers. In the ordinary course of business, the Corporation has employment contracts with all its employees, including officers, in compliance with the applicable labor laws and regulations. The salaries and bonuses of officers are included in the compensation table above.

Warrants and options outstanding

There are no outstanding warrants or options held by the CEO, executive officers, and all officers and directors as a group.

Stock option plan

The Corporation has no employee stock option plan.

Item 7. Independent Public Accountants

Sycip, Gorres, Velayo & Company was the external auditor for the calendar year 2020. The same external auditor will be recommended for re-appointment at the scheduled stockholders' meeting. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Corporation engaged Ms. Vicky Lee Salas of SGV & Co. for the examination of the Corporation's financial statements for the calendar year 2020. Pursuant to SRC Rule 68, Paragraph 3 (b) (ix) (Rotation of External Auditors), the independent auditors or in the case of an audit firm, the signing partner, shall be rotated after every five (5) years of engagement, with a two-year cooling off period to be observed in the re-engagement of the same signing partner or individual auditor.

The following table sets out the aggregate fees for audit and audit-related services, inclusive of out-of-pocket expenses and value-added-tax for each of the years ended December 31, 2019 and 2020 for professional services rendered by SGV & Co. to GT Capital:

| | 2019 | 2020 |
|----------------------------------|------|------|
| Audit and Audit-Related Services | 3.04 | 2.48 |
| Non-Audit Services | 0.04 | 0.06 |
| Total | 3.08 | 2.54 |

Audit services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, and review of annual income tax returns. Non-audit services were also provided by SGV & Co. for validation of stockholders' votes during Stockholder's Meeting.

The Audit Committee has the primary responsibility of recommending to the Board of Directors the appointment, re-appointment or removal of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approve the Audit Committee's recommendation.

Item 8. Compensation Plans

Not applicable.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

Not applicable.

Item 10. Modification or Exchange of Securities

Not applicable.

Item 11. **Financial and Other Information**

Not applicable.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

Not applicable.

Item 13. **Acquisition or Disposition of Property**

Not applicable.

Item 14. **Restatement of Accounts**

Not applicable.

D. OTHER MATTERS

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

The following are to be submitted for approval during the Annual Stockholders' Meeting:

(a) Minutes of the Annual Meeting of Stockholders held on June 5, 2020

The following was the agenda of the said meeting:

- Call to order
- Certification of notice and quorum
- Approval of minutes of Annual Meeting of Stockholders held on May 08, 2019
- Annual Report for the Year 2019
- General ratification of the acts of the Board of Directors, Executive Committee, and Management from the date of the last annual stockholders' meeting up to the date of this meeting
- Election of directors for 2020-2021
- Re-appointment of external auditor
- Amendment of Articles of Incorporation allowing the Corporation to provide guarantees in favor of its component companies
- Adjournment

(b) Annual Report for the Year 2020

(c) General ratification of the acts of the Board of Directors and the management from the date of the last annual stockholders' meeting (June 5, 2020) up to the date of this meeting (May 17, 2021), including acquisition and disposition of shares of another corporation, declaration of dividends, election of directors and appointment of officers.

(d) Approval of re-appointment of external auditor

There are no other matters that would require approval of the stockholders other than as stated in Item 18.

Item 16. **Matters Not Required to be Submitted**

Not applicable.

Item 17. **Amendment of Charter, By-laws or Other Documents**

Not applicable.

Item 18. **Other Proposed Action**

Other than the matters indicated in the Notice and Agenda, there are no other actions proposed to be taken at the annual meeting.

Item 19. **Voting Procedures**

(a) Election of Directors

As stated in Section 2 of Article III of the Corporation's By-laws, "The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified."

Section 24 of The Revised Corporation Code of the Philippines states that "At all elections of directors or trustees, there must be present, either in person or by representative authorized to act by written proxy, the owners of a majority of the outstanding capital stock... entitled to vote."

(b) Appointment of External Auditor

As stated in Section 1 of Article VII of the Corporation's By-laws, "At the regular stockholders' meeting the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation." The stockholders representing the majority of the subscribed capital stock approve the appointment of the external auditor.

Methods by which votes will be counted

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. Stockholders are entitled to cumulative voting in the election of the board of directors, as provided by the Revised Corporation Code.

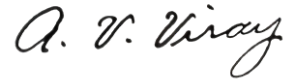
Voting shall be done by ballots or by proxy. All votes received shall be tabulated by the office of the Corporate Secretary and the stock transfer agent, and shall be validated by an external independent party. The Corporate Secretary shall report the results on the voting of each matter during the meeting.

N.B. UPON WRITTEN REQUEST OF A STOCKHOLDER, GT CAPITAL HOLDINGS, INC. SHALL PROVIDE, FREE OF CHARGE, A COPY OF ITS 2020 ANNUAL REPORT (SEC FORM 17-A). THE REQUEST SHOULD BE ADDRESSED TO THE ATTENTION OF FRANCISCO H. SUAREZ, JR., CHIEF FINANCIAL OFFICER, 43RD FLOOR, GT TOWER INTERNATIONAL, AYALA AVENUE CORNER H. V. DE LA COSTA ST., MAKATI CITY 1227.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in the City of Makati on March 26, 2021.

By:



ANTONIO V. VIRAY
Corporate Secretary

MANAGEMENT REPORT

A.i Consolidated Audited Financial Statements

The Company's consolidated financial statements for the year ended December 31, 2020 are incorporated herein by reference.

A.ii Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosures.

A.iii Management's Discussion and Analysis or Plan of Operation

CALENDAR YEAR ENDED DECEMBER 31, 2020 VERSUS YEAR ENDED DECEMBER 31, 2019

| GT Capital Consolidated Statements of Income <i>(In Million Pesos, Except for Percentage)</i> | Audited Year Ended December 31 | | Increase (Decrease) | |
|---|---|-------------|----------------------------|-------------------|
| | 2020 | 2019 | Amount | Percentage |
| CONTINUING OPERATIONS | | | | |
| REVENUE | | | | |
| Automotive operations | 113,975 | 192,966 | (78,991) | (41%) |
| Real estate sales and interest income on real estate sales | 9,455 | 9,844 | (389) | (4%) |
| Equity in net income of associates and joint venture | 6,355 | 14,578 | (8,223) | (56%) |
| Rent income | 1,751 | 1,526 | 225 | 15% |
| Sale of goods and services | 457 | 802 | (345) | (43%) |
| Interest income on deposits and investments | 197 | 443 | (246) | (56%) |
| Commission income | 107 | 252 | (145) | (58%) |
| Other income | 2,123 | 2,529 | (406) | (16%) |
| | 134,420 | 222,940 | (88,520) | (40%) |
| COSTS AND EXPENSES | | | | |
| Cost of goods and services sold | 76,479 | 133,943 | (57,464) | (43%) |
| Cost of goods manufactured and sold | 23,554 | 36,819 | (13,265) | (36%) |
| General and administrative expenses | 13,032 | 13,595 | (563) | (4%) |
| Interest expense | 6,323 | 6,453 | (130) | (2%) |
| Cost of real estate sales | 4,120 | 5,340 | (1,220) | (23%) |
| Cost of rental | 589 | 435 | 154 | 35% |
| | 124,097 | 196,585 | (72,488) | (37%) |
| INCOME BEFORE INCOME TAXES | 10,323 | 26,355 | (16,032) | (61%) |
| PROVISION FOR INCOME TAX | 1,986 | 5,057 | (3,071) | (61%) |
| NET INCOME FROM CONTINUING OPERATIONS | 8,337 | 21,298 | (12,961) | (61%) |
| NET INCOME FROM DISCONTINUED OPERATIONS | - | 3,814 | (3,814) | (100%) |
| NET INCOME | 8,337 | 25,112 | (16,775) | (67%) |
| ATTRIBUTABLE TO: | | | | |
| Equity holders of the Parent Company | | | | |
| Profit for the year from continuing operations | 6,546 | 16,586 | (10,040) | (61%) |
| Profit for the year from discontinued operations | - | 3,723 | (3,723) | (100%) |
| | 6,546 | 20,309 | (13,763) | (68%) |
| Non-controlling interests | | | | |
| Profit for the year from continuing operations | 1,791 | 4,712 | (2,921) | (62%) |
| Profit for the year from discontinued operations | - | 91 | (91) | (100%) |
| | 1,791 | 4,803 | (3,012) | (63%) |
| | 8,337 | 25,112 | (16,775) | (67%) |

GT Capital Holdings, Inc. ("GT Capital" or the "Parent Company" or the "Company") consolidated net income attributable to equity holders of the Parent Company dropped by 68% from Php20.31 billion in 2019 to Php6.55 billion in 2020. The decline was principally due to the 40% decrease in consolidated revenues with major drops registered in auto sales (-41%) and equity in net income of associates and joint ventures (-56%) arising from the ongoing pandemic conditions.

Core net income attributable to equity holders of the Parent Company declined by 53% from Php15.78 billion in 2019 to Php7.44 billion in 2020 after adding back the Php0.89 billion non-recurring expenses incurred by Metro Pacific Investments Corporation (MPIC), and amortization of fair value adjustments arising from various business combinations. Core net income for 2019 amounted to Php15.78 billion from a reported net income of Php20.31 billion after deducting the Php3.58 billion total income from redemption of investment in Property Company of Friends, Inc. ("PCFI"), and Php1.28 billion share in MPIC's non-recurring gain; and adding back the Php0.33 billion amortization of fair value adjustments arising from business combinations.

The financial statements of Federal Land Inc. ("Federal Land"), Toyota Motor Philippines Corporation ("TMP"), Toyota Manila Bay Corporation ("TMBC") and GT Capital Auto Dealership Holdings, Inc. ("GTCAD") are consolidated in the financial statements of the Group. The investments in other component companies Metropolitan Bank and Trust Company ("Metrobank"), Philippine AXA Life Insurance Corporation ("AXA Philippines"), TFSPC, Metro Pacific Investments Corporation ("MPIC") and Sumisho Motor Finance Corporation ("SMFC") are reported through equity accounting.

Of the nine (9) component companies, only AXA Philippines posted growth in net income, while Federal Land, TMP, TMBC, GTCAD, Metrobank, MPIC, TFSPC, and SMFC reported declines in their respective net income. GTCAD reported a higher net loss of Php10 million in 2020 as compared to the previous year.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts decreased by 41% from Php192.97 billion in 2019 to Php113.98 billion in 2020 due to a 40% drop in wholesale volume from 163,493 units to 97,863 units amid the quarantine restrictions imposed nationwide.

Equity in net income of associates and joint ventures declined by 56% from Php14.58 billion in 2019 to Php6.36 billion in 2020 primarily due to decreases in the net income of the following associates:

- (1) Metrobank by 50% from Php28.06 billion to Php13.83 billion due to a significant increase in provisions for credit and impairment losses as a result of proactive measures to better prepare the Bank for risks associated with the pandemic;
- (2) MPIC by 80% from Php23.86 billion to Php4.75 billion as the quarantine restrictions reduced toll traffic in both domestic and regional toll roads, suspension and subsequent reduction of ridership capacity in its rail operations and decreased commercial and industrial demand from the power and water businesses; and
- (3) TFSPC by 77% from Php0.58 billion to Php0.13 billion due to a significant increase in provisions for credit and impairment losses.

Rent income grew by 15% from Php1.53 billion to Php1.75 billion primarily due to rate escalation and higher newly signed lease spaces against back-outs and termination.

Sale of goods and services declined by 43% or Php0.35 billion to Php457 million due to lower fuel sales and the closure of food franchises amid the community quarantine.

Interest income dropped by 56% from Php0.44 billion in 2019 to Php0.20 billion in 2020 due to lower time deposit placements.

Commission income decreased by Php0.14 billion from Php0.25 billion in 2019 to Php0.11 billion in 2020 due to a decline in booked sales of Federal Land arising also from restrictions in construction and equity payments in compliance with the Bayanihan Act of the government.

Other income declined by Php0.41 billion from Php2.53 billion to Php2.12 billion with: (1) TMP contributing Php0.65 billion consisting of ancillary income, foreign exchange gain and other income; (2) Federal Land contributing Php0.64 billion comprising real estate forfeitures, management fees and other income; (3) GT Capital contributing Php0.44 billion arising from dividend income from its FVOCI investments and gain on sale of FVTPL

investments; (4) TMBC contributing Php0.35 billion consisting of ancillary income on finance and insurance commissions and other income. The remaining balance of Php0.04 billion came from GTCAD.

Consolidated costs and expenses decreased by 37% from Php196.59 billion in 2019 to Php124.10 billion in 2020. TMP contributed Php95.79 billion comprising cost of goods sold for manufacturing and trading activities, general and administrative expenses and interest expenses. TMBC contributed Php13.29 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses. Federal Land contributed Php8.00 billion consisting of cost of real estate sales, cost of goods and services sold, general and administrative expenses, cost of rental and interest expenses. GT Capital Parent Company contributed Php6.00 billion consisting of cost of real estate sales, interest expenses and general and administrative expenses. GTCAD accounted for the balance of Php1.02 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses.

Cost of goods and services sold dropped by 43% from Php133.94 billion to Php76.48 billion relative to the decline in wholesale volume of completely-built-up (CBU) units from 109,574 to 62,404 units.

Cost of goods manufactured and sold comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP declined by Php13.27 billion from Php36.82 billion to Php23.55 billion due to a decline in wholesale volume of completely-knocked-down (CKD) units from 53,919 to 35,459 units.

Cost of real estate sales dropped by 23% from Php5.34 billion to Php4.12 billion relative to the decrease in real estate sales of Federal Land.

Cost of rental increased by 35% from Php0.44 billion to Php0.59 billion due to an increase in operating expenses incurred in the leasing business such as taxes and licenses, depreciation, maintenance and other overhead expenses.

Provision for income tax declined by 61% from Php5.06 billion to Php1.99 billion due to lower taxable income in 2020 vis-à-vis 2019.

Net income from discontinued operations of Php3.81 billion in 2019 pertain to the gain on redemption of PCFI shares and the income earned by PCFI from January to June 2019.

Net income attributable to non-controlling interest decreased by 63% from Php4.80 billion to Php1.79 billion due to a decline in net income of subsidiaries which are not wholly-owned.

Consolidated Statements of Financial Position**Audited December 31** **Increase (Decrease)***(In Million Pesos, Except for Percentage)*

| | 2020 | 2019 | Amount | Percentage |
|---|----------------|---------|---------------|-------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 17,114 | 12,133 | 4,981 | 41% |
| Financial assets at fair value through profit or loss | 3,709 | 4,698 | (989) | (21%) |
| Receivables | 18,833 | 13,382 | 5,451 | 41% |
| Contract assets | 6,183 | 5,095 | 1,088 | 21% |
| Inventories | 74,735 | 72,189 | 2,546 | 4% |
| Due from related parties | 202 | 209 | (7) | (3%) |
| Prepayments and other current assets | 12,380 | 10,416 | 1,964 | 19% |
| Total Current Assets | 133,156 | 118,122 | 15,034 | 13% |
| Noncurrent Assets | | | | |
| Receivables – net of current portion | 7,048 | 3,421 | 3,627 | 106% |
| Contract asset – net of current portion | 6,852 | 5,556 | 1,296 | 23% |
| Financial assets at fair value through other comprehensive income | 12,740 | 12,373 | 367 | 3% |
| Investment properties | 16,253 | 15,347 | 906 | 6% |
| Investments and advances | 184,757 | 178,059 | 6,698 | 4% |
| Property and equipment | 11,612 | 13,159 | (1,547) | (12%) |
| Goodwill and intangible assets | 9,965 | 10,040 | (75) | (1%) |
| Deferred tax asset | 1,402 | 1,141 | 261 | 23% |
| Other noncurrent assets | 1,195 | 436 | 759 | 174% |
| Total Noncurrent Assets | 251,824 | 239,532 | 12,292 | 5% |
| TOTAL ASSETS | 384,980 | 357,654 | 27,326 | 8% |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Accounts and other payables | 29,998 | 25,234 | 4,764 | 19% |
| Contract liabilities – current portion | 4,006 | 4,553 | (547) | (12%) |
| Short-term debt | 28,007 | 12,890 | 15,117 | 117% |
| Current portion of long-term debt | 5,012 | 4,974 | 38 | 1% |
| Current portion of liabilities on purchased properties | 598 | 432 | 166 | 38% |
| Current portion of bonds payable | 4,995 | 3,899 | 1,096 | 28% |
| Customers' deposits | 506 | 560 | (54) | (10%) |
| Dividends payable | 589 | 589 | – | 0% |
| Due to related parties | 515 | 204 | 311 | 152% |
| Income tax payable | 472 | 875 | (403) | (46%) |
| Other current liabilities | 843 | 1,371 | (528) | (39%) |
| Total Current Liabilities | 75,541 | 55,581 | 19,960 | 36% |

| <i>(In Million Pesos, Except for Percentage)</i> | Audited December 31 | | Increase (Decrease) | |
|--|----------------------------|---------|----------------------------|-------------------|
| | 2020 | 2019 | Amount | Percentage |
| Noncurrent Liabilities | | | | |
| Long term debt – net of current portion | 95,429 | 87,149 | 8,280 | 10% |
| Bonds payable – net of current portion | 10,065 | 15,040 | (4,975) | (33%) |
| Liabilities on purchased properties - net of current portion | 2,657 | 3,352 | (695) | (21%) |
| Pension liabilities | 1,934 | 1,222 | 712 | 58% |
| Deferred tax liabilities | 3,225 | 3,138 | 87 | 3% |
| Other noncurrent liabilities | 3,944 | 2,852 | 1,092 | 38% |
| Total Noncurrent Liabilities | 117,254 | 112,753 | 4,501 | 4% |
| TOTAL LIABILITIES | 192,795 | 168,334 | 24,461 | 15% |
| Equity attributable to equity holders of Parent Company | | | | |
| Capital stock | 3,370 | 3,370 | – | 0% |
| Additional paid-in capital | 98,827 | 98,827 | – | 0% |
| Retained earnings | | | | |
| Unappropriated | 79,234 | 74,569 | 4,665 | 6% |
| Appropriated | 400 | 400 | – | 0% |
| Other comprehensive loss | (853) | (2,019) | 1,166 | (58%) |
| Other equity adjustments | 2,322 | 2,322 | – | 0% |
| | 183,300 | 177,469 | 5,831 | 3% |
| Non-controlling interests | 8,885 | 11,851 | (2,966) | (25%) |
| TOTAL EQUITY | 192,185 | 189,320 | 2,865 | 2% |
| TOTAL LIABILITIES AND EQUITY | 384,980 | 357,654 | 27,326 | 8% |

The major changes in GT Capital's consolidated balance sheet from December 31, 2019 to December 31, 2020 are as follows:

Consolidated assets increased by 8% or Php27.33 billion from Php357.65 billion as of December 31, 2019 to Php384.98 billion as of December 31, 2020. Total liabilities increased by 15% or Php24.46 billion from Php168.33 billion to Php192.80 billion while total equity increased by Php2.87 billion from Php189.32 billion to Php192.19 billion.

Cash and cash equivalents increased by Php4.98 billion from Php12.13 billion to Php17.11 billion with TMP, Federal Land, GT Capital, GTCAD and TMBC accounting for Php6.77 billion, Php5.29 billion, Php3.86 billion, Php0.76 billion, Php0.43 billion, respectively.

Financial assets at fair value through profit or loss (FVTPL) declined by Php0.99 billion from Php4.70 billion to Php3.71 billion due to partial withdrawal of unit investment trust placement by the Parent Company.

Receivables – current increased by 16% from Php13.38 billion to Php15.52 billion with TMP contributing Php10.32 billion consisting of trade and non-trade receivables; Federal Land contributing Php2.33 billion, a majority of which were installment contract receivables, rent receivable and other receivables; TMBC contributing Php1.89 billion comprising of trade and non-trade receivables; GT Capital contributing Php0.86 billion consisting of trade receivable, dividend receivable and other receivables; and GTCAD accounting for the remaining Php0.13 billion representing trade receivables from the sale of automobiles and after-sales maintenance services.

Contract assets-current increased by 21% from Php5.10 billion to Php6.18 billion due to the excess of the progress of work over the right to an amount collectible from the unit buyers of Federal Land.

Prepayments and other current assets grew by 19% from Php10.42 billion to Php12.38 billion comprising of input VAT, advances to contractors and suppliers, creditable withholding taxes, ad valorem taxes, prepaid expenses and other current assets amounting to Php3.58 billion, Php2.63 billion, Php1.57 billion, Php 1.38 billion, Php0.75 billion and Php2.47 billion, respectively.

Non-current receivables increased by Php6.94 billion from Php3.42 billion to Php10.36 billion due to an increase in long-term receivables of GT Capital, Federal Land and TMP.

Non-current contract assets increased by Php1.30 billion from Php5.55 billion to Php6.85 billion due to the excess of the progress of work over the right to an amount collectible from the unit buyers of Federal Land.

Investment properties grew by 6% from Php15.35 billion to Php16.25 billion due to the reclassification from inventories of Federal Land.

Property and equipment declined by 12% or Php1.55 billion due to depreciation and amortization expenses during the period.

Deferred tax assets grew by 23% from Php1.14 billion to Php1.40 billion arising from the recognition of deferred tax from the net operating loss carry over during the period.

Other non-current assets increased from Php0.44 billion to Php1.20 billion comprising long-term deposits, non-current input tax, other non-current assets and retirement assets from Federal Land, (Php1.02 billion); GT Capital, (Php0.09 billion); TMP, (Php0.07 billion); and TMBC, (Php0.02 billion).

LIABILITIES

Accounts and other payables increased by 19% from Php25.23 billion to Php30.00 billion with TMP, Fed Land, TMBC, GT Capital and GTCAD accounting for Php19.49 billion, Php8.25 billion, Php1.78 billion, Php0.36 billion and Php0.12 billion, respectively.

Contract liabilities - current portion decreased by 12% from Php4.55 billion to Php4.01 billion coming from increase in percentage of completion of Federal Land.

Short-term debt increased by Php15.12 billion from Php12.89 billion to Php28.01 billion to the increased working capital requirements of Federal Land and TMP.

Current portion of liabilities on purchased properties increased by Php0.17 billion due to the reclassification from non-current portion of Federal Land.

Current portion of bonds payable increased by Php1.10 billion due to the reclassification from non-current portion of Php4.99 billion bonds due in August 2021, offset by the full settlement of Php3.90 billion bonds due in February 2020.

Customers' deposit declined by 10% from Php0.56 billion to Php0.51 billion with TMBC, TMP, and GTCAD accounting for Php0.25 billion, Php0.24 billion, Php0.01 billion, respectively.

Due to related parties increased by Php0.31 billion from Php0.20 billion to Php0.52 billion due mainly from Federal Land's related parties.

Income tax payable dropped by 46% from Php0.88 billion to Php0.47 billion due to the lower taxable income for 2020.

Other current liabilities declined by Php0.53 billion from Php1.37 billion to Php0.84 billion primarily due to the lower output tax payable arising from lower sales of TMP and Federal Land.

Long term debt – net of current portion increased by Php8.28 billion from Php87.15 billion to Php95.43 billion mainly due to the new availments of Federal Land and the Parent Company to refinance the bonds that matured in February 2020.

Bonds payable – net of current portion dropped by 33% from Php15.04 billion to Php10.07 billion due to reclassification to current portion of bonds due in August 2021 and amortization of deferred financing cost.

Liabilities on purchased properties - net of current portion decreased by Php0.70 billion due to the Php 0.60 billion payments during the year and Php0.17 billion reclassification to current portion, offset by the amortization of deferred financing cost.

Pension liabilities grew by Php0.71 billion from Php1.22 billion to Php1.93 billion due to increased retirement benefit obligation of TMP and Federal Land.

Other noncurrent liabilities grew by 38% or Php1.09 billion from Php2.85 billion to Php3.94 billion mainly due to the deferred output VAT on installment sale of lots by the Parent Company.

EQUITY

Unappropriated retained earnings increased by Php4.67 billion from Php74.57 billion to Php79.23 billion mainly due to the Php6.55 billion consolidated net income earned attributable to the Parent Company in 2020, net of Php1.88 billion cash dividends declared.

Other comprehensive loss improved by Php1.17 billion from Php2.02 billion to Php0.85 billion primarily due to the mark-to-market gain on financial assets at FVOCI of the Group.

Non-controlling interest (NCI) decreased by 25% from Php11.85 billion to Php8.88 billion largely due to the declaration of cash dividends by subsidiaries which are not wholly-owned.

Key Performance Indicators of the Company and its component companies

The following are the key performance indicators of the Company for the years ended December 31, 2018, 2019 and 2020.

| | In Million Pesos, except for percentages | | |
|--|---|-------------|-------------|
| Income Statement | 2018 | 2019 | 2020 |
| Total Revenues | 205,831 | 222,941 | 134,420 |
| Net Income attributable to Equity Holders of GT Capital Holdings | 13,156 | 20,309 | 6,547 |
| Balance Sheet | | | |
| Total Assets | 357,666 | 357,654 | 384,980 |
| Total Liabilities | 176,838 | 168,334 | 192,795 |
| Equity attributable to GT Capital Holdings, Inc. | 156,141 | 177,469 | 183,300 |
| Return on Equity * | 8.86% | 9.78% | 4.06% |

**Core net income attributable to GT Capital's common stockholders divided by the average equity where average equity is the sum of equity attributable to GT Capital's common stockholders at the beginning and end of the year divided by 2.*

Banking

Metrobank

| In Billion Pesos, except for percentages and ratios | | | |
|---|-------|-------|-------|
| | 2018 | 2019 | 2020 |
| Net income attributable to equity holders | 22.0 | 28.1 | 13.8 |
| Net interest margin on average earning assets | 3.82% | 3.84% | 3.98% |
| Operating efficiency ratio | 58.5% | 54.6% | 49.6% |
| Return on average assets | 1.02% | 1.20% | 0.6% |
| Return on average equity | 9.1% | 9.5% | 4.4% |

| | 2018 | 2019 | 2020 |
|---|---------|---------|---------|
| Total assets | 2,243.7 | 2,450.8 | 2,455.2 |
| Total liabilities | 1,953.0 | 2,132.3 | 2,122.0 |
| Equity attributable to equity holders of the parent company | 283.0 | 309.6 | 324.2 |
| Tier 1 capital adequacy ratio | 14.6% | 16.2% | 19.3% |
| Total capital adequacy ratio | 17.0% | 17.5% | 20.2% |
| Non-performing loans ratio | 1.2% | 1.3% | 2.4% |
| Non-performing loans coverage ratio | 105.0% | 103.0% | 163.0% |

Notes:

- (1) Operating efficiency ratio is the ratio of total operating expenses (excluding provisions for credit and impairment loss and income tax) to total operating income (excluding share in net income of associates and joint venture).
- (2) Return on average asset is the net income attributable to equity holders of the parent company divided by the average total assets
- (3) Return on average equity is the net income attributable to equity holders of the parent company divided by the average total equity attributable to equity holders of the parent company
- (4) Capital adequacy ratios as of December 31, 2018, 2019 and 2020 were computed based on Basel III standards.
- (5) Non-performing loans ratio is the ratio of net non-performing loans divided by total loans – excluding interbank loans.
- (6) Non-performing loans coverage ratio is the ratio of the total allowance for probable losses on loans divided by gross non-performing loans

Metrobank consolidated net income declined by 50.7% from Php28.1 billion in 2019 to Php13.8 billion in 2020. This was primarily due to provisions for credit and impairment losses booked in 2020 amounting to Php40.8 billion, which is four times more than the Php10.1 billion booked in 2019.

Net interest income grew by 11.8% from Php77.0 billion in 2019 to Php86.1 billion in 2020, comprising 71.0% of total operating income. CASA deposits increased by 21.7% from Php1.1 trillion to Php1.3 trillion, which resulted in CASA ratio improvement from 62.9% in 2019 to 73.0% of total deposits in 2020.

Non-interest income grew by 20.9% from Php29.1 billion in 2019 to Php35.1 billion in 2020 on account of increases in trading and securities, and foreign exchange gains partially offset by lower fee-based income and miscellaneous income.

Total assets grew slightly by 0.2% from Php2.45 trillion as of December 31, 2019 to Php2.46 trillion as of December 31, 2020 primarily due to increases in cash and other cash items, due from BSP, interbank loans receivable and SPURA, investment securities and deferred tax assets, partially offset by decreases in loans and receivables, due from other banks, investments in associates and JV and other assets.

Total liabilities, fell by 0.5% from Php2.13 trillion as of December 31, 2019 to Php2.12 trillion due mainly to increases in deposit liabilities, derivative liabilities and bonds payable partially offset by decreases in bills payable and Securities Sold Under Repurchase Agreements, manager's checks and demand drafts outstanding, income taxes payable, accrued interest and other expenses and subordinated debts.

Equity attributable to equity holders of the parent company grew by 4.7% from Php309.6 billion as of December 30, 2019 to Php324.2 billion as of December 31, 2020 due to the net effect of the net income reported during the year and improvement in net unrealized gain on FVOCI.

Property Development

Federal Land, Inc.

| | In Million Pesos, except for percentages and ratios | | |
|---|--|-------------|-------------|
| | 2018 | 2019 | 2020 |
| Real Estate Sales* | 10,550.6 | 9,843.8 | 6,471.3 |
| Revenues | 13,387.2 | 13,166.8 | 9,250.9 |
| Net income attributable to equity holders of the parent | 1,202.9 | 1,611.4 | 623.7 |
| | | | |
| | 2018 | 2019 | 2020 |
| Total assets | 82,251.4 | 92,319.1 | 109,376.6 |
| Total liabilities | 46,083.3 | 55,169.2 | 72,431.3 |
| Total equity attributable to equity holders of the parent | 36,062.3 | 37,039.4 | 36,828.2 |
| Current ratio | 3.4x | 2.3x | 2.0x |
| Debt to equity ratio | 0.8x | 1.0x | 1.3x |

* Includes interest income on real estate sales

Notes:

- (1) Current ratio is the ratio of total current assets divided by total current liabilities.
- (2) Debt to equity ratio is the ratio of total loans divided by total equity attributable to equity holders of the parent company

Federal Land's reservation sales amounted to Php14.2 billion in 2020, declining from Php24.2 billion in 2019 as potential buyers postponed the purchase of properties amid the pandemic.

Real estate sales and revenues declined by 34.3% and 29.7%, respectively, due to slower construction growth and sales take-up of projects arising from the community quarantine restrictions and delayed equity collections in support of the Bayanihan Act. This has also affected the net income attributable to equity holders of the parent which reached Php0.6 billion in 2020.

Total assets grew from Php92.3 billion as of December 31, 2019 to Php109.4 billion as of December 31, 2020. The asset expansion was mainly driven by increases in inventories as a result of land banking and receivables from real estate buyers.

Property Company of Friends, Inc.

On July 4, 2019, the Philippine Competition Commission approved the redemption of PCFI shares in exchange for selected assets. The resulting profit after taxes from the operations of PCFI from January to June 2019 and the gain on redemption of PCFI shares amounted to Php3.81 billion. PCFI was then deconsolidated in the financial statements of GT Capital (see Note 12 of the Consolidated Financial Statements).

Automobile Assembly and Importation and Dealership and Financing

Toyota Motor Philippines (TMP)

| | In Million Pesos, except for ratios | | |
|------------------------------------|--|-------------|-------------|
| | 2018 | 2019 | 2020 |
| Sales | 158,940.8 | 168,615.5 | 99,846.8 |
| Gross Profit | 16,620.2 | 21,143.2 | 13,022.0 |
| Operating Profit | 10,254.6 | 12,786.2 | 4,545.5 |
| Net income attributable to Parent | 7,881.9 | 9,082.4 | 3,305.7 |
| | | | |
| | 2018 | 2019 | 2020 |
| Total Assets | 36,427.5 | 38,750.9 | 45,396.0 |
| Total Liabilities | 21,189.8 | 23,142.4 | 35,894.2 |
| Total Equity | 15,237.6 | 15,608.4 | 9,501.8 |
| Total Liabilities to Equity ratio* | 1.4x | 1.5x | 3.8x |

**Total Liabilities to Equity ratio is a measure of the company's financial leverage which is calculated by dividing total liabilities by total equity*

TMP's consolidated sales fell from Php168.6 billion in 2019 to Php99.8 billion in 2020 as wholesales volume declined by 40.1% from 163,493 units to 97,863 units. TMP retail sales volume also decreased by 38.3% from 162,011 units to 100,019 units. Retail sales volume, however, was slightly better than industry's performance which saw a 40.1% volume decline from 410,035 to 241,924 units. As a result, TMP market share improved from 39.5% in 2019 to 41.3% in 2020, driven by the Vios, Hilux, and Wigo.

In 2020, TMP maintained its auto dealership complement of 71 outlets with no new openings for the year.

The overall financial performance of TMP was largely driven by the Taal eruption and the community quarantine restrictions in 2020. Decline in demand for vehicles caused net income to drop from Php9.1 billion in 2019 to Php3.3 billion in 2020. Other than lower vehicle sales, the overall slowdown in the economy also affected consumer behavior with some households deferring vehicle purchases or opting for lower-priced models. On the contrary, we have seen improved demand for passenger cars as public modes of transport became limited, shifting the overall mix to smaller and lower-priced models. Also, demand for spare parts declined in line with the economic contraction. These drivers were offset by favorable forex movement as the US dollar remained weak over the year.

As of December 31,2020, TMP directly owns seven (7) dealer outlets namely Toyota Makati with one (1) branch Toyota Bicutan, Toyota San Fernando in Pampanga with two (2) branches in Plaridel Bulacan and Toyota Tarlac in Tarlac City, Lexus Manila, situated in Bonifacio Global City, Taguig City and Toyota Santa Rosa, situated in Sta. Rosa, Laguna.

Toyota Manila Bay Corporation (TMBC)

| | In Million Pesos, except for ratios | | |
|-------------------|-------------------------------------|----------|----------|
| | 2018 | 2019 | 2020 |
| Net Sales | 20,488.8 | 23,579.6 | 13,204.1 |
| Gross Profit | 1,438.4 | 1,655.1 | 1,150.7 |
| Net Income* | 175.0 | 224.3 | 5.4 |
| | | | |
| | 2018 | 2019 | 2020 |
| Total Assets | 6,503.3 | 7,578.6 | 6,582.3 |
| Total Liabilities | 4,224.4 | 5,072.4 | 4,089.5 |
| Total Equity | 2,278.9 | 2,506.2 | 2,492.8 |

*Note: Includes booked commission income from insurance

Consolidated sales, comprising of vehicle sales, spare parts and maintenance services, decreased by 43.9% from Php23.6 billion in 2019 to Php13.2 billion in 2020. The decrease was driven significantly by the decline in vehicle sales by 44.6% from Php21.5 billion to Php11.9 billion, which accounted for 90.1% of TMBC's revenues. Such was the result of the decline in penetration rate from 11.0% to 10.7%.

Retail sales volume decreased by 39.7% from 17,755 to 10,709 units driven by Vios, Innova and Hiace. Sales from spare parts and maintenance services, accounting for a combined 9.8% of revenues, decreased by 37%.

Consolidated net income decreased by 97.5% from Php224.3 million in 2019 to Php5.4 million in 2020 due to the overall decline in revenues resulting from a decreased demand for vehicles and services.

TMBC currently owns five (5) dealer outlets namely Toyota Manila Bay, Toyota Abad Santos, Toyota Cubao and Toyota Marikina, all situated within Metro Manila; and Toyota Dasmariñas in Cavite.

Toyota Financial Services Philippines Corporation (TFSPC)

| | In Million Pesos, except for ratios | | |
|-----------------------|-------------------------------------|----------|-----------|
| | 2018 | 2019 | 2020 |
| Gross Interest Income | 6,164.7 | 6,958.7 | 7,467.5 |
| Net Interest Income | 3,254.7 | 3,082.1 | 3,556.2 |
| Net Income | 786.8 | 579.6 | 130.4 |
| Finance Receivable | 67,427.4 | 75,450.0 | 93,425.7 |
| | | | |
| | 2018 | 2019 | 2020 |
| Total Assets | 83,509.3 | 83,443.7 | 104,160.1 |
| Total Equity | 7,656.5 | 9,416.8 | 11,329.0 |

TFSPC recorded a 7.3% growth in gross interest income from Php7.0 billion in 2019 to Php7.5 billion in 2020, as finance receivables increased by 23.8% from Php75.4 billion to Php93.4 billion on a year-on-year basis.

Booking volume, increased by 18.1% from 34,039 units in 2019 to 40,212 units in 2020 despite the overall decline in TMP's sales volume due to higher penetration rate from 21.0% to 40.2%.

Net income, however, declined by 77.5% at Php130.4 million due to higher provisions for credit losses and increased ROPA losses arising from the pandemic.

Sumisho Motor Finance Corporation (SMFC)

| | In Million Pesos, except for ratios | | |
|-----------------------|-------------------------------------|---------|---------|
| | 2018 | 2019 | 2020 |
| Gross Interest Income | 1,167.8 | 1,655.4 | 1,789.3 |
| Net Interest Income | 1,078.6 | 1,436.1 | 1,511.6 |
| Net Income | 262.2 | 354.8 | 77.2 |
| Finance Receivable | 4,758.8 | 6,620.0 | 6,250.2 |
| | | | |
| | 2018 | 2019 | 2020 |
| Total Assets | 5,066.5 | 7,124.5 | 7,681.7 |
| Total Equity | 2,304.7 | 2,521.1 | 2,296.2 |

SMFC recorded a 8.1% growth in gross interest income from Php1.7 billion in 2019 to Php1.8 billion in 2020, as average yields increased on a year-on-year basis. Bookings, however, declined by 37.5% from 65,505 units in 2019 to 40,943 units in 2020.

Net income fell by 78.3% from Php354.8 in 2019 to Php77.2 billion in 2020 due to the community quarantine restrictions that resulted in higher provisions for credit losses.

Life and Non-Life Insurance

Philippine AXA Life Insurance Corporation and Subsidiary (AXA Philippines)

The following are the major performance measures used by AXA Philippines for the period ended 2018, 2019 and 2020.

| | In Million Pesos, except ratios | | | Consolidated 2020 |
|------------------------------------|---------------------------------|-----------|-----------|----------------------|
| | AXA Philippines | | | |
| | 2018 | 2019 | 2020 | |
| Gross Premiums | 29,708.4 | 26,541.3 | 31,602.0 | 36,300.9 |
| Net income after tax | 2,745.9 | 3,388.6 | 2,829.9 | 2,900.0 |
| Net Profit Margin (%) ¹ | 8.7% | 11.8% | 8.3% | |
| | | | | |
| Total Assets | 116,107.2 | 132,278.6 | 146,497.2 | 153,914.9 |
| Total Liabilities | 106,580.4 | 119,268.6 | 133,371.5 | 141,849.2 |
| Total Equity | 9,526.8 | 13,010.0 | 13,125.7 | 12,065.7 |
| Solvency ratio ² | 473.0% | 435.0% | 270% | |

Notes:

(1) Net profit margin (%) is the ratio of Net profit over Total Revenues.

(2) Solvency ratio is calculated as the insurance company's net worth divided by the Risk-based Capital (RBC) requirement of the Insurance Commission based on Memorandum Circular (IMC) No. 6-2006. Net worth shall include the company's paid-up capital, contributed and contingency surplus, and unassigned surplus.

New business from life insurance expressed in Annualized Premium Equivalent declined by 23.6% from Php6.8 billion in 2019 to Php5.2 billion in 2020. Such was driven by the 36.3% decline in Regular Premium, partially offset by the 55.3% growth in Single Premium. The lower sales production was attributable to the limited mobility of agents and lower foot traffic in banks as an effect of the quarantine restrictions. Premium revenues increased by 19.1% from Php26.5 billion in 2019 to Php31.6 billion in 2020 as the premium revenue mix changed from 36%/64% (Single Premium vs. Regular Premium) in 2019 to 46%/54% in 2020. By distribution platform, bancassurance, sales agency and corporate solutions accounted for 63%, 33% and 4% of premium revenues, respectively.

Gross written premiums of the non-life insurance declined from Php5.4 billion in 2019 to Php3.9 billion in 2020. The quarantine restrictions resulted in limited mobility, lower consumer spending and ban in travels which affected sales across all lines of business.

Consolidated net income grew by 22.4% from Php2.4 billion in 2019 to Php2.9 billion in 2020. The improvement in consolidated net income is attributable to non-life insurance business which reported a net income of Php0.1 billion in 2020 from a net loss of Php1.0 billion in 2019 due to lower claims and losses, reinsurance cost and management expenses. Conversely, AXA Philippines's net income declined from Php3.4 billion in 2019 to Php2.8 billion in 2020 due to lower premium margins from the shortfall in sales in Regular Premium products and unrealized losses in equity investments.

Infrastructure and Utilities

Metro Pacific Investments Corporation (MPIC)

| In Million Pesos, except for Percentage | | | |
|---|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 |
| Core net income | 15,060 | 15,602 | 10,238 |
| Net income attributable to equity holders | 14,130 | 23,856 | 4,748 |
| | 2018 | 2019 | 2020 |
| Total assets | 557,946 | 611,778 | 617,796 |
| Total liabilities | 318,943 | 365,733 | 373,451 |
| Total equity attributable to owners of Parent Company | 173,311 | 190,962 | 184,858 |

MPIC's share in the consolidated operating core income decreased by 26% from Php20.9 billion in 2019 to Php15.4 billion in 2020, owing largely to the economic contraction brought about by the quarantine restrictions. Specifically, the decline was driven by the following:

- Reduced traffic on toll roads; Core net income contribution of Metro Pacific Tollways Corporation (MPTC) to MPIC was Php2.4 billion;
- Mandated suspension and subsequent reduction in ridership capacity for light rail services; Light Rail Manila Corporation (LRMC) contributed a net loss of Php0.3 billion to MPIC;
- Decreased commercial and industrial demand for power and water; MPIC's power business, which includes Manila Electric Company (Meralco) and Global Business Power Corporation (GBPC) contributed Php10.5 billion while Maynilad Water Services (Maynilad) and MetroPac Water (MPW) contributed Php3.1 billion; and,
- Lower share in the earnings of the hospital business after the sell-down of interest to KKR & Co. in 2019.

Reported net income attributable to equity holders declined by 80% from Php23.9 billion in 2019 to Php4.7 billion in 2020 due to impairment losses in Meralco's investment in Pacific Light Power and MPIC's investment in Landco Pacific, and interest accretion on provision for over-recoveries. Excluding non-recurring income or expenses, MPIC reported a core income of Php10.2 billion in 2020 from Php15.6 billion in 2019.

Except for (ii), (iv),(vi) and (vii), the Company does not know of:

- (i) Any known trends or any known demands, commitments, events, uncertainties that will result or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;
- (ii) Any events that would trigger direct or contingent financial obligation (including contingent obligation) that is material to the Company, including any default or acceleration of an obligation except those disclosed in the notes to the financial statements;
- (iii) Any material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;
- (iv) Any material commitments for capital expenditures, their purpose and sources of funds for such expenditures except as discussed below.

The GT Capital Group's 2021 capital expenditures ("CAPEX") budget is presented as follows:

| Component Company | In Php Billion | Nature | Funding source |
|------------------------------|-----------------------|---|-----------------------|
| Metrobank | 3.0-5.0 | Mainly for IT investments | Internal |
| Federal Land ¹ | 3.8 | Landbanking and leasing projects | Internal and Debt |
| TMP | 4.0 | New Model Introduction, Specs upgrade, and special projects | Internal |
| TMBC | 0.5 | Dealership expansion and property improvements | Internal |
| TFS | 0.3 | Hardware, Software, FFE and Leasehold improvement | Internal and Debt |
| SMFC | 0.1 | Software, Computer equipment, Leasehold Rights and Improvement, Transportation Equipment, FFE | Internal and Debt |
| AXA Philippines ² | 0.3 | Computer and IT upgrade, Office equipment | Internal |
| GTCap-Parent | 4.3 | Mainly investments/acquisitions | Internal and Debt |
| Total | 16.3 -18.3 | | |

(1) Excludes construction of vertical residential buildings and house construction

(2) Includes CPAIC

- (v) Any known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;
- (vi) Any significant elements of income or loss that did not arise from the Company's continuing operations except those disclosed in the audited financial statements;
- (vii) The causes of any material change from period to period including vertical and horizontal analysis of any material item, the causes of material changes are discussed in the MD & A; and
- (viii) Any seasonal aspects that had a material effect on financial condition or results of operation of the Company.

CALENDAR YEAR ENDED DECEMBER 31, 2019 VERSUS YEAR ENDED DECEMBER 31, 2018

| GT Capital Consolidated Statements of Income <i>(In Million Pesos, Except for Percentage)</i> | Audited | | Increase (Decrease) | |
|--|--------------------------------|---------|---------------------|------------|
| | Year Ended December 31 2019 | 2018 | Amount | Percentage |
| CONTINUING OPERATIONS | | | | |
| REVENUE | | | | |
| Automotive operations | 192,966 | 179,117 | 13,849 | 8% |
| Equity in net income of associates and joint venture | 14,578 | 11,513 | 3,065 | 27% |
| Real estate sales and interest income on real estate sales | 9,844 | 10,551 | (707) | (7%) |
| Rent income | 1,526 | 1,181 | 345 | 29% |
| Sale of goods and services | 802 | 778 | 24 | 3% |
| Interest income on deposits and investments | 443 | 459 | (16) | (3%) |
| Commission income | 252 | 108 | 144 | 133% |
| Other income | 2,529 | 2,124 | 405 | 19% |
| | 222,940 | 205,831 | 17,109 | 8% |
| COSTS AND EXPENSES | | | | |
| Cost of goods and services sold | 133,943 | 129,849 | 4,094 | 3% |
| Cost of goods manufactured and sold | 36,819 | 31,809 | 5,010 | 16% |
| General and administrative expenses | 13,595 | 10,667 | 2,928 | 27% |
| Interest expense | 6,453 | 5,401 | 1,052 | 19% |
| Cost of real estate sales | 5,340 | 6,839 | (1,499) | (22%) |
| Cost of rental | 435 | 476 | (41) | (9%) |
| | 196,585 | 185,041 | 11,544 | 6% |
| INCOME BEFORE INCOME TAXES | 26,355 | 20,790 | 5,565 | 27% |
| PROVISION FOR INCOME TAX | 5,057 | 3,886 | 1,171 | 30% |
| NET INCOME FROM CONTINUING OPERATIONS | 21,298 | 16,904 | 4,394 | 26% |
| NET INCOME FROM DISCONTINUED OPERATIONS | 3,814 | 707 | 3,107 | 439% |
| NET INCOME | 25,112 | 17,611 | 7,501 | 43% |
| ATTRIBUTABLE TO: | | | | |
| Equity holders of the Parent Company | | | | |
| Profit for the year from continuing operations | 16,586 | 12,795 | 3,791 | 30% |
| Profit for the year from discontinued operations | 3,723 | 361 | 3,362 | 931% |
| | 20,309 | 13,156 | 7,153 | 54% |
| Non-controlling interests | | | | |
| Profit for the year from continuing operations | 4,712 | 4,109 | 603 | 15% |
| Profit for the year from discontinued operations | 91 | 346 | (255) | (74%) |
| | 4,803 | 4,455 | 348 | 8% |
| | 25,112 | 17,611 | 7,501 | 44% |

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company increased by 54% from Php13.16 billion in 2018 to Php20.31 billion in 2019. The net income growth was principally due to an 8% increase in total revenues.

The increase in revenue came from the following component companies:

- (1) higher auto sales from Toyota Motor Philippines Corporation ("TMP") and Toyota Manila Bay Corporation ("TMBC") as combined sales increased by 8% from Php179.12 billion to Php192.97 billion accounting for 87% of total revenue; and
- (2) higher equity in net income of associates and joint venture which grew by 27% from Php11.51 billion to Php14.58 billion accounting for 7% of total revenues;
- (3) The above increases are mitigated by a lower real estate sales and interest income on real estate sales from Federal Land Inc. (Federal Land) which declined by 7% from Php10.55 billion to Php9.84 billion.

Core net income attributable to equity holders of the Parent Company reached Php15.78 billion in 2019 from Php12.92 billion in 2018. Core net income for 2019 amounted to Php15.78 billion from a reported net income of Php20.31 billion after deducting the Php3.58 billion total income from redemption of investment in Property Company of Friends, Inc. ("PCFI"), and Php1.28 billion share in MPIC's non-recurring gain; and adding back the Php0.33 billion amortization of fair value adjustments arising from business combinations. Core net income for 2018 amounted to Php12.92 billion from a reported net income of 13.16 billion, after deducting the Php0.32 billion non-recurring income, net of the taxes-related to lot sales, non-recurring expenses, and share in MPIC's non-recurring loss; and adding back the Php0.08 billion amortization of fair value adjustments arising from business combinations.

The financial statements of Federal Land, TMP, TMBC and GT Capital Auto Dealership Holdings, Inc. ("GTCAD") are consolidated in the financial statements of the Company. The other component companies Metro Pacific Investments Corporation ("MPIC"), Metropolitan Bank & Trust Company ("Metrobank" or "MBT"), Philippine AXA Life Insurance Corporation ("AXA Philippines), Toyota Financial Services Philippines Corporation ("TFSPH") and Sumisho Motor Finance Corporation ("SMFC") are accounted for through equity accounting.

Of the ten (10) component companies, Metrobank, MPIC, TMP, Federal Land, TMBC and SMFC posted growths in their respective net income while TFSPH and AXA Philippines reported declines in their respective net income for the year. GTCAD reported a lower net loss for the year as compared to the previous year.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 8% from Php179.12 billion to Php192.97 billion principally driven by the 5.0% increase in wholesales volume from 155,508 units to 163,493 units.

Equity in net income of associates and jointly-controlled entities increased by 27% from Php11.51 billion to Php14.58 billion primarily due to increases in:

- (1) net income of Metrobank which increased by 28% from Php22.00 billion to Php28.06 billion and the impact of increased ownership from 36.36 to 36.65%;
- (2) net income of MPIC which increased by 69% from Php14.13 billion to Php23.86 billion; and
- (3) net income of SMFC which increased by 35% from Php0.26 billion to Php0.35 billion.

Real estate sales and interest income on real estate sales declined by 7% from Php10.55 billion to Php9.84 billion due to lot sales in 2018 which are not present in the current year.

Rent income grew by 29% from Php1.18 billion to Php1.53 billion driven by the increase in the number of tenants in iMET, Blue Bay Walk and MET Live, all located in Pasay City, Metro Manila.

Commission income increased by Php143.51 million from Php108.00 million to Php251.52 million due to an increase in reservation sales from Grand Hyatt Residences 2 and The Seasons Residences of Federal Land, both located in Fort BGC, Taguig City.

Other income grew by 19% from Php2.12 billion to Php2.53 billion with: (1) TMP contributing Php0.84 billion consisting of gain on sale of fixed assets, and subscription and ancillary income from its dealer subsidiaries; (2) Federal Land contributing Php0.74 billion comprising real estate forfeitures, management fees and other income; (3) TMBC contributing Php0.46 billion consisting of ancillary income on finance and insurance commissions and other income; and (4) GT Capital contributing Php0.45 billion comprising dividend income from TMC and gain on FVTPL investments. The remaining balance of Php0.04 billion came from GTCAD.

Consolidated costs and expenses increased by 6% from Php185.04 billion to Php196.59 billion with the following breakdown:

- (1) Php156.07 billion from TMP comprising cost of goods manufactured, cost of goods and services sold, general and administrative expenses and interest expenses;
- (2) Php23.25 billion from TMBC consisting of cost of goods and services sold, general and administrative expenses and interest expenses;
- (3) Php10.73 billion from Federal Land consisting of cost of real estate sales, cost of goods sold, cost of rental, general and administrative expenses and interest expenses;
- (4) Php4.84 billion from GT Capital representing interest expenses and general and administrative expenses; and

- (5) Php1.70 billion from GTCAD comprising cost of goods sold, general and administrative expenses and interest expenses.

Cost of goods manufactured and sold comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP increased by 16% from Php31.81 billion in 2018 to Php36.82 billion in 2019 due to a 20% increase in sales volume of completely-knocked-down (CKD) units from 44,751 to 53,919 units.

General and administrative expenses grew by 27% from Php10.67 billion to Php13.60 billion. TMP accounted for Php8.38 billion consisting of advertisements and promotional expenses, salaries and wages, taxes and licenses, and delivery and handling expenses. Federal Land accounted for Php2.97 billion composed of salaries and wages, commission expenses, taxes and licenses and repairs and maintenance expenses. TMBC contributed Php1.69 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses. GT Capital and GTCAD contributed Php0.41 billion and Php0.15, respectively, consisting of salaries and wages, professional fees and administrative and management fees.

Interest expense increased from Php5.40 billion to Php6.45 billion with GT Capital, Federal Land, TMP, and TMBC accounting for Php4.43 billion, Php1.32 billion, Php0.58 billion, and Php0.12 billion, respectively.

Cost of real estate sales declined by 22% from Php6.84 billion to Php5.34 billion arising from the sale of lots to joint venture partners in Sunshine Fort and North Bonifacio Land Realty and Development, Inc. in 2018, both located in Fort BGC, Taguig City.

Cost of rental declined by 9% from Php0.48 billion to Php0.44 billion due to a decline in operating expenses incurred in the leasing business such as depreciation, repairs and maintenance and other overhead expenses.

Provision for income tax increased by 30% from Php3.89 billion to Php5.06 billion due to a higher level of taxable income in 2019 vis-à-vis the previous year.

Net income attributable to non-controlling interest grew by 8% from Php4.46 billion to Php4.80 billion due increase in net income of non-wholly owned subsidiaries.

Consolidated net income attributable to equity holders of the Parent Company increased by 54% from Php13.16 billion in 2018 to Php20.31 billion in 2019.

| Consolidated Statements of Financial Position <i>(In Million Pesos, Except for Percentage)</i> | Audited December 31 | | Increase (Decrease) | |
|---|---------------------|----------------|---------------------|-------------|
| | 2019 | 2018 | Amount | Percentage |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 12,133 | 14,353 | (2,220) | (15%) |
| Short-term investments | – | 65 | (65) | (100%) |
| Financial assets at fair value through profit or loss | 4,698 | 3,181 | 1,517 | 48% |
| Receivables | 13,382 | 15,153 | (1,771) | (12%) |
| Contract assets | 5,095 | 8,329 | (3,234) | (39%) |
| Inventories | 72,189 | 75,389 | (3,200) | (4%) |
| Due from related parties | 209 | 666 | (457) | (69%) |
| Prepayments and other current assets | 10,416 | 9,790 | 626 | 6% |
| Total Current Assets | 118,122 | 126,926 | (8,804) | (7%) |
| Noncurrent Assets | | | | |
| Receivables – net of current portion | 3,421 | 932 | 2,489 | 267% |
| Contract asset – net of current portion | 5,556 | 6,886 | (1,330) | (19%) |
| Financial assets at fair value through other comprehensive income | 12,373 | 10,948 | 1,425 | 13% |
| Investment properties | 15,347 | 17,728 | (2,381) | (13%) |
| Investments and advances | 178,059 | 163,735 | 14,324 | 9% |
| Property and equipment | 13,159 | 13,638 | (479) | (4%) |
| Goodwill and intangible assets | 10,040 | 12,955 | (2,915) | (23%) |
| Deferred tax asset | 1,141 | 1,024 | 117 | 11% |
| Other noncurrent assets | 436 | 2,894 | (2,458) | (85%) |
| Total Noncurrent Assets | 239,532 | 230,740 | 8,792 | 4% |
| TOTAL ASSETS | 357,654 | 357,666 | (12) | (0%) |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Accounts and other payables | 25,234 | 25,411 | (177) | (1%) |
| Contract liabilities – current portion | 4,553 | 8,787 | (4,234) | (48%) |
| Short-term debt | 12,890 | 10,500 | 2,390 | 23% |
| Current portion of long-term debt | 4,974 | 820 | 4,154 | 507% |
| Current portion of liabilities on purchased properties | 432 | 416 | 16 | 4% |
| Current portion of bonds payable | 3,899 | 2,994 | 905 | 30% |
| Customers' deposits | 560 | 563 | (3) | (1%) |
| Dividends payable | 589 | 1,198 | (609) | (51%) |
| Due to related parties | 204 | 204 | – | 0% |
| Income tax payable | 875 | 601 | 274 | 46% |
| Lease liabilities – current portion | 15 | – | 15 | 100% |
| Other current liabilities | 1,356 | 843 | 513 | 61% |
| Total Current Liabilities | 55,581 | 52,337 | 3,244 | 6% |

| Consolidated Statements of Financial Position <i>(In Million Pesos, Except for Percentage)</i> | Audited December 31 | | Increase (Decrease) | |
|---|---------------------|----------------|---------------------|-------------|
| | 2019 | 2018 | Amount | Percentage |
| Noncurrent Liabilities | | | | |
| Long term debt – net of current portion | 87,149 | 94,349 | (7,200) | (8%) |
| Lease Liabilities – net of current portion | 296 | – | 296 | 100% |
| Bonds payable – net of current portion | 15,040 | 18,913 | (3,873) | (20%) |
| Liabilities on purchased properties - net of current portion | 3,352 | 2,877 | 475 | 17% |
| Pension liabilities | 1,222 | 859 | 363 | 42% |
| Deferred tax liabilities | 3,138 | 5,334 | (2,196) | (41%) |
| Other noncurrent liabilities | 2,556 | 2,169 | 387 | 18% |
| Total Noncurrent Liabilities | 112,753 | 124,501 | (11,748) | (9%) |
| TOTAL LIABILITIES | 168,334 | 176,838 | (8,504) | (5%) |
| Equity attributable to equity holders of Parent Company | | | | |
| Capital stock | 3,370 | 3,211 | 159 | 5% |
| Additional paid-in capital | 98,827 | 85,592 | 13,235 | 15% |
| Retained earnings | | | | |
| Unappropriated | 74,569 | 52,223 | 22,346 | 43% |
| Appropriated | 400 | 17,000 | (16,600) | (98%) |
| Other comprehensive loss | (2,019) | (4,207) | 2,188 | 52% |
| Other equity adjustments | 2,322 | 2,322 | - | 0% |
| | 177,469 | 156,141 | 21,328 | 14% |
| Non-controlling interests | 11,851 | 24,687 | (12,836) | (52%) |
| TOTAL EQUITY | 189,320 | 180,828 | 8,492 | 5% |
| TOTAL LIABILITIES AND EQUITY | 357,654 | 357,666 | (12) | (0%) |

The major changes in GT Capital's consolidated statement of financial position from December 31, 2018 to December 31, 2019 are as follows:

Consolidated assets decreased by Php12.00 billion from Php357.67 billion as of December 31, 2018 to Php357.65 billion as of December 31, 2019. Total liabilities decreased by 5% or Php8.50 billion from Php176.84 billion to Php168.33 billion while total equity increased by 5% or Php8.49 billion from Php180.83 billion to Php189.32 billion.

Cash and cash equivalents declined by Php2.22 billion from Php14.35 billion to Php12.13 billion with TMP, GT Capital-Parent Company, Federal Land, TMBC and GTCAD accounting for Php5.83 billion, Php3.57 billion, Php2.06 billion, Php0.46 billion and Php0.21 billion, respectively.

Short-term investments declined by 100% from Php0.07 billion to nil comprising short-term money market placements of TMP.

Financial assets at fair value through profit or loss (FVTPL) grew by 48% from Php3.18 billion to Php4.70 billion pertaining to the Parent Company's investment in Unit Investment Trust Fund (UITF).

Receivables-current decreased by 12% or Php1.77 billion from Php15.15 billion to Php13.38 billion with TMP contributing Php9.19 billion consisting of trade and non-trade receivables; TMBC contributing Php2.94 billion comprising of trade and non-trade receivables; Federal Land contributing Php1.03 billion, a majority of which were installment contract receivables, rent receivable and other receivables; GTCAD accounting for Php0.21 billion representing trade receivables from the sale of automobiles and after-sales maintenance services, and GT Capital contributing the remaining balance of Php0.01 billion.

Current portion of contract assets decreased by 39% from Php8.33 billion to Php5.10 billion due to the deconsolidation of PCFI.

Due from related parties declined by Php0.46 billion from Php0.67 billion to Php0.21 billion mainly from Federal Land's related parties.

Prepayments and other current assets grew by 6% from Php9.79 billion to Php10.42 billion comprising of advances to contractors and suppliers, input VAT, creditable withholding taxes, ad valorem taxes, prepaid expenses and other current assets amounting to Php3.71 billion, Php3.52 billion, Php1.25 billion, Php 0.71 billion, Php0.63 billion and Php0.60 billion.

Receivables - net of current portion increased by Php2.49 billion from Php0.93 billion to Php3.42 billion mainly due to Federal Land's booked real estate sales.

Contract assets - net of current portion decreased by 19% from Php6.89 billion to Php5.56 billion mainly attributable to the deconsolidation of PCFI.

Financial assets at fair value through other comprehensive income grew by 13% from Php10.95 billion to Php12.37 billion mainly due to the mark-to-market gains.

Investment properties declined by 13% from Php17.73 billion to Php15.35 billion due to the deconsolidation of PCFI.

Investments in associates and jointly controlled entities increased by 9% from Php163.74 billion to Php178.06 billion primarily attributable to the following:

- 1) Php14.58 billion equity in net income which is further broken down into MBTC, (Php9.98); MPIC, (Php3.63 billion); AXA, (Php0.60 billion); TFS, (Php0.30 billion); and other associates and joint ventures, (Php0.07 billion other associates and joint ventures);
- 2) Php0.75 billion, equity in other comprehensive income of associates and joint ventures;
- 3) Php0.22 billion impact of intragroup eliminations;
- 4) Php0.89 billion additional investments during the year; and
Offset by Php2.12 billion dividends received.

Goodwill and intangible assets declined by 23% from Php12.96 billion to Php10.04 billion due to the deconsolidation of PCFI.

Deferred tax asset increased by 11% from Php1.02 billion to Php1.14 billion with TMP, Federal Land, and TMBC accounting for Php0.68 billion, Php0.39 billion, and Php0.07 billion, respectively.

Other non-current assets decreased by 85% from Php2.89 billion to Php0.44 billion comprising long-term deposits, non-current input tax, non-current prepaid rent and other assets from Federal Land, (Php0.23 billion); TMBC, (Php0.12 billion); TMP, (Php0.06 billion); GTCAD, (Php0.02 billion); and GT Capital, (Php0.01 billion).

Contract liabilities - current portion decreased by 48% from Php8.79 billion to Php4.55 billion mainly attributable to the deconsolidation of PCFI.

Short-term debt increased by Php2.39 billion from Php10.50 billion to Php12.89 billion due to loan availments of TMP, (Php23.46 billion); Federal Land, (Php7.57 billion); TMBC, (Php6.38 billion); and GTCAD (Php0.81 billion). These were offset by loan payments by TMP, (Php23.99 billion); TMBC, (Php5.62 billion); Federal Land, (Php1.82 billion); GTCAD, (Php0.79 billion); and offset by the deconsolidation of PCFI (Php3.60 billion).

Current portion of long-term debt increased by Php4.15 billion from Php0.82 billion to Php4.97 billion mainly attributable to the reclassification from noncurrent portion.

Current portion of bonds payable increased by Php0.91 from Php2.99 billion to Php3.90 billion due to a reclassification from long term portion and settlement of Php2.99 billion last November 2019.

Dividends payable declined by 51% from Php1.20 billion to Php0.59 billion due to the deconsolidation of PCFI. Dividends payable in 2018 includes PCFI's dividends payable to minority shareholders.

Income tax payable grew by 46% from Php0.60 billion to Php0.88 billion due to an increase in taxable income.

Lease liabilities – current portion arose from the adoption of PFRS 16, *Leases*, the new accounting standard for lease agreements which superseded the PAS 17.

Other current liabilities increased by Php0.51 billion from Php0.84 billion to Php1.36 billion attributable to the higher VAT payable of TMP relative to increase in auto sales.

Long-term debt – net of current portion decreased by Php7.20 billion from Php94.35 billion to Php87.15 billion mainly due to the deconsolidation of PCFI (Php6.53 billion), reclassification to current portion (Php4.93 billion) and foreign exchange gain of Php0.39 billion. This is offset by Php4.58 billion loan availments.

Lease liabilities – net of current portion arose from the adoption of PFRS 16, *Leases*, the new accounting standard for lease agreements, effective January 1, 2019.

Bonds payable – net of current portion decreased by Php3.87 billion due to its reclassification to current portion.

Pension liabilities increased by Php0.36 billion from Php0.86 billion to Php1.22 billion mainly due to increased retirement benefit obligation of TMP and Federal Land.

Deferred tax liabilities declined by 41% from Php5.33 billion to Php3.14 billion mostly due to the deconsolidation of PCFI.

Other noncurrent liabilities increased by 18% from Php2.17 billion to Php2.56 billion mostly due to higher retention payable of Federal Land.

Capital stock grew by 5% from Php3.21 billion to Php3.37 billion due to the distribution of 8% stock dividends (15,947,003 shares at Php10 par value per share).

Additional paid-in capital increased by 15% or Php13.24 billion due to the distribution of 8% stock dividends (15,947,003 shares issued at Php840 per share).

Unappropriated retained earnings increased by Php22.35 billion from Php52.22 billion to Php74.57 billion mainly due to the Php20.31 billion consolidated net income attributable to Parent Company earned during the year, the Php16.60 billion reversal of appropriated retained earnings for the strategic investment in financial services, and Php0.02 billion effect of deconsolidation of PCFI; offset by P13.40 billion stock dividends, and Php1.18 billion cash dividends declared on common and voting preferred shares in March 2019.

Retained earnings - appropriated of Php16.60 billion was reversed and reclassified into unappropriated.

Other comprehensive loss improved by Php2.19 billion from a negative Php4.21 billion to a negative Php2.02 billion primarily due to the Php0.75 billion equity in OCI of associates and Php1.46 billion MTM gain on FVOCI investments of Parent Company and subsidiaries; offset by Php0.02 billion effect of deconsolidation of PCFI.

Non-controlling interest (NCI) declined by 52% from Php24.69 billion to Php11.85 billion attributable to Php13.25 billion deconsolidated NCI on PCFI, Php4.26 billion NCI on dividends declared by subsidiaries and Php0.28 billion NCI on other comprehensive loss. Mitigated by NCI on net income during the year amounting to Php4.80 billion and Php0.15 billion NCI on acquisition of new subsidiaries (GTCAD-GTMV, GTMV-JBAP).

CALENDAR YEAR ENDED DECEMBER 31, 2018 VERSUS YEAR ENDED DECEMBER 31, 2017

| GT Capital Consolidated Statements of Income <i>(In Million Pesos, Except for Percentage)</i> | Audited Year Ended December 31 | | Increase (Decrease) | |
|--|-----------------------------------|---------|---------------------|------------|
| | 2018 | 2017 | Amount | Percentage |
| CONTINUING OPERATIONS | | | | |
| REVENUE | | | | |
| Automotive operations | 179,117 | 211,692 | (32,575) | (15%) |
| Equity in net income of associates and joint venture | 11,513 | 8,673 | 2,840 | 33% |
| Real estate sales and Interest income on real estate sales | 10,551 | 9,068 | 1,483 | 16% |
| Rent income | 1,181 | 915 | 266 | 29% |
| Sale of goods and services | 778 | 640 | 138 | 22% |
| Interest income on deposits and investments | 460 | 353 | 107 | 30% |
| Commission income | 108 | 56 | 52 | 93% |
| Other income | 2,124 | 1,468 | 656 | 45% |
| | 205,832 | 232,865 | (27,033) | (12%) |
| COSTS AND EXPENSES | | | | |
| Cost of goods and services sold | 129,849 | 147,713 | (17,864) | (12%) |
| Cost of goods manufactured and sold | 31,809 | 39,635 | (7,826) | (20%) |
| General and administrative expenses | 10,667 | 10,380 | 287 | 3% |
| Cost of real estate sales | 6,840 | 5,176 | 1,664 | 32% |
| Interest expense | 5,401 | 3,536 | 1,865 | 53% |
| Cost of rental | 476 | 360 | 116 | 32% |
| | 185,042 | 206,800 | (21,758) | (11%) |
| INCOME BEFORE INCOME TAXES | 20,790 | 26,065 | (5,275) | (20%) |
| PROVISION FOR INCOME TAX | 3,886 | 4,933 | (1,047) | (21%) |
| NET INCOME FROM CONTINUING OPERATIONS | 16,904 | 21,132 | (4,228) | (20%) |
| NET INCOME FROM DISCONTINUED OPERATIONS | 707 | 278 | 429 | 154% |
| NET INCOME | 17,611 | 21,410 | (3,799) | (18%) |
| ATTRIBUTABLE TO: | | | | |
| Equity holders of the Parent Company | | | | |
| Profit for the year from continuing operations | 12,795 | 14,239 | (1,444) | (10%) |
| Profit for the year from discontinued operations | 361 | 133 | 228 | 171% |
| | 13,156 | 14,372 | (1,216) | (8%) |
| Non-controlling interests | | | | |
| Profit for the year from continuing operations | 4,109 | 6,893 | (2,784) | (40%) |
| Profit for the year from discontinued operations | 346 | 145 | 201 | 139% |
| | 4,455 | 7,038 | (2,583) | (37%) |
| | 17,611 | 21,410 | (3,799) | (18%) |

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company declined by 8% from Php14.37 billion in 2017 to Php13.16 billion in 2018. The decline in net income growth was principally due to a 12% decline in total revenues.

The decline in revenue came from the following component companies:

- (1) lower auto sales from Toyota Motor Philippines Corporation ("TMP") and Toyota Manila Bay Corporation ("TMBC") as combined sales decreased by 15% from Php211.69 billion to Php179.12 billion accounting for 83% of total revenue; offset by:
- (2) higher real estate sales and interest income on real estate sales from Federal Land Inc. (Federal Land) and Property Company of Friends, Inc. ("PCFI") which grew by 16% from Php8.67 billion to Php11.51 billion; and

- (3) higher equity in net income of associates and joint venture which grew by 33% from Php8.67 billion to Php11.51 billion.

Core net income attributable to equity holders of the Parent Company reached Php12.92 billion in 2018 from Php14.84 billion in 2017. Core net income for 2018 amounted to Php12.92 billion from a reported net income of 13.16 billion, after deducting the Php0.32 billion non-recurring income, net of the taxes-related to lot sales, non-recurring expenses, and share in MPIC's non-recurring loss; and adding back the Php0.08 billion amortization of fair value adjustments arising from business combinations. Core net income for 2017 amounted to Php14.84 billion after deducting the Php0.17 non-recurring income from discontinued operations and adding back the Php0.64 billion amortization of fair value adjustments arising from business combinations and non-recurring expenses.

The financial statements of Federal Land, PCFI, TMP, TMBC and GT Capital Auto Dealership Holdings, Inc. ("GTCAD") are consolidated in the financial statements of the Company. The other component companies Metro Pacific Investments Corporation ("MPIC"), Metropolitan Bank & Trust Company ("Metrobank" or "MBT"), Philippine AXA Life Insurance Corporation ("AXA Philippines), Toyota Financial Services Philippines Corporation ("TFSPH") and Sumisho Motor Finance Corporation ("SMFC") are accounted for through equity accounting.

Of the ten (10) component companies, Metrobank, PCFI, MPIC, TFSPH, AXA Philippines, and SMFC posted growths in their respective net income. TMP, TMBC, and Federal Land, reported declines in their respective net income for the year. GTCAD commenced commercial operations in November 2018.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts declined by 15% from Php211.69 billion to Php179.12 billion principally driven by the 15% decrease in wholesales volume from 183,209 units to 155,508 units.

Equity in net income of associates and jointly-controlled entities increased by 33% from Php8.67 billion to Php11.51 billion primarily due to increases in:

- (1) net income of Metrobank which increased by 21% from Php18.22 billion to Php22.01 billion given full year impact of increased ownership from 26.47% to 36.09% effective May 1, 2017 and further increasing to 36.36% effective April 1, 2018;
- (2) net income of MPIC which increased by 7% from Php13.15 billion to Php14.13 billion;
- (3) net income of AXA Philippines which increased by 25% from Php2.47 billion to Php3.08 billion; and
- (4) net income of TFSPC which increased by 14% from Php0.69 billion to Php0.79 billion.

Real estate sales and interest income on real estate sales rose by 16% from Php9.07 billion to Php10.55 billion.

Rent income, mainly from Federal Land's GT Tower International office building and Blue Bay Walk, increased by 29% from Php0.92 billion to Php1.18 billion driven by rate escalation and higher occupancy for IMET.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, in the Blue Wave and Blue Baywalk malls and Roxas Boulevard situated in Pasay City and Marikina City, rose by 22% from Php0.64 billion to Php0.78 billion due an increase in retail fuel prices and new franchises.

Interest income on deposits and investments grew by 30% from Php0.35 billion to Php0.46 billion due to higher level of time deposit placements.

Commission income increased by Php0.05 billion from Php0.06 billion to Php0.11 billion due to an increase in booked sales from Grand Hyatt Residences I.

Other income grew by 45% from Php1.47 billion to Php2.12 billion with: (1) Federal Land contributing Php0.87 billion comprising real estate forfeitures, management fees and other income; (2) TMP contributing Php0.61 billion consisting of gain on sale of fixed assets, and subscription and ancillary income from its dealer subsidiaries; and (3) TMBC contributing Php0.44 billion consisting of ancillary income on finance and insurance commissions and other income. The remaining balance of Php0.20 billion came from GT Capital's dividend income from investments in Toyota Motor Corporation (TMC) and gain on FVPTL investments.

Consolidated costs and expenses decreased by 11% from Php206.80 billion to Php185.04 billion with the following breakdown:

- (1) Php148.95 billion from TMP comprising cost of goods manufactured, cost of goods and services sold, general and administrative expenses and interest expenses;
- (2) Php20.37 billion from TMBC consisting of cost of goods and services sold, general and administrative expenses and interest expenses;
- (3) Php11.52 billion from Federal Land consisting of cost of real estate sales, cost of goods sold, cost of rental, general and administrative expenses and interest expenses; and
- (4) Php4.20 billion from GT Capital representing interest expenses and general and administrative expenses.

Cost of goods and services sold decreased by 12% from Php147.71 billion to Php129.85 billion with TMP, TMBC and GTCAD's completely built-up units (CBU) and spare parts accounting for Php110.25 billion, Php18.73 billion and Php0.20 billion, respectively. The balance of Php0.67 billion came from Federal Land's petroleum service station business.

Cost of goods manufactured and sold comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP declined by 20% from Php39.64 billion in 2017 to Php31.81 billion in 2018.

General and administrative expenses grew by 3% from Php10.38 billion to Php10.67 billion. TMP accounted for Php6.49 billion consisting of salaries and wages, taxes and licenses, advertisements and promotional expenses, and delivery and handling expenses. Federal Land accounted for Php2.37 billion composed of salaries and wages, commission expenses, taxes and licenses and repairs and maintenance expenses; and TMBC contributed Php1.54 billion representing salaries and wages, commission expenses and taxes and licenses and advertising and promotional expenses. GT Capital contributed Php0.24 billion consisting of salaries and wages, professional fees and taxes and licenses. The remaining Php0.03 came from GTCAD which consists mainly of salaries and wages, depreciation and amortization, and taxes and licenses.

Cost of real estate sales increased by 32% from Php5.18 billion to Php6.84 billion arising from the increase in real estate sales.

Interest expense increased from Php3.54 billion to Php5.40 billion with GT Capital, Federal Land, TMP, and TMBC accounting for Php3.95 billion, Php0.16 billion, Php0.19 billion, and Php0.10 billion, respectively.

Cost of rental grew by 32% from Php0.36 billion to Php0.48 billion due to an increase in operating expenses incurred in the leasing business such as depreciation, utilities and other overhead expenses.

Provision for income tax declined by 21% from Php4.93 billion to Php3.89 billion due to lower taxable income.

Net income from discontinued operations grew reached Php0.71 billion from Php0.28 billion.

Net income attributable to non-controlling interest decreased by 37% from Php7.04 billion to Php4.46 billion due decline in net income of non-wholly owned subsidiaries.

Consolidated net income attributable to equity holders of the Parent Company declined by 8% from Php14.37 billion in 2017 to Php13.16 billion in 2018.

| Consolidated Statements of Financial Position <i>(In Million Pesos, Except for Percentage)</i> | Audited December 31 | | Increase (Decrease) | |
|---|---------------------|----------------|---------------------|-------------|
| | 2018 | 2017 | Amount | Percentage |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 14,353 | 20,155 | (5,802) | (29%) |
| Short-term investments | 65 | 1,666 | (1,601) | (96%) |
| Financial assets at fair value through profit or loss | 3,181 | - | 3,181 | 100% |
| Available-for-sale investments | - | 611 | (611) | (100%) |
| Receivables | 15,153 | 24,374 | (9,221) | (38%) |
| Contract asset | 8,329 | - | 8,329 | 100% |
| Inventories | 75,389 | 73,235 | 2,154 | 3% |
| Due from related parties | 666 | 166 | 500 | 301% |
| Prepayments and other current assets | 9,790 | 10,417 | (627) | (6%) |
| Total Current Assets | 126,926 | 130,624 | (3,698) | (3%) |
| Noncurrent Assets | | | | |
| Receivables – net of current portion | 932 | 4,720 | (3,788) | (80%) |
| Contract asset – net of current portion | 6,886 | - | 6,886 | 100% |
| Financial assets at fair value through other comprehensive income | 10,948 | - | 10,948 | 100% |
| Available-for-sale investments | - | 2,103 | (2,103) | (100%) |
| Investment properties | 17,728 | 17,392 | 336 | 2% |
| Investments and advances | 163,735 | 124,866 | 38,869 | 31% |
| Property and equipment | 13,638 | 11,671 | 1,967 | 17% |
| Goodwill and intangible assets | 12,955 | 13,012 | (57) | (0%) |
| Deferred tax asset | 1,024 | 731 | 293 | 40% |
| Other noncurrent assets | 2,894 | 909 | 1,985 | 218% |
| Total Noncurrent Assets | 230,740 | 175,404 | 55,336 | 32% |
| TOTAL ASSETS | 357,666 | 306,028 | 51,638 | 17% |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Accounts and other payables | 25,411 | 25,983 | (572) | (2%) |
| Contract liabilities | 8,787 | - | 8,787 | 100% |
| Short-term debt | 10,500 | 6,033 | 4,467 | 74% |
| Current portion of long-term debt | 820 | 2,467 | (1,647) | (67%) |
| Current portion of liabilities on purchased properties | 416 | 582 | (166) | (29%) |
| Current portion of bonds payable | 2,994 | - | 2,994 | 100% |
| Customers' deposits | 563 | 4,941 | (4,378) | (89%) |
| Dividends payable | 1,198 | 589 | 609 | 103% |
| Due to related parties | 204 | 189 | 15 | 8% |
| Income tax payable | 601 | 777 | (176) | (23%) |
| Other current liabilities | 843 | 1,229 | (386) | (31%) |
| Total Current Liabilities | 52,337 | 42,790 | 9,547 | 22% |

| Consolidated Statements of Financial Position <i>(In Million Pesos, Except for Percentage)</i> | Audited December 31 | | Increase (Decrease) | |
|---|---------------------|---------|---------------------|------------|
| | 2018 | 2017 | Amount | Percentage |
| Noncurrent Liabilities | | | | |
| Long term debt – net of current portion | 94,349 | 57,021 | 37,328 | 65% |
| Bonds payable | 18,913 | 21,877 | (2,964) | (14%) |
| Liabilities on purchased properties - net of current portion | 2,877 | 3,152 | (275) | (9%) |
| Pension liabilities | 859 | 1,399 | (540) | (39%) |
| Deferred tax liabilities | 5,334 | 5,095 | 239 | 5% |
| Other noncurrent liabilities | 2,169 | 2,167 | 2 | 0% |
| Total Noncurrent Liabilities | 124,501 | 90,711 | 33,790 | 37% |
| TOTAL LIABILITIES | 176,838 | 133,501 | 43,337 | 32% |
| Equity attributable to equity holders of Parent Company | | | | |
| Capital stock | 3,211 | 3,143 | 68 | 2% |
| Additional paid-in capital | 85,592 | 78,940 | 6,652 | 8% |
| Retained earnings | | | | |
| Unappropriated | 52,223 | 47,580 | 4,643 | 10% |
| Appropriated | 17,000 | 19,000 | (2,000) | (11%) |
| Other comprehensive loss | (4,207) | (5,975) | 1,768 | 30% |
| Other equity adjustments | 2,322 | 2,322 | - | 0% |
| | 156,141 | 145,010 | 11,131 | 8% |
| Non-controlling interests | 24,687 | 27,517 | (2,830) | (10%) |
| TOTAL EQUITY | 180,828 | 172,527 | 8,301 | 5% |
| TOTAL LIABILITIES AND EQUITY | 357,666 | 306,028 | 51,638 | 17% |

The major changes in GT Capital's consolidated statement of financial position from December 31, 2017 to December 31, 2018 are as follows:

Consolidated assets increased by 17% or Php51.64 billion from Php306.03 billion as of December 31, 2017 to Php357.67 billion as of December 31, 2018. Total liabilities increased by 32% or Php43.34 billion from Php133.50 billion to Php176.84 billion while total equity increased by 5% or Php8.30 billion from Php172.53 billion to Php180.83 billion.

Cash and cash equivalents declined by Php5.80 billion from Php20.16 billion to Php14.35 billion with TMP, GT Capital-Parent Company, PCFI, Federal Land, TMBC and GTCAD accounting for Php7.58 billion, Php3.67 billion, Php1.63 billion, Php1.24 billion, Php0.20 billion and Php0.03 billion, respectively.

Short-term investments declined by 96% from Php1.67 billion to Php0.07 billion comprising short-term money market placements of TMP.

Financial assets at fair value through profit or loss (FVTPL) amounting to Php3.18 billion pertaining to the Parent Company's investment in Unit Investment Trust Fund (UITF) following the classification under Philippine Financial Reporting Standards (PFRS) 9 effective January 1, 2018. Under the old standard, investments in UITF are classified under Available for sale (AFS) investments.

Receivables-current decreased by 38% or Php9.22 billion from Php24.37 billion to Php15.15 billion with TMP contributing Php8.15 billion consisting of trade and non-trade receivables; PCFI contributing Php2.78 billion comprising of installment contract receivables and other receivables; Federal Land contributing Php1.74 billion, a majority of which were installment contract receivables, rent receivable and other receivables; TMBC and GTCAD accounting for Php2.35 billion and Php0.12 billion, respectively, representing trade receivables from the sale of automobiles and after-sales maintenance services, and GT Capital contributing the remaining balance of Php0.01 billion.

Contract assets-current amounting to Php8.33 billion are initially recognized for revenue earned from real estate sales as receipt of consideration is conditional on successful completion of installation. Upon completion of performance obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade residential and office development receivables.

Inventories grew by 3% from Php74.87 billion to Php77.47 billion with Federal Land contributing Php38.58 billion comprising land and improvements, condominium units for sale and inventory with construction-in-progress; PCFI contributing Php29.66 billion comprising land and improvements, material inventory, ongoing construction of house inventory and condominium units for sale; TMP contributing Php8.43 billion mostly finished goods; and the balance of Php0.69 billion and Php0.11 billion coming from TMBC and GTCAD, respectively, representing automobiles and spare parts.

Due from related-parties increased by Php0.50 billion from Php0.17 billion to Php0.67 billion mainly Federal Land's related-parties.

Prepayments and other current assets decreased by 6% from Php10.42 billion to Php9.79 billion comprising advances to contractors and suppliers, prepaid expenses, deposit to land owners, input VAT, and creditable withholding taxes from Federal Land, (Php4.85 billion); PCFI, (Php3.61 billion); TMP, (Php1.22 billion); TMBC, (Php0.04 billion); and GT Capital, (Php0.07 billion).

Receivables - net of current portion decreased by Php3.79 billion from Php4.72 billion to Php0.93 billion mainly due to reclassification to non-current contract asset following the provisions of PFRS 15.

Contract assets - net of current portion amounting to Php6.89 billion pertain to the non-current portion of the excess of progress of work over the right to an amount of consideration that is unconditional.

Financial assets at fair value through other comprehensive income (FVOCI) amounted to Php10.95 billion mainly the Parent Company's acquisition of Toyota Motor Corporation common shares in the Tokyo Stock Exchange following the reclassification under PFRS 9 effective January 1, 2018. Under the old standard, investments in equity shares were classified under AFS investments.

Investments and advances increased by 31% from Php124.87 billion to Php163.74 billion primarily due to the following:

- 1) Php29.63 billion additional and initial investments broken down as follows:
 - Php22.45 billion additional investment in Metrobank arising from the latter's stock rights offering;
 - Php4.33 billion additional investment in Sunshine Fort of Federal Land;
 - Php1.58 billion initial investment in North Bonifacio Landmark Realty Development Corporation (NBLRDI), net of Php0.11 billion advances in 2017 converted to equity in 2018 of Federal Land ;
 - Php0.72 billion additional investment in TFSPC arising from its equity call;
 - Php0.47 billion additional investment in ST 6747 of Federal Land; and
 - Php0.08 billion initial investment in Magnificat and HSL South Food, Inc. of Federal Land.
- 2) Php11.51 billion share in net income of associates and joint ventures in 2018;
- 3) Php3.74 billion share in total comprehensive income arising from the adoption of PFRS 9 in January 1, 2018.

These were offset by the following:

- 1) Php2.44 billion share in other comprehensive loss of associates;
- 2) Php2.11 billion dividend income received from Metrobank, MPIC, AXA Philippines, and Crown Central; and
- 3) Php1.48 billion impact of intra-group elimination.

Property and equipment grew by 17% from Php11.67 billion to Php13.64 billion mostly from the newly completed building of TMP and TMBC (Marikina facility).

Deferred tax asset increased by 40% from Php0.73 billion to Php1.02 billion with TMP, Federal Land, TMBC and PCFI accounting for Php0.45 billion, Php0.43 billion, Php0.08 billion and Php0.06 billion, respectively.

Other noncurrent assets increased by Php1.98 billion from Php0.91 billion to Php2.89 billion comprising long-term deposits, non-current input tax, derivative asset, non-current prepaid rent and other assets from TMP, (Php1.55 billion), PCFI, (Php0.82 billion); Federal Land, (Php0.43 billion); GTCAD, (Php0.06 billion); TMBC, (Php0.02 billion); and GT Capital, (Php0.01 billion).

Contract liabilities amounting to Php8.79 billion consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on percentage of completion.

Short-term debt increased by Php4.47 billion from Php6.03 billion to Php10.50 billion due to loan availments of GT Capital, (Php10.75 billion); Federal Land, (Php9.20 billion); TMP, (Php2.42 billion); TMBC, (Php5.92 billion); PCFI, (Php3.85 billion); and GTCAD (Php0.17 billion). These were offset by loan payments by GT Capital, (Php10.75 billion); Federal Land, (Php7.61 billion); TMBC, (Php5.65 billion); TMP, (Php2.33 billion); and PCFI, (Php1.50 billion).

Current portion of long-term debt declined by 67% from Php2.47 billion to Php0.82 billion primarily due to loan payment by PCFI (Php3.51 billion) offset by reclassification from noncurrent portion of long-term debt (Php1.85 billion) and amortization of deferred financing cost and fair value adjustment (Php0.01 billion).

Current portion of liabilities on purchased properties decreased by 29% from Php0.58 billion to Php0.42 billion due to a reclassification from non-current to current for the loan portion due within one year.

Current portion of bonds payable increased by Php2.99 billion due to reclassification from noncurrent portion of bonds payable maturing in November 2019.

Customers' deposits pertaining to reservation deposits and collections for accounts which do not qualify for revenue recognition decreased by 89% from Php4.94 billion to Php0.56 billion.

Dividends payable increased by Php0.61 billion from Php0.59 billion to Php1.20 billion due to cash dividends payable to noncontrolling shareholders of non-wholly owned subsidiaries.

Due to related parties increased by 8% from Php0.19 billion to Php0.20 billion primarily due to Federal Land's related parties.

Income tax payable decreased by 23% from Php0.78 billion to Php0.60 billion due to decrease in taxable income in 2018 as compared to the taxable income in 2017.

Other current liabilities declined by Php0.39 billion from Php1.23 billion to Php0.84 billion primarily due to the settlement of withholding taxes and output tax as of December 31, 2017 which were paid in the first quarter of 2018.

Long-term debt increased by Php37.33 billion from Php57.02 billion to Php94.35 billion primarily due to the: 1) Php25 billion long-term loan availment by the Parent Company to fund its participation in the Metrobank stock rights offering, net of Php0.19 billion documentary stamp tax of, 2) P11.05 billion long-term loan availment by Parent Company denominated in foreign currency, net of Php0.09 billion transaction cost; 3) Php3.25 billion long term loan availment by Federal Land, net of Php0.03 billion transaction cost; 4) Php0.19 billion translation loss of foreign currency-denominated loans; and 5) Php0.07 billion amortization of deferred financing cost; offset by the 1) Php1.85 billion reclassification to current portion of long-term debt; and 2) the Php0.07 billion loan payments.

Non-current portion of bonds payable decreased by Php2.96 billion due to reclassification to current portion of bonds payable maturing in November 2019.

Non-current portion of liabilities on purchased properties declined by Php0.27 billion from Php3.15 billion to Php2.88 billion mainly due to reclassification to current portion.

Pension liabilities declined by 39% from Php1.40 billion to Php0.86 billion mainly due to increased funding in 2018.

Deferred tax liabilities grew by 5% from Php5.10 billion to Php5.33 billion due to an increase in taxable temporary differences.

Capital stock increase of Php67.41 million pertain to the par value of the 6.74 million common shares representing 3.5% stock dividends declared and issued by GT Capital in 2018.

Additional paid in capital increase of Php6.65 billion pertain to the excess over par value of the 3.5% stock dividends declared and issued by GT Capital in 2018 at Php997.00 per share.

Unappropriated retained earnings increased by Php4.64 billion from Php47.58 billion to Php52.22 billion due to the (1) Php13.16 billion net income attributable to equity holders of the Parent Company; and (2) Php19.00 billion retained earnings reverted back to unappropriated retained earnings from appropriated retained earnings; partially offset by the (1) Php1.16 billion cash dividends declared to shareholders of common and preferred stock; (2) Php6.72 billion stock dividends; (3) Php17.00 billion appropriation of retained earnings for strategic investment in financial services; (4) Php2.58 billion effect of the adoption of PFRS 9 and 15; and (5) and Php0.04 billion realized loss on sale of financial assets at FVOCI.

The Php17.00 billion appropriated retained earnings as of December 31, 2018 pertains to the appropriation of retained earnings earmarked for strategic investments in property development in 2019.

Other comprehensive loss improved by Php1.77 billion from a negative Php5.98 billion to a negative Php4.21 billion primarily due to the (1) Php5.54 billion equity in other comprehensive income of associates arising from adoption of PFRS 9; (2) Php0.07 billion gain on remeasurement of cash flow hedge reserve; (3) Php0.13 billion gain on remeasurement of pension liabilities; and (4) Php0.04 billion effect of adoption of PFRS 9; offset by (1) Php2.44 billion equity in other comprehensive loss of associates; and (2) Php1.57 billion mark-to-market loss on FVOCI investments.

Non-controlling interest (NCI) declined by 10% from Php27.52 billion to Php24.69 billion due to the Php4.46 billion net income attributable to NCI, Php0.24 billion other comprehensive income attributable to NCI, Php0.04 billion share of NCI in capital call; offset by Php6.92 billion NCI share in dividends declared by majority-owned subsidiaries and Php0.65 billion effect of adoption of PFRS 9 and 15.

LIQUIDITY AND CAPITAL RESOURCES

In 2018, 2019 and 2020, GT Capital's principal source of liquidity came from cash dividends received from the investee companies, availment of loans, issuance of bonds and issuance of preferred shares of stock. As of December 31, 2020, GT Capital's cash and cash equivalents reached Php17.11 billion.

The following table sets forth selected information from GT Capital's statement of cash flows for the periods indicated.

| | In Million Pesos | | |
|---|------------------|---------|----------|
| | 2018 | 2019 | 2020 |
| Net cash used in operating activities | (640) | (4,184) | (11,154) |
| Net cash used in investing activities | (45,428) | (3,482) | (4,037) |
| Net cash provided by financing activities | 40,412 | 5,309 | 20,021 |
| Effects of exchange rate changes on cash and cash equivalents | (146) | 137 | 152 |
| Net increase (decrease) in cash and cash equivalents | (5,802) | (2,220) | 4,981 |
| Cash and cash equivalents at the beginning of the period | 20,155 | 14,353 | 12,133 |
| Cash and cash equivalents of continuing operations at end of the period | 14,353 | 12,133 | 17,114 |

Cash flows from operating activities

Net cash used in operating activities amounted to Php0.64 billion, Php4.18 billion and Php11.15 billion in 2018, 2019 and 2020, respectively. In 2018, operating cash amounting to Php16.21 billion was used to increase financial assets at FVTPL by Php2.50 billion, receivables by Php2.21 billion and inventories by Php4.21 billion and to pay dividends, income taxes and interest amounting to Php7.48 billion, Php4.38 billion and Php4.62 billion, respectively. In 2019, operating cash amounting to Php18.43 billion was used to increase financial assets at FVTPL by Php1.38 billion, receivables by Php6.32 billion and inventories by Php6.78 billion and to pay dividends, income taxes and interest amounting to Php4.91 billion, Php4.61 billion and Php6.13 billion, respectively. In 2020, operating cash amounting to Php10.73 billion was used to increase inventories by Php3.41 billion, prepayments and other current assets by Php1.96 billion and pay dividends, income taxes and interest amounting to Php6.49 billion, Php2.21 billion and Php6.33 billion, respectively.

Cash flows used in investing activities

Net cash used in investing activities amounted to Php45.43 billion and Php3.48 billion and Php4.04 billion in 2018, 2019 and 2020, respectively. In 2018, cash flows used in investing activities went to pay for additional investment in associates and a joint venture by Php29.63 billion, financial assets at FVOCI by Php10.48 billion, property and equipment by Php3.92 billion, and investment properties by Php0.22 billion. In 2019, cash flows used in investing activities went to pay for additional investment in associates and a joint venture by Php1.04 billion, property and equipment by Php1.82 billion, and investment properties by Php1.10 billion. In 2020, cash flows used in investing activities went to increase investment in associates and a joint venture by Php2.10 billion and property and equipment by Php0.87 billion.

Cash flows from financing activities

Net cash provided by financing activities amounted to Php40.41 billion and Php5.31 billion and Php20.02 billion in 2018, 2019 and 2020, respectively. In 2018, cash flows from financing activities came from loan availments of Php71.29 billion which were used to partially settle Php31.43 billion in outstanding loans and Php0.50 billion in liabilities on purchased properties. In 2019, cash flows from financing activities came from loan availments of Php43.98 billion which were used to partially settle Php36.15 billion in outstanding loans and Php2.99 billion bonds payable. In 2020, cash flows from financing activities came from Php67.80 billion in new loans which were used to partially settle Php44.43 billion in outstanding loans and Php3.90 billion bonds payable.

A.iv Brief Description of the General Nature and Scope of the Corporation's Business and Its Subsidiaries

Item 1. Business

GT Capital Holdings, Inc. (GT Capital or the Company or the Parent Company or the Group) was incorporated in the Republic of the Philippines on July 26, 2007. The Company's registered office address and principal place of business is at 43/F GT Tower International, 6813 Ayala Avenue corner H. V. del a Costa St., Makati City, Metro Manila, Philippines. GT Capital is a listed company, with 56.20% of its common shares owned by Grand Titan Capital Holdings, Inc. (Grand Titan) and the directors and senior officers of GT Capital, while the balance of its common shares is 43.80% publicly owned as of December 31, 2020.

GT Capital is a major Philippine conglomerate with interests in market-leading businesses across banking, automotive assembly, importation, distribution and financing, property development, life and non-life insurance, and infrastructure and utilities. GT Capital is the primary vehicle for the holding and management of the diversified business interests of the Ty family in the Philippines. GT Capital's business management, investment decisions and future business development are and will be firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation.

As a testament to its market position, GT Capital was listed on the Philippine Stock Exchange (PSE) in April 2012, included in the PSE Index in September 2013, in the Financial Times Stock Exchange (FTSE) All-World Index in March 2014, and in the Morgan Stanley Capital International (MSCI) Philippine Index in May 2015.

GT Capital's portfolio of businesses is well-positioned to benefit from broad-based growth in the Philippine economy and domestic consumption in particular. The portfolio as of December 31, 2020 comprises directly-held interests in the following GT Capital component companies:

- **Automotive assembly, importation, distribution, dealership and financing** – GT Capital primarily conducts its automotive business through its 51.0% interest in Toyota Motor Philippines Corporation (TMP). TMP is engaged in the assembly, importation, and wholesale distribution of Toyota motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and abroad through exports. TMP is also engaged in the distribution of Lexus brand motor vehicles in the Philippines. In addition, TMP owns Toyota Makati with one (1) branch – Toyota Bicutan; Toyota San Fernando in Pampanga with two (2) branches – in Plaridel, Bulacan and Hacienda Luisita, Tarlac City; Toyota Santa Rosa in Laguna; and Lexus Manila, situated in Bonifacio Global City, Taguig.

GT Capital conducts its automotive dealership business through its 58.10% interest in Toyota Manila Bay Corporation (TMBC). TMBC exclusively distributes Toyota motor vehicles in the Luzon island, primarily servicing the market in Metro Manila. They also offer original Toyota brand motor vehicle parts and accessories, and provide after-sales services to Toyota vehicles.

GT Capital provides financing for the acquisition of Toyota motor vehicles through its 40.00% interest in Toyota Financial Services Philippines Corporation (TFSPH). TFSPH offers retail loans, finance lease and full service operating lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

On June 13, 2016, SEC approved the incorporation of GT Capital Auto Dealership Holdings, Inc. (GTCAD). GTCAD is a holding entity primarily for future auto dealerships of the Company. On July 14, 2016, SEC approved the incorporation of Toyota Subic, Inc. (TSB), a joint venture between GTCAD and JBT Global Holdings Inc. (JBT Global), with GTCAD owning 55% and JBT Global owning 45% of TSB's issued and outstanding capital stock. TSB commenced commercial operations on November 8, 2018.

- **Banking** – GT Capital conducts banking services through its 37.15% interest in Metropolitan Bank & Trust company ("MBT" or "Metrobank"). MBT is a universal bank that provides, through itself and other members of the MBT Group, a full range of banking and other financial products and services including corporate, commercial and consumer banking products and services as well as credit card, investment banking and trust services. Metrobank has been listed on the Philippine Stock Exchange since 1981. As of December 31, 2020, the MBT Group had a total of 956 branches in the Philippines, of which 706 were operated by MBT and 250 were operated by Philippine Savings Bank ("PSBank"); and over 2,300 automated teller machines ("ATMs").
- **Property development** – GT Capital engages in property development business through its wholly-owned subsidiary, Federal Land, Inc. ("Federal Land"). Federal Land primarily focuses on the development of high-rise, vertical residential condominium projects, as well as on master-planned communities that offer residential, retail, office and commercial space. It caters mainly to the upper mid-end market segment with projects in key, strategic urban communities.
- **Life and Non-Life Insurance** – GT Capital conducts its life and non-life insurance business through its 25.3% interest in Philippine AXA Life Insurance Corporation (AXA Philippines), which offers personal and group insurance products in the country, including investment-linked insurance products. AXA Philippines also fully-owns Charter Ping An Insurance Corporation (Charter Ping An or CPAIC) which offers non-life insurance products in the Philippines that includes fire/property, marine, motor car, personal accident, other casualty, and engineering insurance, among others. AXA Philippines distributes its products through a multi-channel distribution network comprised of agents, bancassurance (through MBT and PSBank branches), and corporate solutions.
- **Infrastructure and Utilities** – GT Capital, through its 15.98% stake in Metro Pacific Investments Corporation (MPIC), the Philippines' largest infrastructure conglomerate, has exposure in high-growth infrastructure businesses such as toll roads, water, power, railways, healthcare, and logistics. Among MPIC's portfolio is Manila Electric Company (MERALCO), the country's largest power distribution utility; Global Business Power Corporation (GBPC), one of the largest power generation companies in the Visayas Region; Maynilad Water Services, Inc., which manages Metro Manila's widest water distribution network; and Metro Pacific Tollways Corporation, operator of the country's largest toll road network.

- **Motorcycle Financing** – GT Capital, through its 20.0% stake in Sumisho Motor Finance Corporation (SMFC), which offers end-user financing for Japanese motorcycle brands. SMFC is a joint venture among GT Capital, PSBank, and Sumitomo Corporation of Japan. Sumisho provides a total financing package that hopes to deliver simple, convenient and hassle-free motorcycle ownership for its clients.

A.v Corporation's Directors and Executive Officers

Please refer to Item 5 of the Information Statement for the discussion on the identity of each of the Corporation's directors and executive officers including their principal occupation or employment, name, and principal business of any organization by which such persons are employed.

A.vi Market Price, Shareholder and Dividend Information

Market Information

The Company's common shares have been listed and traded at the Philippine Stock Exchange since April 20, 2012. The high and low sales prices for each period within the last two calendar years are as follows:

| In Php | High | Low |
|---|-------------|-------|
| | 2019 | |
| 1 st Quarter (Jan 1 to Mar 29) | 1,131 | 920 |
| 2 nd Quarter (Apr 1 to June 30) | 961 | 797 |
| 3 rd Quarter (July 1 to Sept 30) | 972 | 825.5 |
| 4 th Quarter (Oct 1 to Dec 31) | 914 | 783 |
| | 2020 | |
| 1 st Quarter (Jan 1 to Mar 31) | 879 | 290 |
| 2 nd Quarter (Apr 1 to June 30) | 534 | 360 |
| 3 rd Quarter (July 1 to Sept 30) | 482 | 375.2 |
| 4 th Quarter (Oct 1 to Dec 31) | 673.5 | 379.8 |

As of December 29, 2020, the closing price of the Company's common shares of stock is Php585.00 per share.

Shareholder and Dividend Information

The top 20 stockholders of the Corporation's Common Shares as of December 31, 2020 are as follows:

| | NAME OF STOCKHOLDER | NO OF SHARES * | RATIO (%) TO TOTAL AMOUNT SUBSCRIBED |
|-----|------------------------------------|----------------|--------------------------------------|
| 1. | Grand Titan Capital Holdings, Inc. | 120,413,658 | 55.932% |
| 2. | PCD Nominee Corp. (Non-Filipino) | 51,845,525 | 24.082% |
| 3. | PCD Nominee Corp. (Filipino) | 42,285,779 | 19.642% |
| 4. | Ty Siao Kian | 223,560 | 0.104% |
| 5. | Ty, Arthur Vy | 111,780 | 0.052% |
| | Ty, Alfred Vy | 111,780 | 0.052% |
| 6. | Ty, Mary Vy | 110,662 | 0.051% |
| 7. | Bloomingdale Enterprises, Inc. | 34,261 | 0.016% |
| 8. | Po, Tiong King C. | 31,000 | 0.014% |
| 9. | De Castro, Salud D. | 21,603 | 0.010% |
| 10. | United Life Assurance Corporation | 11,178 | 0.005% |
| 11. | Chusuey, Henry O. | 10,000 | 0.005% |
| 12. | Chua, Josephine Ty | 9,371 | 0.004% |
| 13. | Chan, Asuncion C. | 6,707 | 0.003% |
| 14. | Choi, Anita C. | 4,471 | 0.002% |
| 15. | Mar, Peter or Annabelle C. Mar | 3,353 | 0.002% |

| | | | |
|-----|---|-------|--------|
| 16. | Baguyo, Dennis G. | 2,515 | 0.001% |
| 17. | Ty, Alesandra T. ITF Adam Zachary T. Ty | 2,422 | 0.001% |
| | Ty, Alesandra T. ITF Alexa Marie T. Ty | 2,422 | 0.001% |
| 18. | Choi, Dennis C. | 2,236 | 0.001% |
| | Choi, Diana C. | 2,236 | 0.001% |
| | Choi, Davis C. | 2,236 | 0.001% |
| | Croslo Holdings, Corp. | 2,236 | 0.001% |
| 19. | Poli, Jean Pierre Albert | 1,780 | 0.001% |
| 20. | Chua, Robert S. | 1,341 | 0.001% |

* Fully subscribed and paid up

As of December 31, 2020, the Corporation has approximately 81 holders of common shares.

As a policy, the Corporation has a target annual dividend payout of Php3.00 per share, payable out of its unrestricted retained earnings. Such declaration will take into consideration factors such as restrictions that may be imposed by current and prospective financial covenants; projected levels of operating results, working capital needs and long-term capital expenditures; and regulatory requirements on dividend payments, among others.

In 2018, 2019 and 2020, the Company paid cash dividends to its stockholders as follows:

| Year | Common stock | Total | Voting Preferred Stock | Total | Record Date | Payment Date |
|------|-----------------------------|----------------------------|--|------------------------|----------------|----------------|
| 2018 | Php3.00 per share (regular) | Php577.8 million | 3.77% PDST-R2 3Y rate as of April 13, 2015 (regular) | Php657,111.0 (regular) | April 4, 2018 | April 13, 2018 |
| 2019 | Php3.00 per share (regular) | Php598.0 million | 3.77% PDST-R2 3Y rate as of April 13, 2015 (regular) | Php657,111.0 (regular) | April 10, 2019 | April 25, 2019 |
| 2020 | Php3.00 per share (regular) | Php645.9 million (regular) | 3.77% PDST-R2 3Y rate as of April 13, 2015 (regular) | Php657,111.0 (regular) | June 5, 2020 | June 19, 2020 |
| | Php3.00 per share (special) | Php645.9 million (special) | | | | |

On March 22, 2021, the Board of Directors of the Company approved the declaration of cash dividends for common and voting preferred stockholders as follows. There are no restrictions limiting payment of dividends on common shares. Cash dividends for common and voting preferred stockholders are as follows:

| Year | Common stock | Total | Voting Preferred Stock | Total | Record Date | Payment Date |
|------|-----------------------------|----------------------------|--|------------------------|---------------|----------------|
| 2021 | Php3.00 per share (regular) | Php645.9 million (regular) | 3.77% PDST-R2 3Y rate as of April 13, 2015 (regular) | Php657,111.0 (regular) | April 7, 2021 | April 21, 2021 |

A.vii Recent Sale of Unregistered or Exempt Securities

On March 16, 2018, the Board of Directors approved the declaration of a 3.5% stock dividend in favor of GT Capital's stockholders of common stock as of record date equivalent to approximately 6,740,884 shares. On May 9, 2018, stockholders' approval has been obtained during the Annual Stockholders' Meeting. The record and payment dates were set on July 9, 2018 and August 2, 2018, respectively. On August 2, 2018, the 3.5% stock dividend equivalent to 6,740,899 common shares were issued and listed in the Philippine Stock Exchange. The same is an exempt transaction under Section 10.1 (d) of the Securities Regulation Code.

On March 26, 2019, the Board of Directors approved the declaration of a 8.0% stock dividend in favor of GT Capital's stockholders of common stock as of record date equivalent to approximately 15,590,000 shares. On May 8, 2019, stockholders' approval has been obtained during the Annual Stockholders' Meeting. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively. On July 30, 2019, the 8.0% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange. The same is an exempt transaction under Section 10.1 (d) of the Securities Regulation Code.

The closing price of Perpetual Preferred Shares Series A and Series B is Php1,000.00 and Php1,030.00 per share, respectively, as of December 29, 2020.

A.viii Legal Proceedings

There are no material pending legal proceedings to which the Corporation or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

A.ix. Corporate Governance

The Corporation adopted its Manual on Corporate Governance (the "Governance Manual") on December 2, 2011. It was last amended on May 8, 2019. The policy of corporate governance is based on the Governance Manual. The Governance Manual lays down the principles of good corporate governance in the entire organization. The Governance Manual provides that it is the Board's responsibility to initiate compliance with the principles of good corporate governance, to foster long-term success and to secure the Corporation's sustained competitiveness in a manner consistent with its fiduciary responsibility.

The Corporation's By-laws and Governance Manual provide that the Board shall have at least three (3) independent directors or such number as to constitute at least one-third (1/3) of the members of the board, whichever is higher. The Corporation espouses the definition of independence pursuant to the Securities Regulation Code. The Corporation considers as an independent director one who, except for his director's fees and shareholdings, is independent of management and free from any business or other relationship which, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as an independent director of GT Capital.

The Governance Manual embodies the Corporation's policies on disclosure and transparency, and mandates the conduct of communication and training programs on corporate governance. The Governance Manual further provides for the rights of all shareholders and the protection of the interests of minority stockholders. Commission of any violation of the Governance Manual is punishable by a penalty ranging from reprimand to dismissal, depending on the frequency of commission as well as the gravity thereof.

The Board has constituted six (6) committees to effectively oversee the Corporation's operations: (i) the Executive Committee (ii) the Audit Committee; (iii) the Nominations Committee; (iv) the Compensation Committee; (v) the Corporate Governance Committee and Related Party Transactions Committee; and (vi) the Risk Oversight Committee. There have been no deviations from the Corporation's Governance Manual as of this date.

A.x Undertaking to provide without charge a copy of the Corporation's Annual Report

The Corporation will provide without charge a copy of the Corporation's Annual Report on SEC Form 17-A to its stockholders upon receipt of a written request addressed to Mr. Francisco H. Suarez, Jr., Executive Vice President and Chief Financial Officer at 43rd Floor, GT Tower International, Ayala Avenue corner H.V. de la Costa St., 1227 Makati City, Metro Manila, Philippines.

CERTIFICATION OF INDEPENDENT DIRECTORS

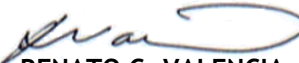
I, **RENATO C. VALENCIA**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.** and have been independent director since May 10, 2017. Prior to that, I was first elected as independent director on February 14, 2012 and served as independent director until May 14, 2013.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| Company/Organization | Position/Relationship | Period of Service |
|---------------------------------------|------------------------------|--------------------------|
| i-People, Inc. | Chairman | 2005-present |
| | Director | 2003-present |
| Anglo Philippine Holdings Corporation | Independent Director | 2007-present |
| EEL Corporation | Independent Director | 2015-present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.
5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 24th day of March 2021, at Makati City.


RENATO C. VALENCIA
Affiant

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

SUBSCRIBED AND SWORN to before me this _____, affiant exhibiting to me his
_____ No. _____ issued on _____ at _____.

Doc No. ____;
Page No. ____;
Book No. ____;
Series of 2021.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **WILFREDO A. PARAS**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.** and have been independent director since May 14, 2013.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| Company/Organization | Position/Relationship | Period of Service |
|---|-----------------------|-------------------|
| WAP Holdings, Inc. | President | 2007-present |
| Philex Mining Corporation | Independent Director | 2011-present |
| Dualtech Training Center Foundation, Inc. | Trustee | 2012-present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am **not** related to any director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.
5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 24th day of March 2021 at Pflugerville, Texas, USA.


WILFREDO A. PARAS
 Affiant

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

SUBSCRIBED AND SWORN to before me this _____, affiant exhibiting to me his _____ No. _____ issued on _____ at _____.

Doc No. ____;
 Page No. ____;
 Book No. ____;
 Series of 2021.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RENE J. BUENAVENTURA**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

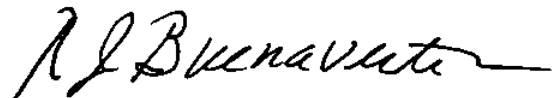
1. I am a nominee for independent director of **GT CAPITAL HOLDINGS, INC.** and have been independent director since May 9, 2018;
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| Company/Organization | Position/Relationship | Period of Service |
|---|-----------------------------------|-------------------|
| Equitable Foundation, Inc. | Trustee | 2002- Present |
| Equicom Manila Holdings, Inc. | Vice Chairman | 2006 - Present |
| Gramercy Holdings Corporation | President | 2006 - Present |
| Canyon Crest Holdings Corp. | President | 2006 - Present |
| Equicom Inc. | Director | 2007 - Present |
| Equicom Information Technology, Inc. | Director | 2007 - Present |
| Cliveden Management Corp. | President | 2007- Present |
| Maxicare Health Corporation | Director | 2007 - Present |
| Pin-An Holdings Corporation | Director | 2007 - Present |
| GO KIM PAH Foundation, Inc. | Trustee | 2007 - Present |
| ALGO Leasing and Finance, Inc. | Vice Chairman | 2008 - Present |
| Equicom Savings Bank | Vice Chairman | 2008 - Present |
| UBS Investment Philippines, Inc. | Independent Director | 2010 - Present |
| Hengrave Holdings Corporation | Director and President | 2013 - Present |
| AIG Insurance Philippines, Inc. | Independent Director | 2014 - Present |
| Steel Asia Manufacturing Corporation | Director | 2016 - Present |
| Steel Asia Development and Management Corp. | Director | 2016 - Present |
| Candelaria Steel | Director | 2016 - Present |
| Consumer CreditScore Philippines, Inc. | Chairman | 2016 - Present |
| Lorenzo Shipping Corporation | Independent Director | 2017 - Present |
| DDMP REIT, Inc. | Independent Director | 2020 - Present |
| DDMP REIT Fund Managers, Inc. | Independent Director and Chairman | 2020 - Present |
| DDMP REIT Property Managers, Inc. | Independent Director and Chairman | 2020 - Present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **GT CAPITAL HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am **not** related to any director/officer/substantial shareholder of **GT CAPITAL HOLDINGS, INC.** and its subsidiaries and affiliates other than the relation provided under Rule 38.2.3 of the Securities and Regulation Code.

5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the corporate secretary of GT Capital Holdings, Inc. of any changes in the abovementioned information within (5) days from its occurrence.

Done, this 25th day of March 2021 at Makati City.



RENE J. BUENAVENTURA
Affiant

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

SUBSCRIBED AND SWORN to before me this _____, affiant exhibiting to me his
_____ No. _____ issued on _____ at _____.

Doc No. ____;
Page No. ____;
Book No. ____;
Series of 2021.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CONSUELO DIZON GARCIA**, Filipino, of legal age, and a resident of [REDACTED] after having duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of GT Capital Holdings, Inc. (the “**Corporation**”).
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

| Company/Organization | Position/Relationship | Period of Service |
|---|--|--------------------------|
| AC Energy Corporation | Independent Director | September 2019 to date |
| The Philippine Stock Exchange, Inc. | Independent Director | November 2020 to date |
| Sun Life Investment and Trust Corporation | Independent Director | September 2020 to date |
| ING Bank N.V., Manila Branch | Senior Consultant – Challengers and Growth Markets, Asia | November 2017 to date |
| FEU Alabang, Inc. | Independent Director | November 2020 to date |
| Financial Executives Institute of the Philippines, Inc. (“FINEX”) | Member, Board of Directors; Liason Director, FINEX Capital Markets Development Committee, and Information, Communication and Technology Committee (2021) | January 2020 to date |
| FINEX Academy, Inc. | Member, Board of Trustees | January 2020 to date |
| ING Foundation Philippines, Inc. | Independent Director and Member, Board of Trustees | February 2020 to date |
| Institute of Corporate Directors (ICD) | Fellow | April 2020 to date |
| Filipina CEO Circle (FCC) | Member | 2017 to date |
| Saje Wellness Corporation | Director | December 2013 to date |
| Murrayhill Realty and Development Corporation | Director | October 2020 to date |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission (“SEC”).

4. I am not related to the any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the Securities Regulation Code (where applicable).
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other relevant issuances of the SEC.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from my receipt of knowledge of any such changes.

IN WITNESS WHEREOF, I have signed this Certification this 25th day of March 2021 in Makati City.



CONSUELO DIZON GARCIA
AFFIANT

SUBSCRIBED AND SWORN to before me this _____ in Makati City, affiant personally appeared before me and exhibited to me her Driver's License no. N17-79-010463 issued by Land Transportation Office on 4 October 2018.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2021.



GT CAPITAL
HOLDINGS, INCORPORATED

March 26, 2021

SECURITIES AND EXCHANGE COMMISSION
PICC Complex, Roxas Boulevard Manila, 1307

Attention: Vicente Graciano P. Felizmenio, Jr.
Director, Markets and Securities Regulation Division

Dear Director Felizmenio,

This is to certify that to the best of our knowledge, none of the directors or officers of GT Capital Holdings, Inc. mentioned in its Preliminary Information Statement for the Annual Stockholders' Meeting on May 17, 2021 holds any position or is connected with any Philippine government agency or instrumentality.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Renee Lynn Miciano-Atienza'.

RENEE LYNN MICIANO-ATIENZA
VP/Head, Legal and Compliance Department



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of GT Capital Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the parent and consolidated financial statements including the schedules attached therein, as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

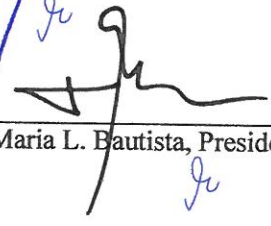
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

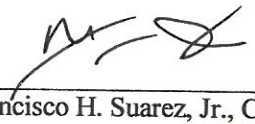
SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, has audited the parent and consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signature: 

Arthur V. Ty, Chairman of the Board

Signature: 

Carmelo Maria L. Bautista, President

Signature: 

Francisco H. Suarez, Jr., Chief Financial Officer

March 22, 2021

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

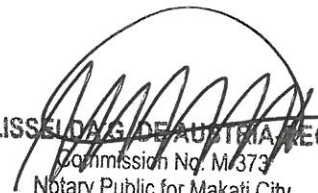
SUBSCRIBED AND SWORN to before me on MAR 23 2021, affiants exhibiting to me their respective Tax Identification Numbers, as follows:

Arthur V. Ty
Carmelo Maria L. Bautista
Francisco H. Suarez, Jr.



Doc. No. 41
Page No. 10
Book No. 5A
Series of 2021




BLISSEDA G. DE AUSTRIA-RECIO
Commission No. M/373
Notary Public for Makati City
Until June 30, 2021
8th Floor, GT Tower International
6813 Ayala Avenue 1227 Makati City
Roll No. 55633; MCLE Compliance No. VI-0026178
PTR No. 8564909 / 01-25-21; Makati City
IBP No. 132048 / 11-06-20; Makati City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
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COMPANY NAME

| | | | | | | | | | | | | | | | | | | | | | | | | |
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| G | T | C | A | P | I | T | A | L | H | O | L | D | I | N | G | S | , | I | N | C | . | A | N | D |
| S | U | B | S | I | D | I | A | R | I | E | S | | | | | | | | | | | | | |
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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
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| o | n | a | l | , | A | y | a | l | a | A | v | e | n | u | e | c | o | r | n | e | r | H | . | V | . |
| D | e | l | a | C | o | s | t | a | S | t | . | , | M | a | k | a | t | i | C | i | t | y | | | |
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|--|---------------------------------|---------------------------------------|---|---|---|--|--|--|--|--|--|--|--|--|--|
| Form Type | Department requiring the report | Secondary License Type, If Applicable | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; text-align: center;"> <tr> <td>A</td><td>A</td><td>C</td><td>F</td><td>S</td> </tr> </table> | A | A | C | F | S | <table border="1" style="width: 100%; text-align: center;"> <tr> <td></td><td></td><td></td><td></td> </tr> </table> | | | | | <table border="1" style="width: 100%; text-align: center;"> <tr> <td></td><td></td><td></td><td></td> </tr> </table> | | | | |
| A | A | C | F | S | | | | | | | | | | | |
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COMPANY INFORMATION

| | | | | | |
|---|------------------------------|--|----------------------------------|--|-------|
| Company's Email Address | Company's Telephone Number | Mobile Number | | | |
| <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">gtcap@gtcapital.com.ph</td> </tr> </table> | gtcap@gtcapital.com.ph | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">8836-4500</td> </tr> </table> | 8836-4500 | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"> </td> </tr> </table> | |
| gtcap@gtcapital.com.ph | | | | | |
| 8836-4500 | | | | | |
| | | | | | |
| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) | | | |
| <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">90</td> </tr> </table> | 90 | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">2nd Wednesday of May</td> </tr> </table> | 2 nd Wednesday of May | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">12/31</td> </tr> </table> | 12/31 |
| 90 | | | | | |
| 2 nd Wednesday of May | | | | | |
| 12/31 | | | | | |

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

| | | | | | | | |
|---|--------------------------|--|---------------------------------|--|-----------|--|--|
| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number | | | | |
| <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">Francisco H. Suarez, Jr.</td> </tr> </table> | Francisco H. Suarez, Jr. | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">francis.suarez@gtcapital.com.ph</td> </tr> </table> | francis.suarez@gtcapital.com.ph | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">8836-4500</td> </tr> </table> | 8836-4500 | <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"> </td> </tr> </table> | |
| Francisco H. Suarez, Jr. | | | | | | | |
| francis.suarez@gtcapital.com.ph | | | | | | | |
| 8836-4500 | | | | | | | |
| | | | | | | | |

CONTACT PERSON'S ADDRESS

| |
|--|
| 43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City |
|--|

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

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



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Avenue corner H.V. Dela Costa Street
Makati City

Opinion

We have audited the consolidated financial statements of GT Capital Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill and Customer Relationships

Under PFRSs, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life. As of December 31, 2020, the Group has goodwill attributable to the acquisition of various businesses and intangible asset with indefinite useful life relating to customer relationships with carrying values of ₱5.93 billion and ₱3.89 billion, respectively, which are significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions that have been impacted by the coronavirus pandemic, specifically the forecasts of future cash flows, expected gross margins, discount rates, long-term growth rates, attrition rates, and earnings before interest and taxes (EBIT) margin on key customers.

The disclosures in relation to the significant assumptions and carrying values of goodwill and intangible assets are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We involved our internal specialist to evaluate the assumptions and methodologies used. These assumptions include forecasts of future cash flows, expected gross margins, discount rates, long-term growth rates, attrition rates, and EBIT margin on key customers. We compared the key assumptions used, such as discount rates and growth rates against the historical performance of the cash-generating unit (CGU), industry/market outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and customer relationships.

Real Estate Revenue Recognition

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas:

- (a) assessment of the probability that the entity will collect the total consideration from the buyer;
- (b) application of the output method as the measure of progress in determining real estate revenue;
- (c) determination of the actual costs incurred as cost of sales; and (d) recognition of cost to obtain a contract.



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

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

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

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

The assessment of the stage of completion and level of buyer's equity involves significant management judgment as disclosed in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process, policies and procedures.

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

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

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as accomplishment reports and progress billings from contractors.



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

Accounting for Investments in Associates

The Group has investments in Metropolitan Bank & Trust Company (MBTC) and Metro Pacific Investments Corporation (MPIC) that are both accounted for under the equity method. The application of the equity method of accounting over these investments is a key audit matter because the Group's equity in the net earnings of these associates contributed ₱5.85 billion, or 70.21% of the Group's consolidated net income in 2020, and the Group's investments in these associates accounted for 65.02% and 42.53% of the consolidated total noncurrent assets and total assets, respectively, of the Group as of December 31, 2020.

The Group's share in MBTC's net income is significantly affected by MBTC's application of the expected credit loss (ECL) model in calculating the allowance for credit losses for its loans and receivables; and accounting for disposals of investment securities under the hold-to-collect (HTC) business model.

MBTC's application of the ECL model is significant to our audit as it involves the exercise of significant management judgment. The key areas of judgment in calculating ECL include: segmenting MBTC's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic. Meanwhile, the accounting for the disposals of investment securities is significant to our audit because the amounts involved are material and it involves the exercise of significant judgment by management in assessing whether the disposals are consistent with the HTC business model or these resulted from a change in business model.

The Group's share in MPIC's net income is significantly affected by the recoverability of goodwill, service concession agreements (SCAs) not yet available for use, and SCA related to West Zone concession; amortization of SCAs using the 'units of production (UOP)' method; and revenue on water and sewerage services from the Metropolitan Waterworks and Sewerage System (MWSS) West Service Area.

MPIC has goodwill and SCAs not yet available for use, which are required to be tested for impairment at least annually. In addition, there is an ongoing discussion with the MWSS on the provisions of Maynilad Water Services, Inc. (Maynilad)'s Concession Agreement identified for renegotiation and amendment, which is an impairment indicator and thus requires an assessment of the recoverability of MPIC's SCA related to Maynilad. This matter is important to our audit because the impairment assessment of goodwill and SCAs not available for use involves significant management judgment and estimates. Moreover, the



SCAs related to the toll roads and water concession agreements of MPIC are being amortized using the UOP method. The UOP amortization method is also a key audit matter as it involves significant management judgment and estimates, particularly in determining the total expected traffic volume and the total estimated volume of billable water over the remaining periods of the concession agreements. In addition, because of the coronavirus pandemic, there is a heightened level of uncertainty on the future economic outlook and market forecast. Lastly, water and sewerage service revenue recognition is significant to our audit because it is affected by the completeness of data captured during meter readings, which involves processing large volumes of data from multiple locations and different billing cut-off dates for different customer groups classified into residential, semi-business, commercial or industrial; propriety of the application of the relevant rates to the billable consumption of different customer groups; and reliability of the systems involved in processing bills and recording revenues.

Moreover, the Group assesses the impairment of its investments in associates and joint ventures whenever events or changes in circumstances indicate that the carrying amounts of the investments may not be recoverable. As of December 31, 2020, the fair values of the Group's investments in MBTC and MPIC have declined compared to their carrying value. In the event that an impairment indicator is identified, the assessment of the recoverable amount of the investments in MBTC and MPIC requires significant judgment and involves estimation and assumptions about the revenue growth rate, terminal growth rate, discount rate, as well as the market price, the applicable discount and net asset values of component businesses. In addition, because of the coronavirus pandemic, there is a heightened level of uncertainty on the future economic outlook and market forecast. Hence, such assessment is a key audit matter in our audit.

The relevant disclosures related to the Group's investments in associates are provided in Note 8 to the consolidated financial statements.

Audit Response

For MBTC's application of the ECL model, we obtained an understanding of the Board-approved methodologies and models used for the different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider the time value of money and the best available forward-looking information.

We (a) assessed MBTC's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested MBTC's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in MBTC's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of MBTC's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.



Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are insufficient data.

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

For MBTC's disposals of investment securities under the HTC business model, we obtained an understanding of MBTC's objectives for disposals of investment securities at amortized cost through inquiries with management, review of approved internal documentation, reading of the minutes of meeting of the relevant committees in the Bank and the approval process over the disposals. We evaluated management's assessment of the impact of the disposals in reference to MBTC's business models and the provisions of the relevant accounting standards and regulatory issuances. For disposals resulting from change in business model, we reviewed the new business model documentation to check whether the new policies and procedures for managing the investment securities reflect the change in the objective of the business model. We also reviewed the calculation of the gains on the disposals and the measurement of the remaining securities in the affected portfolios.

For MPIC's impairment testing of goodwill and SCAs, we involved our internal specialist in evaluating the methodologies and the assumptions used in the determination of the recoverable amounts of the CGUs. These assumptions include the expected volume of traffic for the toll roads and ridership for the rail, billed water volume for the water concession, growth rates and discount rates. For the West Zone Concession, assumptions include the concession period, forecasted cashflows with probability-weighted scenarios, and the discount rate considering the risks surrounding the Concession Agreement. We compared the forecasted revenue growth against the historical data of the CGUs, taking into consideration the impact associated with the coronavirus pandemic, and inquired from management and operations personnel about the plans to support the forecasted revenues. We also compared the key assumptions such as traffic volume, rail ridership and water volume against historical data and against available studies by independent parties that were commissioned by the respective subsidiaries. In cases where volume was determined by management specialists, we reviewed the reports of the management specialists and gained an understanding of the methodology and the basis of computing the forecasted volume. We tested the weighted average cost of capital (WACC) used in the impairment test by comparing it with WACC of other comparable companies in the region. For the West Zone Concession, we discussed with management and its legal counsel the status of the review of the Concession Agreement and inquired of any correspondences with MWSS during the year; and reviewed the bases of the cash flow scenarios including the probability weight assigned to each of the scenarios.

For MPIC's amortization of SCAs using the UOP method, we reviewed the report of the management's specialists and gained an understanding of the methodology and the basis of computing the forecasted traffic volume and billable water, taking into consideration the impact associated with the coronavirus pandemic. We evaluated the competence, capabilities, and objectivity of management's specialists who estimated the forecasted volumes by considering their qualifications, experience and reporting responsibilities. Furthermore, we compared the billable water volume and traffic volume during the year



against the data generated from the billing system for water and from the toll collection system for tollways. We recalculated the amortization expense for the year and the SCAs as of year-end based on the established traffic volume and billable water volume.

For MPIC's revenue on water and sewerage services from the MWSS West Service Area, we obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. In addition, on a sample basis, we performed recalculation of the billed amounts, including the estimated billings during the community lockdown and the subsequent actualization thereto, using the MWSS-approved rates and formulae and compared them with the amounts reflected in the billing statements. Moreover, we involved our internal specialist in performing the procedures on the computer application automated aspects of this process.

For the Group's recoverability of investment in associates, we involved our internal specialist in evaluating the methodology and assumptions used. For the investment in MBTC, we compared the revenue and terminal growth rates to available industry, economic and financial data, taking into consideration the impact associated with the coronavirus pandemic. We also tested whether the discount rate used represents current market assessment of risks associated with the investment. For the investment in MPIC, we reviewed management's calculation of the recoverable amount using the sum-of-the-parts approach, taking into consideration the market price, the applicable discount and net asset values of MPIC's component businesses.

Other Information

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Vicky Lee Salas.

SYCIP GORRES VELAYO & CO.



Vicky Lee Salas

Vicky Lee Salas
Partner

CPA Certificate No. 86838

SEC Accreditation No. 0115-AR-5 (Group A),

April 16, 2019, valid until April 15, 2022

Tax Identification No. 129-434-735

BIR Accreditation No. 08-001998-053-2020,

November 27, 2020, valid until November 26, 2023

PTR No. 8534310, January 4, 2021, Makati City

March 22, 2021



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Millions)

| | December 31 | |
|--|--------------------|-------------|
| | 2020 | 2019 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 4) | ₱17,114 | ₱12,133 |
| Financial assets at fair value through profit or loss (FVTPL) (Note 10) | 3,709 | 4,698 |
| Receivables (Note 5) | 18,833 | 13,382 |
| Contract assets (Note 21) | 6,183 | 5,095 |
| Inventories (Note 6) | 74,735 | 72,189 |
| Due from related parties (Note 27) | 202 | 209 |
| Prepayments and other current assets (Note 7) | 12,380 | 10,416 |
| Total Current Assets | 133,156 | 118,122 |
| Noncurrent Assets | | |
| Financial assets at fair value through other comprehensive income (FVOCI) (Note 10) | 12,740 | 12,373 |
| Receivables - net of current portion (Note 5) | 7,048 | 3,421 |
| Contract assets - net of current portion (Note 21) | 6,852 | 5,556 |
| Investment properties (Note 9) | 16,253 | 15,347 |
| Investments and advances (Note 8) | 184,757 | 178,059 |
| Property and equipment (Note 11) | 11,612 | 13,159 |
| Goodwill and intangible assets (Note 13) | 9,965 | 10,040 |
| Deferred tax assets (Note 29) | 1,402 | 1,141 |
| Other noncurrent assets (Note 14) | 1,195 | 436 |
| Total Noncurrent Assets | 251,824 | 239,532 |
| | ₱384,980 | ₱357,654 |

LIABILITIES AND EQUITY

| | | |
|---|----------------|---------|
| Current Liabilities | | |
| Accounts and other payables (Note 15) | ₱29,998 | ₱25,234 |
| Contract liabilities (Note 21) | 4,006 | 4,553 |
| Short-term debt (Note 16) | 28,007 | 12,890 |
| Current portion of long-term debt (Note 16) | 5,012 | 4,974 |
| Current portion of liabilities on purchased properties (Notes 20 and 27) | 598 | 432 |
| Current portion of bonds payable (Note 17) | 4,995 | 3,899 |
| Customers' deposits (Note 18) | 506 | 560 |
| Dividends payable | 589 | 589 |
| Due to related parties (Note 27) | 515 | 204 |
| Income tax payable | 472 | 875 |
| Other current liabilities (Note 19) | 843 | 1,371 |
| Total Current Liabilities | 75,541 | 55,581 |

(Forward)



| | December 31 | |
|---|--------------------|-------------|
| | 2020 | 2019 |
| Noncurrent Liabilities | | |
| Long-term debt - net of current portion (Note 16) | ₱95,429 | ₱87,149 |
| Bonds payable (Note 17) | 10,065 | 15,040 |
| Liabilities on purchased properties - net of current portion (Notes 20 and 27) | 2,657 | 3,352 |
| Pension liability (Note 28) | 1,934 | 1,222 |
| Deferred tax liabilities (Note 29) | 3,225 | 3,138 |
| Other noncurrent liabilities (Note 20) | 3,944 | 2,852 |
| Total Noncurrent Liabilities | 117,254 | 112,753 |
| | 192,795 | 168,334 |
| Equity | | |
| Equity attributable to equity holders of the Parent Company | | |
| Capital stock (Note 22) | 3,370 | 3,370 |
| Additional paid-in capital (Note 22) | 98,827 | 98,827 |
| Retained earnings - unappropriated (Note 22) | 79,234 | 74,569 |
| Retained earnings - appropriated (Note 22) | 400 | 400 |
| Other comprehensive loss (Note 22) | (853) | (2,019) |
| Other equity adjustments (Note 22) | 2,322 | 2,322 |
| | 183,300 | 177,469 |
| Non-controlling interests (Note 22) | 8,885 | 11,851 |
| Total Equity | 192,185 | 189,320 |
| | ₱384,980 | ₱357,654 |

See accompanying Notes to Consolidated Financial Statements.



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(In Millions, Except Earnings Per Share)

| | Years Ended December 31 | | |
|--|-------------------------|----------------|----------------|
| | 2020 | 2019 | 2018 |
| CONTINUING OPERATIONS | | | |
| REVENUE | | | |
| Automotive operations (Note 35) | ₱113,975 | ₱192,966 | ₱179,117 |
| Real estate sales (Note 35) | 7,629 | 7,982 | 9,342 |
| Equity in net income of associates and joint ventures (Note 8) | 6,355 | 14,578 | 11,513 |
| Interest income (Note 23) | 2,023 | 2,305 | 1,668 |
| Rent income (Notes 9 and 30) | 1,751 | 1,526 | 1,181 |
| Sale of goods and services | 457 | 802 | 778 |
| Commission income | 107 | 252 | 108 |
| Other income (Note 23) | 2,123 | 2,529 | 2,124 |
| | 134,420 | 222,940 | 205,831 |
| COSTS AND EXPENSES | | | |
| Cost of goods and services sold (Note 24) | 76,479 | 133,943 | 129,849 |
| Cost of goods manufactured and sold (Note 25) | 23,554 | 36,819 | 31,809 |
| General and administrative expenses (Note 26) | 13,032 | 13,595 | 10,667 |
| Interest expense (Notes 16 and 17) | 6,323 | 6,453 | 5,401 |
| Cost of real estate sales (Note 6) | 4,120 | 5,340 | 6,839 |
| Cost of rental (Note 30) | 589 | 435 | 476 |
| | 124,097 | 196,585 | 185,041 |
| INCOME BEFORE INCOME TAXES FROM | | | |
| CONTINUING OPERATIONS | | | |
| | 10,323 | 26,355 | 20,790 |
| PROVISION FOR INCOME TAX (Note 29) | 1,986 | 5,057 | 3,886 |
| NET INCOME FROM CONTINUING OPERATIONS | 8,337 | 21,298 | 16,904 |
| NET INCOME FROM DISCONTINUED OPERATIONS | | | |
| (Note 12) | – | 3,814 | 707 |
| NET INCOME | ₱8,337 | ₱25,112 | ₱17,611 |
| NET INCOME ATTRIBUTABLE TO: | | | |
| Equity holders of the Parent Company | | | |
| Profit for the year from continuing operations | ₱6,546 | ₱16,586 | ₱12,795 |
| Profit for the year from discontinued operations | – | 3,723 | 361 |
| | 6,546 | 20,309 | 13,156 |
| Non-controlling interests | | | |
| Profit for the year from continuing operations | 1,791 | 4,712 | 4,109 |
| Profit for the year from discontinued operations | – | 91 | 346 |
| | 1,791 | 4,803 | 4,455 |
| | ₱8,337 | ₱25,112 | ₱17,611 |
| Basic/Diluted Earnings Per Share from | | | |
| Continuing Operations Attributable to Equity Holders | | | |
| of the Parent Company (Note 34) | ₱27.67 | ₱74.31 | ₱56.70 |
| Basic/Diluted Earnings Per Share Attributable | | | |
| to Equity Holders of the Parent Company (Note 34) | ₱27.67 | ₱91.60 | ₱58.38 |

See accompanying Notes to Consolidated Financial Statements.

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

| | Years Ended December 31 | | |
|---|-------------------------|---------|---------|
| | 2020 | 2019 | 2018 |
| NET INCOME FROM CONTINUING OPERATIONS | ₱8,337 | ₱21,298 | ₱16,904 |
| NET INCOME FROM DISCONTINUED OPERATIONS (Note 12) | – | 3,814 | 707 |
| NET INCOME | 8,337 | 25,112 | 17,611 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| CONTINUING OPERATIONS | | | |
| <i>Items that may be reclassified to profit or loss in subsequent periods:</i> | | | |
| Changes in cumulative translation adjustments | (15) | (4) | 4 |
| Changes in cash flow hedge reserves (Note 16) | 2 | 10 | (62) |
| Equity in other comprehensive income of associates and joint ventures (Note 8): | | | |
| Cash flow hedge reserve | (115) | (307) | 85 |
| Remeasurement on life insurance reserves | (364) | (167) | 376 |
| Translation adjustments | (241) | (551) | (1,968) |
| Other equity adjustments | 21 | – | 19 |
| | (712) | (1,019) | (1,546) |
| <i>Items that may not be reclassified to profit or loss in subsequent periods:</i> | | | |
| Changes in fair value of financial assets at FVOCI (Note 10) | 368 | 1,699 | (1,469) |
| Equity in changes in fair value of financial assets at FVOCI of associates (Note 8) | 1,959 | 2,517 | (1,228) |
| Remeasurements of defined benefit plans (Note 28) | (466) | (435) | 348 |
| Equity in remeasurement of defined benefit plans of associates (Note 8) | (412) | (1,066) | 393 |
| Income tax effect | 263 | 450 | (218) |
| | 1,712 | 3,165 | (2,174) |
| OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS | 1,000 | 2,146 | (3,720) |
| OTHER COMPREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX | – | (220) | 236 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX | 1,000 | 1,926 | (3,484) |
| TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAX | ₱9,337 | ₱27,038 | ₱14,127 |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | |
| Equity holders of the Parent Company | | | |
| Total comprehensive income for the year from continuing operations | ₱7,712 | ₱19,137 | ₱5,197 |
| Total comprehensive income for the year from discontinued operations | – | 3,379 | 4,230 |
| | 7,712 | 22,516 | 9,427 |
| Non-controlling interests | | | |
| Total comprehensive income for the year from continuing operations | 1,625 | 4,539 | 4,238 |
| Total comprehensive income (loss) for the year from discontinued operations | – | (17) | 462 |
| | 1,625 | 4,522 | 4,700 |
| | ₱9,337 | ₱27,038 | ₱14,127 |

See accompanying Notes to Consolidated Financial Statements.



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| (In Millions) | Attributable to Equity Holders of the Parent Company | | | | | | | Total | Attributable to Non-controlling Interests (Note 22) | Total Equity |
|--|--|--------------------------------------|---------------------------|--|--|---|------------------------------------|-----------------|---|-----------------|
| | Capital Stock (Note 22) | Additional Paid-in Capital (Note 22) | Treasury Shares (Note 22) | Retained Earnings - Appropriated (Note 22) | Retained Earnings - Unappropriated (Note 22) | Other Comprehensive Income (Loss) (Note 22) | Other Equity Adjustments (Note 22) | | | |
| Balance at January 1, 2020 | ₱3,370 | ₱98,827 | ₱- | ₱400 | ₱74,569 | (₱2,019) | ₱2,322 | ₱177,469 | ₱11,851 | ₱189,320 |
| Cash dividends declared (Note 22) | - | - | - | - | (1,881) | - | - | (1,881) | (4,611) | (6,492) |
| NCI share on additional stock issuance of a subsidiary | - | - | - | - | - | - | - | - | 20 | 20 |
| Total comprehensive income | - | - | - | - | 6,546 | 1,166 | - | 7,712 | 1,625 | 9,337 |
| Balance at December 31, 2020 | ₱3,370 | ₱98,827 | ₱- | ₱400 | ₱79,234 | (₱853) | ₱2,322 | ₱183,300 | ₱8,885 | ₱192,185 |
| Balance at January 1, 2019 | ₱3,211 | ₱85,592 | ₱- | ₱17,000 | ₱52,223 | (₱4,207) | ₱2,322 | ₱156,141 | ₱24,687 | ₱180,828 |
| Cash dividends declared (Note 22) | - | - | - | - | (1,187) | - | - | (1,187) | (4,259) | (5,446) |
| Stock dividend declared (Note 22) | 159 | 13,235 | - | - | (13,395) | - | - | (1) | - | (1) |
| Reversal of appropriation upon completion of expansion and acquisition (Note 22) | - | - | - | (16,600) | 16,600 | - | - | - | - | - |
| NCI on acquisition of subsidiaries | - | - | - | - | - | - | - | - | 148 | 148 |
| Effect of deconsolidation (Note 12) | - | - | - | - | 19 | (19) | - | - | (13,247) | (13,247) |
| Total comprehensive income | - | - | - | - | 20,309 | 2,207 | - | 22,516 | 4,522 | 27,038 |
| Balance at December 31, 2019 | ₱3,370 | ₱98,827 | ₱- | ₱400 | ₱74,569 | (₱2,019) | ₱2,322 | ₱177,469 | ₱11,851 | ₱189,320 |
| Balance at January 1, 2018 | ₱3,143 | ₱78,940 | ₱- | ₱19,000 | ₱45,000 | (₱522) | ₱2,322 | ₱147,883 | ₱26,866 | ₱174,749 |
| Cash dividends declared (Note 22) | - | - | - | - | (1,168) | - | - | (1,168) | (6,925) | (8,093) |
| Stock dividend declared (Note 22) | 68 | 6,652 | - | - | (6,721) | - | - | (1) | - | (1) |
| Appropriation during the period | - | - | - | 17,000 | (17,000) | - | - | - | - | - |
| Reversal of appropriation upon completion of expansion and acquisition (Note 22) | - | - | - | (19,000) | 19,000 | - | - | - | - | - |
| Realized gain (loss) on sale of financial assets at FVOCI | - | - | - | - | (44) | 44 | - | - | - | - |
| Total comprehensive income (loss) | - | - | - | - | 13,156 | (3,729) | - | 9,427 | 4,700 | 14,127 |
| Effect of equity call of a majority-owned subsidiary | - | - | - | - | - | - | - | - | 45 | 45 |
| Adjustments on NCI of a subsidiary | - | - | - | - | - | - | - | - | 1 | 1 |
| Balance at December 31, 2018 | ₱3,211 | ₱85,592 | ₱- | ₱17,000 | ₱52,223 | (₱4,207) | ₱2,322 | ₱156,141 | ₱24,687 | ₱180,828 |

See accompanying Notes to Consolidated Financial Statements.



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

| | Years Ended December 31 | | |
|--|--------------------------------|----------|----------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax from continuing operations | ₱10,323 | ₱26,355 | ₱20,790 |
| Income before income tax from discontinued operations (Note 12) | – | 2,597 | 866 |
| Income before income tax | 10,323 | 28,952 | 21,656 |
| Adjustments for: | | | |
| Equity in net income of associates and joint ventures (Note 8) | (6,355) | (14,578) | (11,513) |
| Interest expense (Notes 12, 16 and 17) | 6,323 | 6,453 | 5,401 |
| Depreciation and amortization (Note 11) | 2,517 | 2,417 | 1,946 |
| Pension expense (Note 28) | 324 | 244 | 366 |
| Provisions (Note 26) | 237 | 213 | 135 |
| Interest income (Notes 12 and 23) | (2,023) | (2,305) | (1,668) |
| Dividend income (Note 23) | (333) | (335) | (152) |
| Unrealized foreign exchange losses (gains) (Notes 23 and 26) | (163) | (137) | 146 |
| Realized and unrealized gain on financial assets at FVTPL (Note 23) | (113) | (135) | (59) |
| Gain on disposal of property and equipment (Notes 11 and 23) | (7) | (15) | (198) |
| Gain on disposal of direct ownership in subsidiaries (Note 12) | – | (2,341) | – |
| Operating income before changes in working capital | 10,730 | 18,433 | 16,060 |
| Decrease (increase) in: | | | |
| Short-term investments | – | 64 | 1,600 |
| Financial assets at FVTPL | 1,109 | (1,375) | (2,505) |
| Receivables | (9,234) | (6,318) | (2,207) |
| Contract assets | (2,383) | 1,876 | – |
| Inventories | (3,413) | (6,784) | (4,062) |
| Due from related parties | 7 | 457 | (500) |
| Prepayments and other current assets | (1,964) | (3,878) | 628 |
| Increase (decrease) in: | | | |
| Accounts and other payables | 4,873 | 3,202 | 2,630 |
| Contract liabilities | (546) | (1,054) | – |
| Customers' deposits | (54) | 2 | 976 |
| Due to related parties | 311 | – | 15 |
| Other current liabilities | (519) | 787 | (386) |
| Cash generated from (used in) operations | (1,083) | 5,412 | 12,249 |
| Dividends paid (Note 22) | (6,493) | (4,910) | (7,483) |
| Interest paid | (6,330) | (6,126) | (4,625) |
| Income tax paid | (2,207) | (4,612) | (4,377) |
| Interest received | 1,935 | 2,418 | 1,922 |
| Dividends received (Notes 8, 10 and 12) | 3,097 | 3,742 | 2,249 |
| Contributions to pension plan assets and benefits paid (Note 28) | (74) | (108) | (575) |
| Net cash used in operating activities | (11,155) | (4,184) | (640) |

(Forward)



| | Years Ended December 31 | | |
|---|--------------------------------|----------------|-----------------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from: | | | |
| Disposal of property and equipment and intangible assets (Note 11) | ₱27 | ₱60 | ₱198 |
| Disposal of investment property (Note 9) | – | – | 177 |
| Disposal of financial assets at FVOCI | – | 3 | 495 |
| Additions to: | | | |
| Investments in associates and joint ventures (Note 8) | (2,097) | (1,043) | (29,630) |
| Property and equipment (Note 11) | (874) | (1,822) | (3,919) |
| Investment properties (Note 9) | (91) | (1,095) | (222) |
| Intangible assets (Note 13) | (29) | (55) | (62) |
| Financial assets at FVOCI | – | – | (10,478) |
| Impact of business consolidation | – | 149 | – |
| Impact of deconsolidation of a subsidiary (Note 12) | – | (1,421) | – |
| Increase (decrease) in other noncurrent assets | (973) | 1,742 | (1,987) |
| Net cash used in investing activities | (4,037) | (3,482) | (45,428) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loan availments (Notes 16 and 38) | 67,800 | 43,984 | 71,286 |
| Payments of loans payable (Note 38) | (44,430) | (36,152) | (31,427) |
| Payments of bonds payable (Note 38) | (3,900) | (2,994) | – |
| Payment of principal portion of lease liabilities | (99) | (107) | – |
| DST on stock dividend issuance | – | (2) | (1) |
| Increase (decrease) in: | | | |
| Liabilities on purchased properties | (529) | 491 | (503) |
| Other noncurrent liabilities | 1,159 | (59) | 1,012 |
| Acquisition of noncontrolling interests | 20 | 148 | 45 |
| Net cash provided by financing activities | 20,021 | 5,309 | 40,412 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | | |
| | 152 | 137 | (146) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 4,981 | (2,220) | (5,802) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 12,133 | 14,353 | 20,155 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4) | ₱17,114 | ₱12,133 | ₱14,353 |

See accompanying Notes to Consolidated Financial Statements.



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

GT Capital Holdings, Inc. (GT Capital or the Parent Company) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on July 26, 2007. The primary purpose of the Parent Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned.

The common shares of the Parent Company were listed beginning April 20, 2012 and have since been traded in the Philippine Stock Exchange, Inc. (PSE).

Group Activities

The Parent Company, Federal Land, Inc. (Federal Land) and Subsidiaries (Federal Land Group), Toyota Motor Philippines Corporation (Toyota or TMPC) and Subsidiaries (Toyota Group), Toyota Manila Bay Corp. (TMBC) and Subsidiaries (TMBC Group) and GT Capital Auto Dealership Holdings, Inc. (GTCAD) and Subsidiaries are collectively referred herein as the “Group”. The Parent Company, which is the ultimate parent of the Group, is the holding company of the Federal Land Group (real estate business), Toyota Group (automotive business), TMBC Group (automotive business) and GTCAD (automotive business), and is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations.

The principal business interests of the Federal Land Group are real estate development and leasing and selling properties and acting as a marketing agent for and in behalf of any real estate development company or companies. The Federal Land Group is also engaged in the business of trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintaining a petroleum service station and food and restaurant service.

Toyota Group is engaged in the assembly, manufacture, importation, sale and distribution of all kinds of motor vehicles including vehicle parts, accessories and instruments.

TMBC Group is engaged in purchasing, trading, exchanging, distributing, marketing, repairing and servicing automobiles, trucks and all kinds of motor vehicles and automobile products of every kind and description, motor vehicle parts, accessories, tools and supplies and equipment items.

The principal business interests of GTCAD are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any auto dealership or other corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned.



The Parent Company also has significant shareholdings in Metropolitan Bank & Trust Company (MBTC or Metrobank), Metro Pacific Investments Corporation (MPIC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA), Toyota Financial Services Philippines Corporation (TFSPC) and Sumisho Motor Finance Corporation (SMFC).

The registered office address of the Parent Company is at the 43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, 1227 Makati City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared using the historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that have been measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest million peso unless otherwise indicated.

Statement of Compliance

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

Deferral of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry, particularly PIC Q&A 2018-12-D, Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04) In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provision above of PIC Q&A 2018-12, for another three (3) years or until December 31, 2023.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and the following wholly and majority-owned domestic subsidiaries:

| | Country of Incorporation | Direct Percentages of Ownership | | Effective Percentages of Ownership | |
|-------------------------------|-----------------------------|------------------------------------|--------|---------------------------------------|--------|
| | | December 31 | | December 31 | |
| | | 2020 | 2019 | 2020 | 2019 |
| Federal Land and Subsidiaries | Philippines | 100.00 | 100.00 | 100.00 | 100.00 |
| Toyota and Subsidiaries | -do- | 51.00 | 51.00 | 51.00 | 51.00 |
| TMBC and Subsidiaries | -do- | 58.10 | 58.10 | 58.10 | 58.10 |
| GTCAD and Subsidiaries | -do- | 100.00 | 100.00 | 100.00 | 100.00 |



Federal Land's Subsidiaries

| | Percentages of Ownership | |
|---|--------------------------|--------|
| | 2020 | 2019 |
| Horizon Land Property and Development Corp. (HLPDC) | 100.00 | 100.00 |
| Federal Property Management Corp. (FPMC)* | 100.00 | 100.00 |
| Federal Land Orix Corporation (FLOC) | 100.00 | 100.00 |
| Topsphere Realty Development Company Inc. (TRDCI) | 100.00 | 100.00 |
| Bonifacio Landmark Hotel Management Corporation (BLHMC) | 100.00 | 100.00 |
| Fed South Dragon Corporation (FSDC) | 100.00 | 100.00 |
| Federal Retail Holdings, Inc. (FRHI)** | 100.00 | 100.00 |
| Magnificat Resources Corp. (MRC)*** | 100.00 | 49.10 |
| Central Realty and Development Corp. (CRDC) | 75.80 | 75.80 |
| Federal Brent Retail, Inc. (FBRI) | 51.66 | 51.66 |

* Formerly Omni Orient Management Corp. Amended Articles of Incorporation was approved by the SEC on October 25, 2019.

** On April 30, 2019, FRHI was incorporated and has not started its commercial business operations.

*** In September 2019, the Group increased ownership from 49.10% to 100.00% thereby obtaining control over Magnificat.

Toyota's Subsidiaries

| | Percentages of Ownership | |
|--|--------------------------|--------|
| | 2020 | 2019 |
| Toyota Makati, Inc. (TMI) | 100.00 | 100.00 |
| Toyota Sta. Rosa Laguna, Inc. (TSRLI) | 100.00 | 100.00 |
| Toyota Motor Philippines Logistics, Inc. (TLI) | 100.00 | 100.00 |
| Lexus Manila, Inc. (LMI) | 75.00 | 75.00 |
| Toyota San Fernando Pampanga, Inc. (TSFI) | 55.00 | 55.00 |

TMBC's Subsidiaries

| | Percentages of Ownership | |
|--|--------------------------|--------|
| | 2020 | 2019 |
| Oxfordshire Holdings, Inc. (OHI) | 100.00 | 100.00 |
| TMBC Insurance Agency Corporation (TIAC) | 100.00 | 100.00 |

GTCAD's Subsidiaries

| | Percentages of Ownership | |
|------------------------------------|--------------------------|-------|
| | 2020 | 2019 |
| GT Mobility Ventures, Inc. (GTMV)* | 66.67 | 66.67 |
| Toyota Subic, Inc. (TSI) | 55.00 | 55.00 |

* On January 31, 2019, GTMV was incorporated and has not started its commercial business operations.

On December 29, 2020, GTCAD and Toyota Corolla Sapporo Philippines Holdings, Inc. (TCSPHI) entered into a Share Sale and Purchase Agreement with TMPC. TMPC agreed to sell and transfer its 5,000,000 shares of TSRLI shares with a par value of ₱100.00 per share, representing in the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAD and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares will be sold and transferred to GTCAD and the remaining 40% or 2,000,000 shares will be sold and transferred to TCSPHI. The said agreement shall enter into force and effect on January 1, 2021.

On September 9, 2019, the SEC approved GTMV's increase in authorized capital stock, from 1,000,000 shares with par value of ₱1.00 per share to 600,000,000 shares with par value of ₱1.00 per share. GTCAD and Mitsui & Co. Ltd. (Mitsui) subscribed to the increase in the authorized capital stock of GTMV and paid for such subscription amounting to ₱99.75 million and ₱50.00 million, respectively. This resulted in a change in GTCAD's direct holdings in GTMV from 100% to 66.67%.



In February 2019, the Parent Company remitted ₱100.00 million to GTCAD to fund the latter's investment in a used car auction business which had been completed in March 2019. GTCAD, through GTMV, a joint venture between the GTCAD and Mitsui, formed JBA Philippines with auction house operator Japan Bike Auction Co., Ltd. ("JBA"). 60% of JBA Philippines will be controlled by GTMV while 40% will be owned by JBA.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries ceases when control is transferred out of the Parent Company.

Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

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

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

- i. the contractual arrangement with the other vote holders of the investee
- ii. rights arising from other contractual arrangements
- iii. the Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intragroup transactions, balances, income and expenses resulting from intragroup transactions and dividends are eliminated in full on consolidation.

Non-controlling Interests

Non-controlling interests (NCI) represent the portion of profit or loss and net assets in a subsidiary not attributed, directly or indirectly, to the Parent Company. The interest of non-controlling shareholders may be initially measured at fair value or share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, NCI consists of the amount attributed to such interests at initial recognition and the NCI's share of changes in equity since the date of combination.

NCI are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if that results in the NCI having a deficit balance.



If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences, recorded in equity;
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business Combinations Involving Entities Under Common Control

A business combination involving entities under common control is accounted for using the uniting of interest method, except when the acquisition is deemed to have commercial substance for the Group, in which case the business combination is accounted for under the acquisition method. The combined entities accounted for by the uniting of interests method reports the results of operations for the period in which the combination occurs as though the entities had been combined as of the beginning of the period. Financial statements of the separate entities presented for prior years are also restated on a combined basis to provide comparative information. The effects of intercompany transactions on assets, liabilities, revenues, and expenses for the periods presented, and on retained earnings at the beginning of the periods presented are eliminated to the extent possible.

Under the uniting of interest method, the acquirer accounts for the combination as follows:

- the assets and liabilities of the acquiree are consolidated using the existing carrying values instead of fair values;
- intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable PFRSs;
- no amount is recognized as goodwill;
- any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities; and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized within the equity section of the consolidated statements of financial position.

When evaluating whether an acquisition has commercial substance, the Group considers the following factors, among others:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as NCI or other third parties; and
- whether or not the transaction is conducted at fair value.

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 fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer elects whether to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the



date of acquisition. Acquisition-related costs are expensed and included in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities of the acquiree for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The Group also assesses whether assets or liabilities of the acquiree that are previously unrecognized in the books of the acquiree will require separate recognition in the consolidated financial statements of the Group at the acquisition date.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the consolidated statements of income. Any recognized changes in the value of its equity interest in the acquiree previously recognized in other comprehensive income are recognized by the Group in profit or loss, as if the previously held equity interest are disposed of.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in the consolidated statements of income or as changes to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that if known, would have affected the amounts recognized as at that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one (1) year.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, over the fair value of the net assets acquired.

If after reassessment, the fair value of the net assets acquired exceeds the consideration transferred, the amount recognized for any NCI in the acquiree and the fair value of the acquirer's previously held interest, if any, the difference is recognized immediately in the consolidated statements of income as 'Gain on bargain purchase'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss is recognized immediately in the consolidated statements of income and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination from the acquisition date irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortized but is reviewed for impairment at least annually. Any impairment losses are recognized immediately in profit or loss and is not subsequently reversed.



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

Change in Ownership without Loss of Control

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and NCI are adjusted by the Group to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in preparation of the consolidated financial statements are consistent with those of the previous year except for the following new and amended PFRSs and PAS which were adopted as of January 1, 2020.

Except as otherwise indicated, the following new and amended standards did not have a material impact on the accounting policies, financial position or performance of the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 3, *Business Combinations - Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to PFRS 16, *Leases, COVID-19-related Rent Concessions*
- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3 - On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

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

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

Significant Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period

All other assets are classified as noncurrent.



A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax asset and liability are classified as noncurrent asset and liability, respectively.

Cash and Cash Equivalents

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

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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



External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

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

Financial Instruments – Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell assets.

a. Financial assets

Initial recognition of financial instruments

At initial recognition, financial assets are classified as, and subsequently measured at amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for sales contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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



Financial assets at amortized cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments and receivables.

FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments)

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

Gains and losses on these financial assets can no longer be recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's financial assets at FVOCI includes investments in quoted and unquoted equity instruments.



Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes investment in UITF as held for trading and classified these as FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. 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.

Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.



For trade receivables, installment contracts receivable and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivable, loans receivable, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 120 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a SICR when contractual payments are more than 90 days past due.

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



b. Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include "Accounts and other payables", "Short-term and long-term debts", "Bonds payable", "Liabilities on purchased properties" and "Other current liabilities".

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category generally applies to short-term debt, long-term debt, bonds payable and liabilities on purchased properties.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.



c. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

d. Derivative financial instruments and hedge accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments such as interest rate swaps to hedge the risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or,
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

Hedges are accounted for as fair value hedges or cash flow hedges.

Fair value hedge

The change in the fair value of a hedge instrument is recognized in the consolidated statement of income. The change in the fair value attributable to the risk hedged is recorded as part of the carrying value of the hedge instrument and is also recognized in the consolidated statement of income as other expense.

For fair value hedges carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization is initiated when an adjustment exists and no later than when the hedged instrument ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

In case of derecognition, the unamortized fair value of the hedged instrument is recognized immediately in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.



The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Real estate inventories

Property acquired that are being developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory. Real estate inventories consist of land and improvements, condominium units held for sale and residential units.

Land and improvements are carried at the lower of cost or net realizable value (NRV).

Cost includes:

- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units;
- Planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Borrowing costs capitalized prior to start of pre-selling activities for the real estate project.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

Construction in progress (CIP) includes development or construction costs incurred for real estate projects that have not yet reached the preliminary stage of completion and/or not yet launched. This account also includes owner supplied materials. Upon reaching the preliminary stage of completion, these are transferred to 'Condominium units held for sale'.



Costs of condominium units held for sale includes the carrying amount of the land transferred from 'Land and improvements' at the commencement of its real estate projects and those costs incurred for construction, development and improvement of the properties, including capitalized borrowing costs.

Costs of residential units include land cost, land improvement costs, borrowing costs, amounts paid to contractors for construction and development, planning and design cost, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Gasoline retail, petroleum products and chemicals

Cost is determined using first-in, first-out method. The costs of oil, petroleum products and chemicals include cost incurred for acquisition and freight charges.

Automotive inventories

These are inventories of the Toyota Group which are valued at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion, marketing and distribution.

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

- | | |
|--|---|
| Raw materials and spare parts | – Purchase cost on a weighted average cost |
| Finished goods and work-in-process | – Cost of direct material and labor and proportion of fixed and overhead manufacturing costs allocated based on normal operating capacity |
| Raw materials and spare parts in-transit | – Cost is determined using the specific identification method |

Investments in Associates and Joint Ventures

Investments in associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. A joint venture (JV) is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

An investment is accounted for using the equity method from the day it becomes an associate or a joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is included as income in the determination of the share in the earnings of the investee.

Under the equity method, the investments in and advances to associates and joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investees, less any impairment in value.

The consolidated statement of comprehensive income reflects the Group's share in the results of operations of the investee companies and the Group's share on movements in the investee's other comprehensive income (OCI) are recognized directly in OCI in the consolidated financial statements. The Group's share on total comprehensive income of an associate is shown in the consolidated statement of income and consolidated statement of comprehensive income. The aggregate of the Group's equity in net income of associates and joint ventures is shown on the face of the consolidated



statement of income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate and joint venture.

Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies, and for unrealized losses, to the extent that there is no evidence of impairment of the assets transferred. Dividends received from investee companies are treated as a reduction of the accumulated earnings included under 'Investments and advances' account in the consolidated statements of financial position.

The Group discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates or joint venture. When the investees subsequently report net income, the Group will resume applying the equity method but only after its equity in the net income equals the equity in net losses of associates and joint ventures not recognized during the period the equity method was suspended.

Upon loss of significant influence over the associates or joint control over the joint venture, the Group measures and recognizes any retained investments at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal in retained investments and proceeds from disposal is recognized in profit or loss.

Land held for Future Development

Land held for future development consists of properties for future developments and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less cost to complete and costs of sale. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

Investment Properties

Investment properties consist of properties that are held to earn rentals and that are not occupied by the companies in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of the properties which is 5 to 41 years.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when 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 development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.



CIP is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including capitalized borrowing costs.

CIP is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and put into operational use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are calculated on the straight-line basis over the following EUL of the property and equipment as follows:

| | Years |
|-----------------------------------|--|
| Transportation equipment | 5 |
| Furniture, fixtures and equipment | 3 to 5 |
| Leasehold improvements | 2 to 10 or lease term (whichever is shorter) |
| Machinery, tools and equipment | 2 to 10 |
| Building | 15 to 41 |
| Buildings and land improvements | 9 to 25 |
| Other property and equipment | 3 to 5 |

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

Transfers are made from property and equipment, when there is a change in use, evidenced by ending of owner-occupation, and with a view of sale.

Impairment or losses of items of property, plant and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated assets are still carried in the accounts until they no longer in use and no further depreciation is charged against current operations.



Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets with finite life are assessed at the individual asset level. Intangible assets with finite life are amortized over their useful life. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group's intangible assets consist of customer relationship, software costs and franchise. A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the consolidated statement of income when the intangible asset is derecognized.

Customer Relationship

Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers, which adds value to the operations of Toyota and enhances the latter's earnings potential. This is recognized initially at fair value and is assessed to have an indefinite useful life. Following initial recognition, the intangible asset is not amortized but assessed annually for impairment.

Software Costs

Costs related to software purchased by the Group for use in the operations are amortized on a straight-line basis over a period of 3 to 5 years.

Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any. Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software.

Goodwill

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.



Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Impairment of Non-financial Assets).

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

Goodwill is presented together with the intangible assets in the consolidated statement of financial position.

Impairment of Non-financial Assets

The Group assesses at each financial reporting date whether there is an indication that their nonfinancial assets (e.g., investments in associates and joint venture, investment properties, property and equipment, goodwill and intangible assets), 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 CGU's fair value less costs to sell and its value in use (VIU) 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 the 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. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial 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. The recoverable 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 the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such 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.



This accounting policy applies primarily to the Group's property and equipment and investment properties. Additional considerations for other non-financial assets are discussed below.

Investments in associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognize goodwill or any additional impairment loss with respect to the Group's net investment in its associates and joint venture. The Group determines at each financial reporting date whether there is any objective evidence that the investments in associates and joint ventures are impaired.

If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and joint ventures and the carrying cost and recognizes the amount in the consolidated statement of income.

Intangible assets

Customer relationship is reviewed for impairment annually, similar with goodwill, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For intangible assets with finite useful lives, the carrying amount is assessed and written down to its recoverable amount when an indication of impairment occurs.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at reporting date.

Value-added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax 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 VAT recoverable from the tax authority is included under 'Prepayments and other current assets' in the consolidated statement of financial position.

Discontinued Operations

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

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



The disposal group is excluded from the results of continuing operations and is presented as a single amount as 'Net income from discontinued operations' in the consolidated statement of income.

Additional disclosures are provided in Note 12. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Customers' Deposits

The Group requires buyers of real estate to pay a minimum percentage of the total selling price. The minimum percentage is on the basis of the level of buyer's commitment to pay and is part of the revenue recognition criteria. When the revenue recognition criteria are met, sales are then recognized and these deposits and downpayments will be applied against the related installment contracts receivable. In the event that the customer decides to terminate the purchase prior to recognition of sale, an amount equivalent to the cash surrender value of the deposit will be refunded to the buyer.

Customer's deposits consist of payment from buyers which have not reached the minimum required percentage and amounts that have not been applied against the related installment contracts receivable.

Equity

The Group records common stock and preferred stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

Capital stock

The Parent Company has issued common stock and preferred stock that are classified as equity. Incremental costs directly attributable to the issue of new common stock are shown in equity as a deduction, net of tax, from the proceeds. All other equity issuance costs are recognized as expense as incurred.

Where the Parent Company purchases its own common stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, and is included in equity attributable to the Parent Company's equity holders.

Additional paid-in capital

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

Retained earnings

The amount included in retained earnings includes profit or loss attributable to the Group's equity holders and reduced by dividend on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.



Unappropriated retained earnings represent that portion which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Other Comprehensive Income

Other comprehensive income comprises items of income and expenses that are recognized directly in equity. OCI items are either reclassified to profit or loss or directly to equity in subsequent periods.

Acquisition of Non-controlling Interest in a Subsidiary

Acquisition of non-controlling interest is accounted for as an equity transaction, whereby the difference between the fair value of consideration given and the share in the net book value of the net assets acquired is recognized in equity. In an acquisition without consideration involved, the difference between the share of the non-controlling interests in the net assets at book value before and after the acquisition is treated as transaction between equity owners under the 'Non-controlling interests' account in the consolidated statement of financial position.

Revenue Recognition

Revenue from contract with customers

The Group primarily derives its revenue from automotive operations and real estate sales. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Automotive operations

The Group derives its revenue from automotive operations from the sale of manufactured vehicles, trading of completely built-up vehicles and local and imported auto parts and sale of services. In the sales contract with customers, services other than vehicle sales such as additional service, additional warranty and other services are separated from the sale of vehicles to identify performance obligations.

Timing of revenue recognition may change depending on when the performance obligation is satisfied, either at a point in time or over time. The Group recognizes revenue from goods or services at a point in time when the goods or services are transferred to the customers and fulfills the performance obligations. In order to determine whether the control over the goods or services is transferred over time, the Group determines whether the customer simultaneously obtains and consumes the benefits provided by the Group's performance and whether the assets controlled by the customer and whether the assets created by the Group have no substitute purpose, and whether the Group has the right to make executable claims for the portion that has been completed so far. The Group allocates the transaction prices based on the stand-alone selling prices to the various performance obligations identified in a single contract.

The Group estimates the amounts of consideration depending on which method the entity expects to better predict the amount of consideration to which it will be entitled - the expected value or the most likely amount. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods.



If the period between the transfer of the goods or services promised to the customer and the payment of the customer is within one year, a practical simple method that does not adjust the promised price for a significant financing component is used.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report as approved by the construction manager which integrates the surveys of performance to date of the construction activities.

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

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

Rent income

Rental income under noncancelable and cancelable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Sale of goods

Sale of goods is recognized from retail customers at the point of sale in the stores. This is measured at the fair value of the consideration received, excluding (or 'net of,' or 'reduced for') discounts, returns, rebates and sales taxes.

Rendering of services

Marketing fees, management fees from administration and property management are recognized when services are rendered.

Revenues outside the scope of PFRS 15

Interest income

Interest income is recognized as it accrues using the effective interest method.
Dividend income is recognized when the Group's right to receive the payment is established.

Commission income

Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.



Management fees

Management fees from administrative, property management and other fees are recognized when services are rendered.

Other income

Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract. Other income also includes sale of scrap and sludge oil which is recognized when there is delivery of goods to the buyer, and recovery from insurance which is recognized when the right to receive payment is established.

Expense Recognition

Cost of goods and services sold

Cost of goods sold for vehicles and spare parts includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of storing and transporting the products. Vendor returns and allowances are generally deducted from cost of goods and services sold.

Other cost of goods sold includes Federal Land's gasoline and food products, and are recognized when goods are delivered which is usually at the point of sale in stores. Cost of services are recognized when services are rendered.

Cost of goods manufactured and sold

Cost of goods manufactured and sold includes the purchase price of the products manufactured, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Commissions

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized. These are recorded as 'Prepaid expenses' under 'Prepayments and other current assets' account.

General and administrative expenses

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

Cost of real estate sales

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect 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.



Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

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

Contract liabilities

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

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

Costs to obtain a contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

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

Amortization, derecognition and impairment of capitalized costs to obtain a contract

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

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

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the



contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Pension Costs

The Parent Company and its subsidiaries have funded, noncontributory defined benefit retirement plans, administered by trustees, covering their permanent employees.

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

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

Defined benefit costs comprise the following:

- a. service cost;
- b. net interest on the net defined benefit liability or asset; and
- c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statements of income.

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



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

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve (12) months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Income Tax

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 tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting dates.

Effective January 1, 2019, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

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

Foreign Currency Transactions

The Group's consolidated financial statements are presented in Philippine pesos, which is also the Parent Company's functional currency. Each entity within the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated using the closing exchange rates prevailing at reporting date. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at



the date of the initial transaction and are not subsequently restated. All foreign exchange differences are taken to the consolidated statements of income.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 35.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Real estate inventories" and "Investment properties" accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

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

Provisions

Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

Provision for product warranties

Provision for product warranties are recognized when sale of the related products are consummated. The best estimate of the provision is recorded based on three (3) year warranty coverage provided by the Group as part of the sold product. Reversals are made against provision for the expired portion.



Leases

Group as lessee

Policies applicable beginning January 1, 2019

The Group assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right-of-use the underlying assets.

ROU assets

The Group recognizes ROU assets (included in 'Property and Equipment') at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | Years |
|--------------|--------|
| Land | 50 |
| Office space | 2 to 3 |

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term (included in 'Other current liabilities' and 'Other noncurrent liabilities'). In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (included in 'Interest expense') and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (Note 30).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of other equipment that are considered to be of low value (i.e., those with value of less than ₱ 250,000). Lease payments on short-term leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Residual value of leased assets and deposits on lease contracts

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

Policies applicable prior to January 1, 2019

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;



- (b) a renewal option is exercised or extension granted, unless that 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 a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in 'Property and equipment' with the corresponding liability to the lessor included in 'Lease liabilities'. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded directly to 'Interest expense'.

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease terms, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income under 'Rent expense' included in 'General and administrative expenses' on a straight-line basis over the lease term. Contingent rental payables are recognized as expense in the year in which they are incurred. Any prepaid rent and accrued rent were recognized under 'Prepaid expenses' lodged in 'Prepayments and other current assets' and 'Accrued expenses' lodged in 'Accounts and other payables', respectively.

Group as lessor

Finance leases, where the Group transfers substantially all the risks and benefits incidental to the ownership of the leased item to the lessee, are included in the consolidated statement of financial position under 'Receivables'. All income resulting from the receivable is included in 'Interest income' in the consolidated statement of income.

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

Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted earnings per share attributable to owners of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of dilutive instruments.



Contingencies

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

Events after Financial Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2021

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

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

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

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



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

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

- *Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use*
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

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

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

- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - *Amendments to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*
The amendments permit a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

- *Amendments to PFRS 9, Financial Instruments, Fees in the ‘10 per cent’ test for derecognition financial liabilities*
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s



behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-Current*
The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

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

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)



- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investor’s interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferred Provisions of PIC Q&A 2018-12

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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



The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. Should any of the deferral options result in a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

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

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

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

The Group availed of the relief to defer the adoption of PIC Q&A 2018-12-D, assessing if the transaction price includes a significant financing component until December 31, 2020. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group believes that the mismatch for its contract to sell does not constitute a significant financing component based on the examples provided in the PIC letter dated November 11, 2020.

Upon full adoption of the above deferred guidance beginning on or after January 1, 2021, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Costs*)

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda



Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Group did not avail of the relief provided by the SEC and instead adopted the IFRIC agenda decision retrospectively effective January 1, 2018. The impact of full retrospective application is presented in the Group's 2019 consolidated financial statements.

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

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (Approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively upon approval of the FRSC.

The Group did not avail of the relief provided by the SEC and adopted the PIC Q&A prospectively from approval of the FRSC on November 11, 2020. Prior to adoption, the Group records the repossessed inventory at cost. The Group has opted to implement approach 3 in its accounting for sales cancellation.

3. Management's Judgments and Use of Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of reporting date. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Judgments

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

Accounting for redemption of shares in PCFI

In assessing whether the Group has lost control over PCFI, the Group considers if the following factors are still present: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the



amount of the investor's returns. The Group assessed that it lost control over PCFI upon the signing of redemption agreement, combined with the approval of the transaction by the Philippine Competition Commission. See Note 12 for the details of the transaction.

Assessment of control over investees

The determination on whether the Group has control over an investee requires significant judgment. For this, the Group considers the following factors: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether the Group has power over the investee, the Group assesses whether it has existing rights that give it the current ability to direct the relevant activities of the investee.

Joint arrangements

The Group has investments in joint arrangements. The Group has joint control over these arrangements as under the contractual arrangements, unanimous consent is required from all the parties to the agreements for all relevant activities.

Determination of significant influence over another entity

The determination of significant influence over another entity, other than the rebuttable presumption of ownership over twenty percent (20.0%), requires significant judgment. In making judgment, the Group evaluates existence of the following:

- representation on the BOD or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As at December 31, 2020 and 2019, the Group determined that it exercises significant influence over MPIC in which it holds 15.98% and 15.52% ownership interest, respectively. Although the Group holds less than 20.0% of the ownership interest and voting rights in MPIC, the Group considers that it exercises significant influence through its entitlement to nominate at least two (2) out of fifteen (15) directors of MPIC. The Parent Company is also entitled to nominate one (1) out of three (3) members in each of the Audit Committee (AC), Risk Management Committee (RMC) and Finance Committee (FC) of MPIC.

The combination of the Parent Company's 15.98% ownership over MPIC and the representation in the BOD, AC, RMC and FC of MPIC provides the Parent Company with the ability to exercise significant influence over the operating and financial policies of MPIC. Accordingly, the Parent Company accounted for its investment in MPIC as an associate using equity method of accounting.

Revenue and cost recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- buyer's initial payments in relation to the total contract price (or buyer's equity); and
- stage of completion of the project.



Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress

The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- a. The customer is experiencing financial difficulty or is insolvent
- b. The customer is in breach of financial covenant(s)
- c. An active market for that financial assets has disappeared because of financial difficulties
- d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
- e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization



The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Operating lease commitments - Group as lessor

The Group entered into commercial property leases on its retail mall, investment properties and certain units of its real estate projects to different parties for a specific amount depending on the lease contracts. The Group has determined that based on the evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer the ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Distinction between 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 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 or 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 as of financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or 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.



Contingencies

The Group is currently involved in a few legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Allocation of costs and expenses

Costs and expenses are classified as exclusive and common. Exclusive costs such as raw materials and direct labor are charged directly to the product line. Common costs and expenses are allocated using sales value.

Discontinued operations

The Group determined that the redemption of shares, equivalent to 51% ownership interest, by PCFI will qualify for presentation of the former subsidiary as discontinued operations since it represents a separate line of business and the operations and cash flows of PCFI can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (Note 12).

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation and 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.

Revenue recognition

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. The estimation of the total cost of the real estate project requires technical inputs from project development engineers. See Note 5 for the related balances.

The carrying amount of installment contracts receivables is disclosed in Note 5. The Group recognized real estate sales in 2020, 2019 and 2018 amounting to ₱7.63 billion, ₱7.98 billion and ₱9.34 billion, respectively.

Evaluating net realizable value of inventories

Inventories are valued at the lower of cost and net realizable value. The Group reviews its inventory to assess NRV at least annually. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories

The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized.



Estimating the useful life of non-financial assets

The Group determines the EUL of its intangibles assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of property and equipment, investment properties and intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of intangible assets would increase the recorded amortization expense.

Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers which lay out the principal terms upon which its dealers agree to do business. Management assessed the useful life of the customer relationship to be indefinite since management is of the view that there is no foreseeable limit to the period over which the customer relationship is expected to generate net cash inflows to Toyota.

The said assessment is based on the track record of stability for the auto industry and the Toyota brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying values of investment properties, property and equipment, intangible assets from customer relationship and software costs are disclosed in Notes 9, 11 and 13, respectively.

Evaluating impairment of non-financial assets

The Group reviews input VAT, investments in and advances to associates and joint venture, investment properties, creditable withholding tax, property and equipment, intangible assets from customer relationship, software costs, and other noncurrent assets for impairment. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. 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 may affect investments in and advances to associates and joint venture, property and equipment, and software cost.

The Group considers the significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Group conducted an impairment assessment of its investments in MBTC and MPIC. The Group uses the higher between fair value less cost to sell and value in use in determining the recoverable amount. The recoverable amount of the investment in MBTC has been determined based on the discounted cash flow methodology while that of MPIC is determined based on the sum of the parts of the value in use and fair value less cost to sell of the MPIC Group. Based on the Group's impairment testing, the investment in MBTC and MPIC is determined to be not impaired.

The carrying values of input VAT and creditable withholding taxes, investments in associates and joint ventures, investment properties, property and equipment, intangible assets from customer relationship, software costs, and other noncurrent assets are disclosed in Notes 7, 8, 9, 11, 13 and 14, respectively.



Impairment of goodwill and intangible assets with indefinite useful life

The Group conducts an annual review for any impairment in the value of goodwill and intangible assets with indefinite useful life (i.e., customer relationship). Goodwill is written down for impairment when the net present value of the forecasted future cash flows from the business is insufficient to support its carrying value. The Group estimates key inputs such as discounted future cash flows forecasts, expected gross margins, discount rates and long-term growth rates. The Group uses the weighted average cost of capital in discounting the expected cash flows from specific CGUs.

Refer to Note 13 for the details regarding the carrying values of the Group's goodwill and intangible assets as well as details regarding the impairment review and assessment.

Recognition of deferred tax assets

The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax asset 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 asset to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of deferred income tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

The recognized and unrecognized deferred tax assets on temporary differences of the Group are disclosed in Note 29.

Estimating pension and other retirement benefits

The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 28 to the consolidated statement of financial position and include among others, discount rates, turnover rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations. The carrying values of pension asset, liability and expense are disclosed in Note 28.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Provision for product warranties

Estimated warranty costs are provided at the time of sale. The provision is based on the estimated costs of future servicing the products sold, the costs of which are not recoverable from customers. A provision is recognized for expected warranty claims on products sold during the last two (2) years, based on past experience of the level of returns and repairs. It is expected that most of these costs will be incurred in the next financial year and all will be incurred within three (3) years as of the reporting date. Provision for product warranty is disclosed in Note 20.



4. Cash and Cash Equivalents

This account consists of:

| | 2020 | 2019 |
|---|----------------|---------|
| Cash on hand | ₱23 | ₱65 |
| Cash in banks and other financial institution (Note 27) | 5,394 | 4,452 |
| Cash equivalents (Note 27) | 11,697 | 7,616 |
| | ₱17,114 | ₱12,133 |

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing interest rates ranging from 0.125% to 3.75% in 2020 and 0.05% to 6.70% in 2019 (Notes 23 and 27).

5. Receivables

This account consists of:

| | 2020 | 2019 |
|--|----------------|---------|
| Trade receivables | ₱15,345 | ₱11,210 |
| Loans receivable (Note 27) | 7,219 | 3,421 |
| Accrued rent and commission income (Note 27) | 1,306 | 445 |
| Nontrade receivables (Note 27) | 1,289 | 1,043 |
| Installment contracts receivables | 347 | 289 |
| Accrued interest receivable (Note 27) | 185 | 97 |
| Management fee receivable (Note 27) | 126 | 64 |
| Others (Note 27) | 485 | 418 |
| | 26,302 | 16,987 |
| Less: Allowance for credit losses | 421 | 184 |
| | ₱25,881 | ₱16,803 |

Total receivables shown in the consolidated statements of financial position follow:

| | 2020 | 2019 |
|--------------------|----------------|---------|
| Current portion | ₱18,833 | ₱13,382 |
| Noncurrent portion | 7,048 | 3,421 |
| | ₱25,881 | ₱16,803 |

Noncurrent portion are as follow:

| | 2020 | 2019 |
|-------------------|---------------|--------|
| Trade receivables | ₱3,139 | ₱- |
| Loans receivable | 3,909 | 3,421 |
| | ₱7,048 | ₱3,421 |



Trade Receivables

Trade receivables pertain to receivables from sale of vehicles and/or parts and services. These are noninterest-bearing and generally have 30 days to one year term. These also include sale of lots with terms of 60 days to five years.

Loans Receivable

Loans receivable from various counterparties pertain to long-term receivables as follows:

| | 2020 | 2019 |
|-------------|---------------|--------|
| Real estate | ₱4,713 | ₱1,091 |
| Automotive | 2,506 | 2,330 |
| | ₱7,219 | ₱3,421 |

Loans receivable from Cathay International Resources Corp. (CIRC)

In 2012, Federal Land entered into a loan agreement with CIRC. Federal Land agreed to lend to CIRC a total amount of ₱705.00 million with a nominal and effective annual interest rate of 3.15% and 4.81%, respectively. The loan will mature on the tenth year anniversary from the date of execution of the agreement. Federal Land used discounted cash flow analyses to measure the fair value of the loan. The 'Day 1' difference for this receivable amounted to ₱94.22 million at inception in 2012. Accretion of interest in 2020, 2019 and 2018 amounted to ₱10.56 million, ₱10.05 million and ₱9.58 million, respectively (Note 23).

On June 8, 2015, the Board of Federal Land approved the conversion of this receivable to equity in exchange for the common shares of CIRC. Federal Land is yet to apply with the SEC for the conversion as of report date. The outstanding balance of long-term loans receivable as of December 31, 2020 and 2019 amounted to ₱687.36 million and ₱665.63 million, respectively (Note 27).

Loans receivable from Multi Fortune Holdings, Inc. (MFHI)

In 2020, Federal Land entered into three loan agreements with MFHI. Federal Land agreed to lend to MFHI ₱90.00 million with nominal interest rate of 5.95% per annum and maturity date on February 28, 2025. Outstanding balance of this loan as of December 31, 2020 amounted to ₱90.00 million.

In 2020, Federal Land and MFHI also entered into another loan agreement where Federal agreed to lend MFHI ₱100.00 million with nominal interest rate of 5.25% per annum and maturity date on September 16, 2025. Outstanding balance of this loan as of December 31, 2020 amounted to ₱100.00 million.

In 2020, Federal Land entered into another loan agreement with MFHI to lend the latter ₱100.00 million with nominal interest rate of 5.25% per annum and maturity date on December 31, 2025. Outstanding balance of this loan as of December 31, 2020 amounted to ₱100.00 million.

In 2019, Federal Land entered into a new loan agreement with MFHI. Federal Land agreed to lend to MFHI a total amount of ₱135.00 million with nominal interest rates ranging from 6.06% to 6.60% annually. The loan will mature on the fifth year anniversary of the execution. Outstanding balance of this loan amounted to ₱135.00 million as of December 31, 2020 and 2019.



In 2017, Federal Land entered into a loan agreement with MFHI. Federal Land agreed to lend to MFHI a total amount of ₱290.00 million with nominal interest rate of 6.60% annually. The loan will mature on the fifth year anniversary of the execution. Outstanding balance of this loan amounted to ₱290.00 million as of December 31, 2020 and 2019.

Interest income earned in 2020, 2019, and 2018 amounted to ₱31.66 million, ₱27.64 million, and ₱18.62 million, respectively (Note 23).

The total outstanding balance of long-term loans receivables from MFHI as of December 31, 2020 and 2019 amounted to ₱715.00 million and ₱425.00 million, respectively.

Loans receivable from Bonifacio Landmark Realty and Development Corporation (BLRDC)

In 2020, Federal Land entered into several loan agreements with BLRDC to lend BLRDC for a total of ₱3.31 billion with nominal interest rates ranging from 5.00% to 5.25% and terms of less than one year. Interest income earned in 2020 amounted to ₱14.04 million.

Loans receivables of TMPC to local companies

In 2019, TMPC entered into loan agreements with local companies. The loan bears fixed interest rate of 4.00% and is payable for a period of three (3) years up to December 2, 2022. In 2020, additional loans amounting to ₱88.87 million were granted. The outstanding balance of long-term loans receivable as of December 31, 2020 and 2019 amounted to ₱2.51 billion and ₱2.33 billion, respectively.

Nontrade Receivables

Nontrade receivables mainly consist of vehicle acquisition plan loans extended to employees which are collectible within one year and expenses of the affiliates which were advanced by the Group (Note 27).

Accrued Rent and Commission Income

Accrued rent pertains to tenants' rentals and their share in utilities (electricity, water and liquefied petroleum gas) and other charges to customers (Note 27). Commission income pertains to commission earned from sale of real estate properties (Note 27).

Installment Contracts Receivables

Installment contracts receivables pertain to receivables from the sale of residential and condominium units. Titles to the sold residential and condominium units are transferred to the buyers only upon full payment of the contract price.

The details of installment contracts receivables and contract assets follow:

| | 2020 | 2019 |
|-----------------------------------|------|------|
| Installment contracts receivables | ₱351 | ₱293 |
| Less: Unearned interest income | 4 | 4 |
| | 347 | 289 |
| Less: Noncurrent portion | — | — |
| Current portion | ₱347 | ₱289 |

Installment contracts receivables are collected over a period of one to 10 years. The fair value upon initial recognition for Federal Land is derived using the discounted cash flow methodology using discount rate of 8.00% and 8.00% to 12.00% in 2020 and 2019, respectively.



Movements in the unearned interest income in 2020 and 2019 follow:

| | 2020 | 2019 |
|-------------------------------------|-----------|-----------|
| Balance at beginning of year | P4 | P913 |
| Additions | 1 | 4 |
| Accretion (Note 23) | (1) | (2) |
| Reclassification to contract assets | - | (911) |
| Balance at end of year | P4 | P4 |

Management Fee Receivables

Management fee receivables pertain to management fee being charged by the real estate businesses for the conduct of relevant studies for the maintenance, upkeep and improvement of real estate properties and equipment of associates and affiliated companies (Note 27).

Others

Other receivables include receivable from employees and retention, bond and guarantee fee receivables (Note 27).

Allowance for Credit Losses

Changes in the allowance for credit losses on receivables are as follows:

| | December 31, 2020 | | |
|---|----------------------|----------------------|-------------|
| | Trade Receivables | Other Receivables | Total |
| Balance at beginning of the year | P6 | P178 | P184 |
| Provision for credit losses - net (Note 26) | 228 | 9 | 237 |
| Balance at end of year | P234 | P187 | P421 |

| | December 31, 2019 | | |
|---|----------------------|----------------------|-------------|
| | Trade Receivables | Other Receivables | Total |
| Balance at beginning of the year | P8 | P274 | P282 |
| Recoveries from credit losses - net (Note 26) | (2) | (96) | (98) |
| Balance at end of year | P6 | P178 | P184 |

In 2019, reversals of credit losses were made due to improvements in payments and recovered amounts.



6. Inventories

This account consists of:

| | 2020 | 2019 |
|---|----------------|----------------|
| At cost | | |
| Real estate | | |
| Land and improvements | ₱42,822 | ₱43,115 |
| Condominium units held for sale | 11,710 | 12,940 |
| Construction in progress | 4,552 | 4,744 |
| Gasoline retail and petroleum products (Note 24) | 7 | 11 |
| Food (Note 24) | 5 | 8 |
| Automotive | | |
| Finished goods | 7,637 | 5,311 |
| Work-in-process | 16 | 27 |
| Raw materials | 4,222 | 3,375 |
| Raw materials in transit | 2,784 | 1,694 |
| | 73,755 | 71,225 |
| At NRV | | |
| Automotive | | |
| Spare parts | 980 | 964 |
| | ₱74,735 | ₱72,189 |

A summary of movements in real estate inventories (excluding gasoline retail and petroleum products, and food) follows:

| | 2020 | | | | | Total |
|---|----------------------------------|-----------------------|----------|---------------------------------|--------------------------|---------|
| | Rawland intended for development | Land and improvements | Subtotal | Condominium units held for sale | Construction in progress | |
| Balance at beginning of year | ₱18,418 | ₱24,697 | ₱43,115 | ₱12,940 | ₱4,744 | ₱60,799 |
| Construction and development costs incurred | - | 18 | 18 | 790 | 1,744 | 2,552 |
| Land acquired during the year | 161 | 266 | 427 | - | - | 427 |
| Borrowing costs capitalized | - | 315 | 315 | - | 327 | 642 |
| Cost of sales during the year | (963) | (90) | (1,053) | (2,931) | (136) | (4,120) |
| Transfers from construction in progress to condominium units for sale | - | - | - | 911 | (911) | - |
| Transfer to and from investment property | - | - | - | - | (1,216) | (1,216) |
| Balance at end of year | ₱17,616 | ₱25,206 | ₱42,822 | ₱11,710 | ₱4,552 | ₱59,084 |

| | 2019 | | | | | Total |
|---|----------------------------------|-----------------------|----------|---------------------------------|--------------------------|----------|
| | Rawland intended for development | Land and improvements | Subtotal | Condominium units held for sale | Construction in progress | |
| Balance at beginning of year | ₱18,492 | ₱28,381 | ₱46,873 | ₱12,163 | ₱6,217 | ₱65,253 |
| Construction and development costs incurred | - | 516 | 516 | 5,678 | 3,284 | 9,478 |
| Land acquired during the year | 18,418 | 3,322 | 21,740 | - | - | 21,740 |
| Borrowing costs capitalized | - | 196 | 196 | 25 | 910 | 1,131 |
| Effect of deconsolidation (Note 12) | (18,492) | (7,050) | (25,542) | (259) | (3,841) | (29,642) |
| Cost of sales during the year | - | (598) | (598) | (5,130) | (1,433) | (7,161) |
| Transfers from construction in progress to condominium units for sale | - | - | - | 393 | (393) | - |
| Transfer from land development and improvements to condominium units | - | (70) | (70) | 70 | - | - |
| Balance at end of year | ₱18,418 | ₱24,697 | ₱43,115 | ₱12,940 | ₱4,744 | ₱60,799 |

Federal Land's capitalized borrowing costs in its real estate inventories amounted to ₱0.64 billion and ₱1.05 billion in 2020 and 2019, respectively, for loans specifically used to finance Federal Land's project construction with interest rates ranging from 4.50% to 6.71%, from 3.00% to 6.71% and from 2.90% to 6.71% in 2020, 2019 and 2018, respectively. Also, Federal Land's capitalized borrowing



costs in respect of its general borrowing amounted to ₱21.53 million and ₱6.29 million in 2020 and 2019, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 5.05% to 6.26% and 6.26% in 2020 and 2019, respectively.

Inventories charged to operations follow:

| | 2020 | 2019 | 2018 |
|---|-----------------|-----------------|-----------------|
| Cost of goods and services sold (Note 24) | ₱76,479 | ₱133,943 | ₱129,849 |
| Cost of goods manufactured and sold (Note 25) | 23,554 | 36,819 | 31,809 |
| Cost of real estate sales | 4,120 | 5,340 | 6,839 |
| | ₱104,153 | ₱176,102 | ₱168,497 |

The cost of the inventories carried at NRV amounted to ₱1.12 billion and ₱1.08 billion as of December 31, 2020 and 2019, respectively.

Allowance for inventory write-down on automotive spare parts inventories follow:

| | 2020 | 2019 |
|------------------------------------|-------------|-------------|
| Balance at beginning of year | ₱113 | ₱96 |
| Provision for inventory write-down | 42 | 17 |
| Write-off of scrap inventories | (14) | - |
| | ₱141 | ₱113 |

7. Prepayments and Other Current Assets

This account consists of:

| | 2020 | 2019 |
|--|----------------|----------------|
| Input VAT | ₱3,947 | ₱3,589 |
| Advances to contractors and suppliers | 2,627 | 3,710 |
| Creditable withholding taxes (CWT) | 1,572 | 1,246 |
| Ad-valorem tax | 1,378 | 713 |
| Short-term investments (Note 27) | 1,248 | - |
| Prepaid expenses | 1,009 | 627 |
| Advances to officers, employees and agents (Note 27) | 51 | 50 |
| Others | 548 | 481 |
| | ₱12,380 | ₱10,416 |

Input VAT arises from the Group's purchases of goods and services and will be applied against output VAT on sales in the succeeding periods.

Advances to contractors and suppliers pertain to the Group's advances and initial payments for the purchase of construction materials and supplies and contractor services. These are liquidated every progress billing payment and will be due and demandable upon breach of contract.

CWT are attributable to taxes withheld by third parties arising from service fees, real estate revenue, auto sales and rental income.



Ad-valorem tax represents advance payments to the Bureau of Internal Revenue (BIR). This is applied against taxes on the manufacture and importation of vehicles which generally occurs within one year from the date the ad-valorem taxes are paid.

Short-term investments pertain to time deposit placements in an affiliated bank, with interest rates ranging from 0.05% to 0.63% and maturity of less than 12 months (Note 27).

Prepaid expenses mainly include prepayments for supplies, taxes and licenses, rentals and insurance.

Advances to officers and employees amounting to ₱42.15 million and ₱41.72 million as of December 31, 2020 and 2019, respectively, pertain mainly to cash advances for business-related expenses. Advances to officers and employees are liquidated within 30 days after incurrence of expense. Cash advances to agents amounting to ₱9.06 million and ₱8.84 million as of December 31, 2020 and 2019, respectively, pertain to mobilization funds granted to agents to finance their sales-related needs. These advances are subject to liquidation within 30 days after the release of cash advance.

Others include deferred import charges, marginal deposits set aside for payment to the contractors and suppliers, security deposit for operating leases, ancillary services, and deposit for purchase of external services and materials.

8. Investments and Advances

This account consists of:

| | 2020 | 2019 |
|-------------------------------|-----------------|-----------------|
| Investments in associates | ₱166,804 | ₱160,605 |
| Investments in joint ventures | 17,903 | 17,454 |
| Advances | 50 | - |
| | ₱184,757 | ₱178,059 |

There were no impairment losses for any of these investments in 2020 and 2019.

The movements in the Group's investments in associates follow:

| | 2020 | 2019 |
|---|----------------|----------|
| Cost | | |
| Balance at beginning of year | ₱111,072 | ₱110,284 |
| Acquisitions/additional investments during the year | 1,247 | 937 |
| Effect of business combination | - | (149) |
| Balance at end of year | 112,319 | 111,072 |
| Accumulated equity in net income | | |
| Balance at beginning of year | 61,993 | 47,768 |
| Equity in net income for the year | 6,600 | 14,214 |
| Amortization of FV increment on net asset | (3) | - |
| Elimination during the year | (1) | - |
| Recognition of previously deferred gain | - | 11 |
| Balance at end of year | 68,589 | 61,993 |

(Forward)



| | 2020 | 2019 |
|---|-----------------|-----------------|
| Dividends received | | |
| Balance at beginning of year | (P11,631) | (P9,539) |
| Dividends received during the year | (2,729) | (2,092) |
| Balance at end of year | (14,360) | (11,631) |
| Accumulated equity in other comprehensive income | | |
| Balance at beginning of year | (2,513) | (3,573) |
| Equity in fair value changes on financial assets at FVOCI for the year | 1,959 | 2,517 |
| Equity in translation adjustments | (241) | (551) |
| Equity in remeasurement on life insurance reserves | (364) | (167) |
| Equity in net unrealized gain (loss) on remeasurements of defined benefit plans | (291) | (739) |
| Equity in other equity adjustments | 21 | - |
| Balance at end of year | (1,429) | (2,513) |
| Effect of elimination of intragroup profit | | |
| Balance at beginning of year | 1,684 | 1,695 |
| Recognition of previous deferred gain | - | (11) |
| Elimination during the year | 1 | - |
| Balance at end of year | 1,685 | 1,684 |
| | P166,804 | P160,605 |

The movements in the Group's investments in joint ventures follow:

| | 2020 | 2019 |
|---|----------------|----------------|
| Cost | | |
| Balance at beginning of year | P15,805 | P15,699 |
| Additional investments during the year | 800 | 106 |
| Balance at end of year | 16,605 | 15,805 |
| Accumulated equity in net income | | |
| Balance at beginning of the year | 2,629 | 2,276 |
| Equity in net income (loss) for the year | (241) | 550 |
| Unrealized gain on sale of properties (Note 27) | - | (197) |
| Balance at end of year | 2,388 | 2,629 |
| Dividends received | | |
| Balance at beginning of year | (26) | - |
| Dividends received during the year | (36) | (26) |
| Balance at end of year | (62) | (26) |
| Accumulated equity in other comprehensive income | | |
| Balance at beginning of year | (205) | 109 |
| Equity in net unrealized gain (loss) on remeasurements of defined benefit plans | 3 | (7) |
| Equity in cash flow hedge reserve | (115) | (307) |
| Balance at end of year | (317) | (205) |
| Effect of elimination of intragroup profit | | |
| Balance at beginning of year | (749) | (984) |
| Recognition of deferred gain | 38 | 34 |
| Elimination during the year | - | 201 |
| Balance at end of year | (711) | (749) |
| | P17,903 | P17,454 |



Details regarding the Group's associates and joint ventures follow:

| | Nature of Business | Country of Incorporation | 2020 | 2019 |
|--|--------------------|--------------------------|--------------|-------|
| Associates: | | | | |
| MBTC | Banking | Philippines | 37.15 | 36.65 |
| MPIC | Infrastructure | -do- | 15.98 | 15.52 |
| Phil AXA | Insurance | -do- | 25.33 | 25.33 |
| Crown Central Properties Corporation (CCPC) | Real estate | -do- | 48.00 | 48.00 |
| Joint ventures: | | | | |
| Bonifacio Landmark Realty and Development Corporation (BLRDC) | Real estate | -do- | 70.00 | 70.00 |
| North Bonifacio Landmark Realty and Development Inc. (NBLRDI) | -do- | -do- | 70.00 | 70.00 |
| Sunshine Fort North Bonifacio Realty and Development Corporation (Sunshine Fort) | -do- | -do- | 60.00 | 60.00 |
| HSL South Food Inc. (HSL) | -do- | -do- | 60.00 | 60.00 |
| Sunshine Fort North Bonifacio Commercial Management Corporation (SFNBCMC) | -do- | -do- | 51.00 | 51.00 |
| Alveo Federal Land Communities, Inc. (AFLCI) | -do- | -do- | 50.00 | 50.00 |
| ST 6747 Resources Corporation (STRC) | -do- | -do- | 50.00 | 50.00 |
| Pasay Hong Kong Realty Dev't Corp. (PHRDC) | -do- | -do- | 50.00 | 50.00 |
| TFSPC | Financing | -do- | 40.00 | 40.00 |
| SMFC | -do- | -do- | 20.00 | 20.00 |

The following table summarizes cash dividends declared and paid by the Group's associates and joint ventures (amount in millions, except for dividend per share):

| | Declaration Date | Per Share | Total | Record Date | Payment Date |
|-----------------|-------------------|-----------|--------|-------------------|-------------------|
| 2020 | | | | | |
| MBTC | February 19, 2020 | ₱1.00 | ₱4,497 | March 6, 2020 | March 20, 2020 |
| MPIC | February 26, 2020 | 0.076 | 2,399 | March 12, 2020 | March 20, 2020 |
| MPIC | August 5, 2020 | 0.0345 | 1,082 | August 20, 2020 | September 3, 2020 |
| Phil AXA | November 16, 2020 | 207.00 | 2,070 | November 16, 2020 | December 2020 |
| SMFC | June 26, 2020 | 8.88 | 178 | June 26, 2020 | July 17, 2020 |
| 2019 | | | | | |
| MBTC | February 13, 2019 | ₱1.00 | ₱3,980 | March 1, 2019 | March 14, 2019 |
| MPIC | March 5, 2019 | 0.076 | 2,395 | March 20, 2019 | April 3, 2019 |
| MPIC | August 1, 2019 | 0.0345 | 1,087 | August 19, 2019 | August 30, 2019 |
| Phil AXA | November 6, 2019 | 40.9008 | 409 | October 24, 2019 | December 17, 2019 |
| SMFC | June 21, 2019 | 6.56 | 131 | June 21, 2019 | July 19, 2019 |

Investment in MBTC

In October 2019, the Parent Company received a stock dividend equivalent to a total of 189.22 million common shares of Metrobank.

On various dates in 2019, the Parent Company acquired an aggregate of 12.26 million common shares of Metrobank for a total consideration of ₱836.53 million. This increased the Parent Company's ownership interest in Metrobank from 36.36% to 36.65%.

In 2020, the Parent Company's ownership interest in Metrobank increased from 36.65% to 37.15% after acquiring an aggregate of 22.11 million common shares of Metrobank for a total consideration of ₱1.25 billion.



Investment in MPIC

On May 27, 2016, the Parent Company subscribed to 3.60 billion common shares of MPIC for a total subscription price of ₱21.96 billion. On the same day, the Parent Company entered into a Sale and Purchase Agreement with Metro Pacific Holdings, Inc. (MPHI), with the Parent Company as the buyer and MPHI as the seller of 1.30 billion common shares of MPIC for a total consideration of ₱7.94 billion. On August 5, 2016, the SEC approved the increase in the authorized capital stock of MPIC. As a result, the Parent Company's ownership interest is 15.55% of the issued and outstanding capital stock of MPIC.

In relation to the acquisition, the Parent Company capitalized advisory fees and other professional fees amounting to ₱0.24 billion and ₱0.04 billion, respectively, as part of the cost of the investment.

Based on the final purchase price allocation relating to the Parent Company's acquisition of investment in MPIC, the difference of ₱7.41 billion between the Parent Company's share in the carrying values of MPIC's specific identifiable assets and liabilities and total cost of the Parent Company's investment was allocated to the Parent Company's share in the difference between the fair values and carrying values of MPIC's specific and identifiable assets and liabilities amounting to ₱4.68 billion and the remaining balance of ₱2.73 billion for goodwill.

Investment in BLRDC

On June 8, 2012, Federal Land and Orix Risingsun Properties II, Inc. (ORPI) entered into a joint venture agreement for the creation of BLRDC, with Federal Land owning 70% and ORPI owning 30% to develop three (3) main projects, namely (1) residential condominium project, (2) hotel/office building, and (3) operation of the hotel.

Federal Land does not exercise control at 70% ownership over BLRDC, but instead exercises joint control because Federal Land and ORPI have contractually agreed to share control over the relevant economic activities of BLRDC.

Investment in NBLRDI

On June 14, 2018, Federal Land entered into a Joint Venture Agreement with ORPI to incorporate a joint venture company, NBLRDI, in which Federal Land held 70% equity interest. The agreement was entered to develop Grand Hyatt Residences Tower II. This was reflected as additions of ₱1.69 billion in the investments in associates and joint ventures in 2018.

Investment in Sunshine Fort

On July 3, 2017, the Federal Land entered into a Joint Venture Agreement with NREMI Development Company (NRE) to incorporate a joint venture company in which Federal Land held 60% equity interest. In 2017, Federal Land made an initial investment amounting to ₱288.75 million. In 2018, Federal Land made additional investments amounting to ₱4.33 billion.

Investment in AFLCI

On April 29, 2015, Federal Land and Alveo Land Corp. executed a joint venture agreement for the organization of a joint venture, AFLCI, to manage the development of a 45-hectare property along Laguna Boulevard in Biñan, Laguna. AFLCI was incorporated on June 16, 2015. An initial investment amounting to ₱574.13 million was reflected as additions to the investments in associates and joint ventures in 2015. In 2016, an additional investment amounting to ₱17.00 million was made.



Investment in STRC

In June 2016, SM Development Corporation (SMDC) entered into an agreement with Federal Land to incorporate a joint venture company, STRC, in which Federal Land holds a 50% stake. STRC will develop a 3,200 square meter property located along Ayala Avenue as a high-end luxury residential tower. An initial investment amounting to ₱250.00 million was reflected as additions to the investments in associates and joint ventures in 2016.

On December 12, 2016, the BOD of Federal Land approved the additional investment in STRC amounting to ₱750.00 million divided into preferred shares in the amount of ₱712.50 million and common shares in the amount of ₱37.50 million. On January 10, 2017, Federal Land has fully paid its subscription to STRC. The percentage of ownership is retained as SMDC also invested an equivalent amount.

In 2018 and 2017, Federal Land made additional investments in STRC amounting to ₱0.47 billion and ₱0.03 billion, respectively.

Investment in TFSPC

On August 29, 2014, the Parent Company signed a Sale and Purchase Agreement with MBTC and Philippine Savings Bank (PSBank), a majority owned subsidiary of MBTC, to purchase their respective shares in TFSPC representing 15.00% and 25.00%, respectively, of ownership interest for an aggregate consideration of ₱2.10 billion.

In 2020, 2018 and 2017, the Parent Company remitted ₱800.00 million, ₱720.00 million and ₱480.00 million, respectively, to TFSPC in response to the latter's equity call upon its stockholders.

Investment in SMFC

On August 11, 2017, the Parent Company acquired 4.0 million common shares, representing 20% ownership in SMFC for a total consideration of ₱379.92 million from PSBank and PSBank Retirement Fund.

In relation to the acquisition, the Parent Company capitalized documentary stamp taxes amounting to ₱1.50 million as part of the cost of the investment.

Fair Value of Investments in Associates and Joint ventures

Phil AXA and CCPC as well as BLRDC, NBLRDI, Sunshine Fort, SFNBCMC, AFLCI, STRC, PHRDC, TFSPC and SMFC are private companies and there are no quoted market prices available for their shares.

As of December 31, 2020 and 2019, the fair values of the Group's investments in PSE-listed entities follow (Note 32):

| | 2020 | 2019 |
|------|-----------------|----------|
| MBTC | ₱81,943 | ₱109,213 |
| MPIC | 20,972 | 17,003 |
| | ₱102,915 | ₱126,216 |

Management considers significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Group conducted an impairment assessment of its investments in MBTC and MPIC. The Group uses the higher between fair value less cost to sell and value in use in determining the recoverable amount. Based on the Group's impairment testing, the investments in MBTC and MPIC are determined to be not impaired.



The recoverable amount of the investment in MBTC was based on the value in use of MBTC. The pre-tax discount rate applied to MBTC cash flow projections is 8.24%. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.00%. The calculation of VIU for the MBTC CGU is most sensitive to the assumptions on revenue and terminal growth rates, and discount rate.

The recoverable amount of the investment in MPIC was based on the sum-of-the-parts of the value in use and fair value less cost to sell (FVLCTS) of the MPIC Group. The VIU and FVLCTS calculations for the MPIC CGU are most sensitive to the FVLCTS of its listed associate based on its market price, and the VIU of MPIC's component businesses based on net asset values and applicable discount.

The following tables present the carrying values of the Group's material associates:

Investments in MBTC

| | 2020 | 2019 |
|--|--------------------|-------------|
| <i>Consolidated Statements of Comprehensive Income</i> | | |
| Net interest income, other income and share in net income of associates and joint ventures | ₱121,900 | ₱106,919 |
| Expenses | 107,926 | 78,045 |
| Net income | 13,974 | 28,874 |
| Other comprehensive income | 5,345 | 3,666 |
| Total comprehensive income | 19,319 | 32,540 |
| <i>Consolidated Statements of Financial Position*</i> | | |
| Total assets | 2,455,163 | 2,450,813 |
| Total liabilities | (2,121,988) | (2,132,322) |
| Net assets | 333,175 | 318,491 |
| Equity attributable to NCI | (8,971) | (8,937) |
| Net assets attributable to common shareholders of MBTC | 324,204 | 309,554 |
| GT Capital's ownership interest in MBTC | 37.15% | 36.65% |
| GT Capital's share in net assets of MBTC | 120,442 | 113,452 |
| Notional goodwill | 4,162 | 4,363 |
| Fair value and other adjustments | 2,660 | 2,852 |
| | ₱127,264 | ₱120,667 |

*MBTC does not present classified statements of financial position.

Investments in MPIC

| | 2020 | 2019 |
|--|----------------|----------|
| <i>Consolidated Statements of Comprehensive Income</i> | | |
| Revenues | ₱40,855 | ₱159,098 |
| Expenses | 17,269 | 97,287 |
| Net income | 10,247 | 27,818 |
| Other comprehensive loss | (4,414) | (1,477) |
| Total comprehensive income | 5,833 | 26,341 |

(Forward)



| | 2020 | 2019 |
|--|------------------|-----------|
| <i>Consolidated Statements of Financial Position</i> | | |
| Current assets | ₱142,878 | ₱105,237 |
| Noncurrent assets | 474,918 | 506,541 |
| Current liabilities | (115,594) | (75,118) |
| Noncurrent liabilities | (257,855) | (290,615) |
| Net assets | 244,347 | 246,045 |
| Equity attributable to NCI | (59,487) | (55,083) |
| Net assets attributable to common shareholders of | | |
| MPIC | 184,860 | 190,962 |
| GT Capital's ownership interest in MPIC | 15.98% | 15.52% |
| GT Capital's share in net assets of MPIC | 29,541 | 29,637 |
| Capitalized transaction cost | 277 | 277 |
| Notional goodwill | 2,727 | 2,727 |
| Fair value and other adjustments | 3,921 | 4,311 |
| | ₱36,466 | ₱36,952 |

The following table presents the carrying values of the Group's material joint venture:

| | 2020 | | | 2019 | | |
|---|----------------|-----------------|----------------|---------|----------|---------------|
| | BLRDC | TFSPC* | Sunshine Fort | BLRDC | TFSPC* | Sunshine Fort |
| <i>Selected Financial Information</i> | | | | | | |
| Cash and cash equivalents | ₱601 | ₱1,172 | ₱ 625 | ₱643 | ₱925 | ₱157 |
| Current financial liabilities | 7,951 | - | 3,122 | 4,548 | - | 1,595 |
| Non-current financial liabilities | - | - | 3,954 | 3,010 | - | - |
| Financial liabilities | - | 92,634 | - | - | 73,780 | - |
| Depreciation and amortization | 298 | 179 | - | 26 | 62 | - |
| Interest income | 20 | 7,468 | 225 | 29 | 6,959 | 7 |
| Interest expenses | 376 | 3,911 | 259 | 223 | 3,877 | - |
| Income tax expense | 72 | 49 | 8 | 11 | 183 | 5 |
| <i>Statements of Comprehensive Income</i> | | | | | | |
| Revenues | 603 | 7,542 | 755 | 706 | 7,265 | 632 |
| Expenses | 805 | 7,363 | 468 | 759 | 6,503 | 613 |
| Net income (loss) | (759) | 130 | (4) | (42) | 580 | 15 |
| Other comprehensive income (loss) | - | (218) | - | - | (781) | - |
| Total comprehensive income (loss) | (759) | (88) | (4) | (42) | (201) | 15 |
| <i>Statements of Financial Position</i> | | | | | | |
| Current assets | 1,384 | - | 13,551 | 1,466 | - | 10,852 |
| Noncurrent assets | 12,005 | - | 1,091 | 12,258 | - | 1,784 |
| Total assets | 13,389 | 104,160 | 14,642 | 13,724 | 83,444 | 12,636 |
| Current liabilities | (7,951) | - | (3,122) | (4,548) | - | (1,595) |
| Noncurrent liabilities | - | - | (3,953) | (3,010) | - | (3,474) |
| Total liabilities | (7,951) | (92,831) | (7,075) | (7,558) | (74,027) | (5,069) |
| Net assets | 5,438 | 11,329 | 7,567 | 6,166 | 9,417 | 7,567 |
| GT Capital's ownership interest | 70.00% | 40.00% | 60.00% | 70.00% | 40.00% | 60.00% |
| GT Capital's share in net assets | 3,807 | 4,532 | 4,540 | 4,316 | 3,767 | 4,540 |
| Notional goodwill and other adjustments | 220 | 894 | (186) | 241 | 894 | (195) |
| | ₱4,027 | ₱5,426 | ₱4,354 | ₱4,557 | ₱4,661 | ₱4,345 |

*TFSPC does not present classified statements of financial position.



The following table presents the aggregate financial information of the Group's other associates and joint ventures as of and for the years ended December 31, 2020 and 2019:

| | 2020 | | 2019 | |
|---|----------------|----------------|------------|----------------|
| | Associates | Joint ventures | Associates | Joint ventures |
| <i>Statements of Financial Position</i> | | | | |
| Current assets | ₱185 | ₱14,751 | ₱189 | ₱12,317 |
| Non-current assets | 51 | 5,908 | 52 | 4,727 |
| Total assets* | 153,915 | – | 142,168 | – |
| Current liabilities | 54 | 6,630 | 73 | 6,473 |
| Non-current liabilities | – | 3,815 | – | 353 |
| Total liabilities* | 141,849 | – | 130,416 | – |
| <i>Statements of Comprehensive Income</i> | | | | |
| Revenues | 18,404 | 3,451 | 17,409 | 3,397 |
| Expenses | 14,283 | 2,755 | 13,499 | 2,366 |
| Net income | 2,917 | 492 | 2,559 | 747 |
| Other comprehensive income (loss) | (517) | (124) | 778 | (7) |
| Total comprehensive income | 2,400 | 368 | 3,337 | 740 |

*Phil AXA does not present classified statements of financial position.

The aggregate carrying values of the other associates and joint ventures amounted to ₱7.17 billion and ₱6.88 billion as of December 31, 2020 and 2019, respectively.

Limitation on dividend declaration of associates and joint venture

Phil AXA

Section 195 of the Insurance Code provides that a domestic insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

MBTC

The Bangko Sentral ng Pilipinas (BSP) requires banks to keep certain levels of regulatory capital and liquid assets, limit their exposures to other parts of the Group and comply with other regulatory ratios.

As of December 31, 2020 and 2019, there were no agreements entered into by the associates and joint ventures of the Group that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from other entities within the Group.

As of December 31, 2020 and 2019, accumulated equity in net earnings amounting to ₱56.56 billion and ₱52.97 billion respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

As of December 31, 2020 and 2019, the Group has no share on commitments and contingencies of its associates and joint ventures.



Advances

In December 2020, GTMV made a deposit in Premium Warranty Services, Philippines Inc. (PWSPI) amounting to ₱49.75 million representing the paid-up capital of PWSPI, which is in the process of incorporation as of December 31, 2020.

9. Investment Properties

The composition and rollforward analysis of this account follow:

| | December 31, 2020 | | | Total |
|--------------------------------------|-----------------------|---------------------------|--------------------------|----------------|
| | Land and Improvements | Building and Improvements | Construction In Progress | |
| Cost | | | | |
| At January 1 | ₱5,212 | ₱7,835 | ₱4,045 | ₱17,092 |
| Additions | 5 | 86 | – | 91 |
| Transfers (Note 6) | (68) | 2,399 | (1,115) | 1,216 |
| At December 31 | 5,149 | 10,320 | 2,930 | 18,399 |
| Accumulated Depreciation | | | | |
| At January 1 | 20 | 1,725 | – | 1,745 |
| Depreciation (Note 11) | 4 | 397 | – | 401 |
| At December 31 | 24 | 2,122 | – | 2,146 |
| Net Book Value at December 31 | ₱5,125 | ₱8,198 | ₱2,930 | ₱16,253 |

| | December 31, 2019 | | | Total |
|--------------------------------------|-----------------------|---------------------------|--------------------------|----------------|
| | Land and Improvements | Building and Improvements | Construction In Progress | |
| Cost | | | | |
| At January 1 | ₱6,983 | ₱7,907 | ₱4,301 | ₱19,191 |
| Additions | 587 | 506 | 2 | 1,095 |
| Effect of deconsolidation (Note 12) | (2,389) | (656) | (258) | (3,303) |
| Reclassifications | 33 | 78 | – | 111 |
| Transfers | (2) | – | – | (2) |
| At December 31 | 5,212 | 7,835 | 4,045 | 17,092 |
| Accumulated Depreciation | | | | |
| At January 1 | 18 | 1,445 | – | 1,463 |
| Depreciation (Note 11) | 4 | 340 | – | 344 |
| Effect of deconsolidation (Note 12) | – | (62) | – | (62) |
| Reclassification | (2) | 2 | – | – |
| At December 31 | 20 | 1,725 | – | 1,745 |
| Net Book Value at December 31 | ₱5,192 | ₱6,110 | ₱4,045 | ₱15,347 |

Various parcels of land are leased to several individuals and corporations including related parties. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit. Rent income recognized from these properties amounted to ₱1.75 billion, ₱1.53 billion and ₱1.18 billion in 2020, 2019 and 2018, respectively (Note 30).

Construction-in-progress pertains to the accumulated cost incurred for the development and redevelopment of Federal Land's malls. The mall redevelopment is expected to be completed in 2021.



The aggregate fair values of the Group's investment properties amounted to ₱34.84 billion and ₱26.61 billion as of December 31, 2020 and 2019, respectively. The fair values of the Group's investment properties have been determined based on valuations performed by third party independent appraisers which are accredited by the SEC. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Group's investment properties are done every three years with the latest valuation report issued in 2020.

10. Investment Securities

Investment securities consist of:

| | 2020 | 2019 |
|-------------------------------------|----------------|----------------|
| Current: | | |
| Financial assets at FVTPL (Note 27) | | |
| Quoted | ₱3,709 | ₱4,698 |
| Noncurrent: | | |
| Financial assets at FVOCI | | |
| Quoted | 12,499 | 12,160 |
| Unquoted | 241 | 213 |
| | 12,740 | 12,373 |
| | ₱16,449 | ₱17,071 |

Financial assets at FVTPL

These pertain to the Parent Company's investments in unit investment trust fund (UITF) (Note 32).

Financial assets at FVOCI

Quoted equity securities

This includes foreign currency-denominated equity investments in Toyota Motor Corporation (TMC), a listed company in the Tokyo Stock Exchange, amounting to ₱11.41 billion and ₱11.06 billion as of December 31, 2020 and 2019, respectively. The Group has irrevocably elected to classify these investments under this category as it intends to hold these investments for the foreseeable future.

Unquoted equity securities

This account comprises of shares of stocks of various unlisted private corporations. The Group has designated these equity securities as at FVOCI because they will not be sold in the foreseeable future.

Unquoted equity securities include Toyota Aisin Philippines, Inc. (TAPI), representing 5.00% ownership interest, amounting to ₱229.64 million and ₱200.74 million as of December 31, 2020 and 2019, respectively. Also included in the balance are unquoted equity securities of Federal Land and TMBC amounting to ₱9.94 million and ₱0.12 million, respectively, as of December 31, 2020 and ₱9.94 million and ₱0.11 million, respectively, as of December 31, 2019.

Unquoted equity securities of Federal Land pertain to preferred shares of a utility company issued to the Group in connection with its subscription to the electricity services of the said utility company needed for Federal Land's real estate projects. The Group does not intend to dispose these investments since these are directly related to the continuity of its business.



Movements in the fair value reserves on financial assets at FVOCI follow:

| | 2020 | | |
|--|-----------------------------------|-----------------------------|--------|
| | Attributable to Parent Company | Non-controlling Interest | Total |
| Balance at beginning of year | ₹999 | ₹188 | ₹1,187 |
| Changes in fair values of financial assets at FVOCI | 358 | 10 | 368 |
| Balance at end of year | ₹1,357 | ₹198 | ₹1,555 |

| | 2019 | | |
|--|-----------------------------------|-----------------------------|--------|
| | Attributable to Parent Company | Non-controlling Interest | Total |
| Balance at beginning of year | (₹734) | ₹222 | (₹512) |
| Changes in fair values of financial assets at FVOCI | 1,733 | (34) | 1,699 |
| Balance at end of year | ₹999 | ₹188 | ₹1,187 |



11. Property and Equipment

The composition and rollforward analysis of this account follow:

| | 2020 | | | | | | | | | Total |
|--|--------------------------|-----------------------------------|------------------------|--------------------------------|-------------------|--------------------------------|------------------------------|---------------------|--------------------------|----------------|
| | Transportation Equipment | Furniture, Fixtures and Equipment | Leasehold Improvements | Machinery, Tools and Equipment | Land and Building | Building and Land Improvements | Other Property and Equipment | Right-of-use assets | Construction-in-Progress | |
| Cost | | | | | | | | | | |
| At January 1 | ₱672 | ₱1,027 | ₱337 | ₱2,527 | ₱3,090 | ₱4,705 | ₱5,966 | ₱453 | ₱887 | ₱19,664 |
| Additions | 78 | 80 | 18 | 88 | 67 | 8 | 166 | 203 | 166 | 874 |
| Disposals and reclassifications | (45) | (1) | – | 12 | 67 | 108 | (4) | (469) | (149) | (481) |
| At December 31 | 705 | 1,106 | 355 | 2,627 | 3,224 | 4,821 | 6,128 | 187 | 904 | 20,057 |
| Accumulated Depreciation and Amortization | | | | | | | | | | |
| At January 1 | 351 | 565 | 217 | 690 | 103 | 818 | 3,700 | 61 | – | 6,505 |
| Depreciation and amortization | 147 | 155 | 46 | 261 | 20 | 296 | 1,049 | 35 | – | 2,009 |
| Disposals and reclassifications | (35) | (3) | – | – | – | 30 | (14) | (47) | – | (69) |
| At December 31 | 463 | 717 | 263 | 951 | 123 | 1,144 | 4,735 | 49 | – | 8,445 |
| Net Book Value at December 31 | ₱242 | ₱389 | ₱92 | ₱1,676 | ₱3,101 | ₱3,677 | ₱1,393 | ₱138 | ₱904 | ₱11,612 |

| | 2019 | | | | | | | | | Total |
|--|--------------------------|-----------------------------------|------------------------|--------------------------------|-------------------|--------------------------------|------------------------------|---------------------|--------------------------|----------------|
| | Transportation Equipment | Furniture, Fixtures and Equipment | Leasehold Improvements | Machinery, Tools and Equipment | Land and Building | Building and Land Improvements | Other Property and Equipment | Right-of-use assets | Construction-in-Progress | |
| Cost | | | | | | | | | | |
| At January 1 | ₱706 | ₱1,193 | ₱328 | ₱2,482 | ₱2,951 | ₱5,120 | ₱5,708 | ₱– | ₱964 | ₱19,452 |
| Additions | 188 | 107 | 30 | 556 | 3 | 212 | 329 | 453 | 397 | 2,275 |
| Effect of deconsolidation (Note 12) | (186) | (370) | (21) | (699) | (84) | (629) | – | – | – | (1,989) |
| Disposals and reclassifications | (36) | 97 | – | 188 | 220 | 2 | (71) | – | (474) | (74) |
| At December 31 | 672 | 1,027 | 337 | 2,527 | 3,090 | 4,705 | 5,966 | 453 | 887 | 19,664 |
| Accumulated Depreciation and Amortization | | | | | | | | | | |
| At January 1 | 351 | 608 | 195 | 913 | 87 | 904 | 2,756 | – | – | 5,814 |
| Effect of deconsolidation (Note 12) | (128) | (235) | (20) | (494) | – | (359) | – | – | – | (1,236) |
| Depreciation and amortization | 158 | 201 | 42 | 275 | 16 | 381 | 1,000 | 61 | – | 2,134 |
| Disposals and reclassifications | (30) | (9) | – | (4) | – | (108) | (56) | – | – | (207) |
| At December 31 | 351 | 565 | 217 | 690 | 103 | 818 | 3,700 | 61 | – | 6,505 |
| Net Book Value at December 31 | ₱321 | ₱462 | ₱120 | ₱1,837 | ₱2,987 | ₱3,887 | ₱2,266 | 392 | ₱887 | ₱13,159 |



Construction-in-progress as of December 31, 2020 pertains to Federal Land and GTCAD's building construction and Toyota group's machineries and building improvements.

Gain on disposal of property and equipment amounted to ₱6.57 million, ₱14.50 million and ₱23.27 million in 2020, 2019 and 2018, respectively (Note 23).

Details of depreciation and amortization follow:

| | 2020 | 2019 | 2018 |
|--|---------------|--------|--------|
| Continuing operations | | | |
| Property and equipment | ₱2,009 | ₱1,983 | ₱1,542 |
| Investment properties (Note 9) | 401 | 333 | 309 |
| Intangible assets (Note 13) | 107 | 101 | 95 |
| | 2,517 | 2,417 | 1,946 |
| Depreciation and amortization attributable to discontinued operations | | | |
| Property and equipment | - | 151 | 217 |
| Investment properties (Note 9) | - | 11 | 24 |
| Intangible assets (Note 13) | - | 8 | 30 |
| | - | 170 | 271 |
| | ₱2,517 | ₱2,587 | ₱2,217 |

Breakdown of depreciation and amortization in the consolidated statements of income and consolidated statements of financial position follow:

| | 2020 | 2019 | 2018 |
|--|---------------|--------|--------|
| Consolidated Statements of Income | | | |
| Cost of goods manufactured | ₱1,098 | ₱1,246 | ₱974 |
| Cost of rental (Note 30) | 397 | 329 | 309 |
| Cost of goods and services | 12 | - | 31 |
| General and administrative expenses (Note 26) | 1,010 | 842 | 632 |
| Attributable to discontinued operations (Note 12) | - | 170 | 150 |
| | 2,517 | 2,587 | 2,096 |
| Consolidated Statements of Financial Position | | | |
| Real estate inventories | - | - | 121 |
| | ₱2,517 | ₱2,587 | ₱2,217 |

12. Disposal of Assets

Disposal of Investment in PCFI

On May 10, 2019 the Parent Company and PCFI executed a Redemption Agreement for the redemption, cancellation and retirement of the 64,530,712 Series A Redeemable Voting Preferred Shares with a par value of ₱10.00 per share of PCFI, representing 51% interest of the Parent Company in PCFI. The Parent Company and PCFI have agreed to the redemption price of ₱20.00 billion through the assignment, transfer and conveyance of the selected assets owned and/or beneficially owned by PCFI to the Parent Company.



On July 4, 2019, Philippine Competition Commission approved the Redemption Agreement of the Parent Company and PCFI. Accordingly, the financial statements of PCFI were deconsolidated from the consolidated financial statements of the Group as of that date.

The derecognized assets and liabilities of PCFI as of the date of deconsolidation follow:

| | |
|--------------------------------------|----------------|
| Assets | |
| Cash and cash equivalents | ₱1,421 |
| Short-term investments | 1 |
| Receivables | 5,482 |
| Contract assets | 2,688 |
| Inventories | 29,642 |
| Prepayments and other current assets | 3,251 |
| Financial assets at FVOCI | 3 |
| Investment properties | 3,241 |
| Property and equipment | 753 |
| Goodwill and intangible assets | 2,862 |
| Deferred tax assets | 64 |
| Other noncurrent assets | 634 |
| | 50,042 |
| Liabilities | |
| Accounts and other payables | 3,643 |
| Contract liabilities | 3,180 |
| Loans payable | 8,057 |
| Customer's deposits | 5 |
| Dividends payable | 1,145 |
| Income tax payable | 72 |
| Pension liabilities | 182 |
| Deferred tax liabilities | 2,417 |
| Other liabilities | 435 |
| | 19,136 |
| Net assets | ₱30,906 |

Net unrealized gain on financial assets at FVOCI and net unrealized gain on defined benefit plan of PCFI amounting to ₱18.91 million were reclassified to retained earnings.

PFRS 5 requires income and expenses from disposal group to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the results of operation of PCFI was presented as 'Net income from discontinued operations'.



The results of operations of PCFI included in the consolidated statements of income are presented below:

| | 2019 | 2018 |
|--|---------------|--------------|
| Real estate sales | ₱3,275 | ₱9,166 |
| Rent income | 46 | 76 |
| Interest income | 204 | 414 |
| Other income | 193 | 334 |
| Revenue | 3,718 | 9,990 |
| Cost of real estate sales | 1,847 | 5,111 |
| General and administrative expenses | 1,331 | 3,373 |
| Interest expense | 284 | 640 |
| Cost and expenses | 3,462 | 9,124 |
| Income (Loss) before income tax | 256 | 866 |
| Provision for (Benefit from) income tax | 71 | 159 |
| Net income | 185 | 707 |
| Gain on deconsolidation | 2,341 | - |
| Dividend income from discontinued operations | 1,288 | - |
| Net income from discontinued operations | ₱3,814 | ₱707 |
| Attributable to Parent Company | ₱3,723 | ₱361 |
| Attributable to non-controlling interest | 91 | 346 |
| | ₱3,814 | ₱707 |

Other comprehensive income from discontinued operations consists of the following:

| | 2019 | 2018 |
|--|---------------|-------------|
| Changes in fair value of available-for-sale investment | ₱- | ₱- |
| Changes in cash flow hedge reserve | (226) | 252 |
| Changes in fair value of financial assets at FVOCI | - | - |
| Remeasurement of defined benefit plan | 6 | (17) |
| | (₱220) | ₱236 |

The aggregate consideration received consists of:

| | |
|-----------------------------------|----------------|
| Value of selected assets received | ₱20,000 |
| Non-controlling interest | 13,247 |
| | ₱33,247 |

The net cash outflow arising from the deconsolidation of cash and cash equivalents of PCFI amounted to ₱1.42 billion. Total gain on deconsolidation amounted to ₱2.34 billion, which is the difference between the consideration received and the carrying value of the Group's investment in PCFI.

On October 18, 2019, the Parent Company and PCFI executed a Deed of Assignment to assign, transfer and convey the selected assets of PCFI to the Parent Company.



13. Goodwill and Intangible Assets

Goodwill and intangible assets consist of:

| | 2020 | 2019 |
|-----------------------|---------------|---------|
| Goodwill | ₱5,926 | ₱5,926 |
| Customer relationship | 3,883 | 3,883 |
| Software costs - net | 154 | 228 |
| Franchise - net | 2 | 3 |
| | ₱9,965 | ₱10,040 |

Goodwill

Goodwill comprises the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Goodwill in relation to acquisitions has been attributed to the following CGUs:

| | 2020 | | | | Total |
|--|---------------|------------|-------------|---------------|-------|
| | Toyota | TRDCI | TMBC | Total | |
| Balances at beginning and end of year | ₱5,597 | ₱88 | ₱241 | ₱5,926 | |

| | 2019 | | | | |
|-------------------------------------|--------|-------|---------|------|---------|
| | Toyota | TRDCI | PCFI | TMBC | Total |
| Balances at beginning of year | ₱5,597 | ₱88 | ₱2,841 | ₱241 | ₱8,767 |
| Effect of deconsolidation (Note 12) | - | - | (2,841) | - | (2,841) |
| Balances at end of year | ₱5,597 | ₱88 | ₱- | ₱241 | ₱5,926 |

Toyota

The recoverable amount of Toyota CGU was based on VIU calculations using cash flow projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to cash flow projections is 9.54% in 2020 and 10.74% in 2019. Cash flows beyond the three-year period are extrapolated using a steady growth rate of 2.90% in 2020 and 3.56% in 2019. The carrying value of goodwill amounted to ₱5.60 billion as of December 31, 2020 and 2019. No impairment loss was recognized for goodwill arising from the acquisition of Toyota.

The calculations of VIU for the Toyota CGU are most sensitive to the following assumptions:

- Budgeted gross margins - Gross margins are based on vehicle models mix per dealer and the foreign exchange movements between the Philippine Peso versus the United States (US) Dollar and the Japanese Yen versus the US Dollar.
- Growth rate - The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate for the global automotive industry; and
- Pre-tax discount rate - Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the VIU of Toyota, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.



TMBC

The recoverable amount of TMBC CGU was based on VIU calculations using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to cash flow projections is 9.99% in 2020, 11.53% in 2019. Cash flows beyond the forecast period are extrapolated using a long-term growth rate of 2.90% in 2020 and 3.51% in 2019. The carrying value of goodwill amounted to ₱241.06 million as of December 31, 2020 and 2019. No impairment loss was recognized on the goodwill arising from the acquisition of TMBC.

The calculations of VIU for TMBC CGU are most sensitive to the following assumptions:

- Expected future cash inflows from automobile sales
- Growth rate; and
- Pre-tax discount rate - Discount rate reflects management's best estimate of the risks associated with the specific CGU.

Regarding the assessment of the VIU of TMBC, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Customer Relationship

Customer relationship pertains to Toyota's contractual arrangements with its top dealer customers which lay out the principal terms upon which its dealers agree to do business. Toyota's relationship with its top dealers adds value to the operations of Toyota and enhances the latter's earnings potential. Management assessed the useful life of the customer relationship to be indefinite since management is of the view that there is no foreseeable limit to the period over which the customer relationship is expected to generate net cash inflows to Toyota.

The recoverable amount of the customer relationship of the Group was based on VIU calculations using earnings projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to earnings projections is 12.77% and 17.58% in 2020 and 2019, respectively. Cash flows beyond the forecast period are extrapolated using a steady growth rate of 3.06% and 3.10% in 2020 and 2019, respectively. The carrying value of the customer relationship amounted to ₱3.88 billion as of December 31, 2020 and 2019. No impairment loss was recognized for the customer relationship arising from the acquisition of Toyota.

The calculations of VIU for the customer relationship are most sensitive to the following assumptions:

- Attrition rate - Sales to key customers for the four-year period are computed by taking into account a 5.00% attrition rate or 95.00% retention rate;
- Earnings before interest and taxes (EBIT) margin on key customers - A 5.28% EBIT margin was used in projecting the net operating profit on sales to key customers for the three-year period; and
- Pre-tax discount rate - Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

Regarding the assessment of the value-in-use of Toyota's customer relationship, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.



Software Cost

The Group's software costs pertain to software cost and licenses. The rollforward analysis of the Group's software cost is as follows:

| | 2020 | 2019 |
|-------------------------------------|-------------|-------------|
| Cost | | |
| Balance at beginning of year | ₱567 | ₱729 |
| Additions | 29 | 55 |
| Disposals/reclassification | 3 | - |
| Effect of deconsolidation (Note 12) | - | (217) |
| Balance at end of year | 599 | 567 |
| Accumulated Amortization | | |
| Balance at beginning of year | 339 | ₱426 |
| Amortization (Note 11) | 106 | 109 |
| Effect of deconsolidation (Note 12) | - | (196) |
| Balance at end of year | 445 | 339 |
| Net Book Value | ₱154 | ₱228 |

Franchise

Franchise fee pertains to the Federal Land Group's operating rights for its fast food stores with estimated useful lives of three to five years.

The amortization of the franchise fee amounting to ₱0.56 million, ₱0.34 million and ₱0.33 million in 2020, 2019 and 2018, respectively, is included in the 'General and administrative expenses' account in the consolidated statements of income (Note 26).

Details of amortization of intangible assets are as follows (Note 11):

| | 2020 | 2019 | 2018 |
|---|-------------|-------------|-------------|
| Software cost | ₱106 | ₱101 | ₱89 |
| Franchise | 1 | - | - |
| Attributable to discontinued operations (Note 12) | - | 8 | 30 |
| | ₱107 | ₱109 | ₱119 |

14. Other Noncurrent Assets

This account consists of:

| | 2020 | 2019 |
|----------------------------|---------------|-------------|
| Rental and other deposits | ₱1,144 | ₱375 |
| Deferred input VAT | 24 | 40 |
| Retirement asset (Note 28) | 9 | 7 |
| Others | 18 | 14 |
| | ₱1,195 | ₱436 |



Rental and other deposits include rental deposits for the leased offices of the Group and deposits for the initial set-up of the services rendered by public utility companies. Rental deposits are to be applied on the last month's rent of the lease contract.

15. Accounts and Other Payables

This account consists of:

| | 2020 | 2019 |
|---|----------------|---------|
| Trade payables | ₱13,498 | ₱12,337 |
| Accrued expenses | 5,245 | 4,534 |
| Deferred output tax | 3,480 | 2,380 |
| Telegraphic transfers, drafts and acceptances payable | 3,006 | 1,840 |
| Accrued commissions | 944 | 777 |
| Accrued interest payable | 768 | 896 |
| Customer advances | 617 | 577 |
| Deferred income | 436 | - |
| Nontrade payables | 417 | 602 |
| Royalty payable | 307 | 288 |
| Insurance payable | 219 | - |
| Retentions payable | 95 | 10 |
| Others | 966 | 993 |
| | ₱29,998 | ₱25,234 |

The details of trade payables are as follows:

| | 2020 | 2019 |
|-------------|----------------|---------|
| Automotive | ₱11,654 | ₱11,106 |
| Real estate | 1,826 | 1,226 |
| Others | 18 | 5 |
| | ₱13,498 | ₱12,337 |

Trade payables for automotive pertain to the purchase of raw materials, spare parts and vehicles which are noninterest-bearing and are normally settled on one to 30 day-term.

Trade payables for real estate pertain to billings received from contractors for construction costs incurred on a per project basis and commissaries for food products ordered.

The details of accrued expenses are as follows:

| | 2020 | 2019 |
|--|---------------|--------|
| Dealers' incentives, supports and promotions | ₱3,015 | ₱2,559 |
| Employee benefits | 527 | 579 |
| Freight, handling and transportation | 204 | 218 |
| Payable to contractors | 182 | 212 |
| Rent | 180 | 18 |
| Taxes | 164 | 114 |

(Forward)



| | 2020 | 2019 |
|-----------------------------|---------------|---------------|
| Outsourced services | ₱140 | ₱40 |
| Utilities and services | 129 | 96 |
| Office supplies | 64 | 46 |
| Repairs and maintenance | 50 | 31 |
| Warranty | 43 | – |
| Insurance | 24 | 34 |
| Professional fees | 18 | 20 |
| Regulatory fees and charges | 3 | 2 |
| Others | 502 | 565 |
| | ₱5,245 | ₱4,534 |

Accrued expenses are noninterest-bearing and are normally settled within a 15 to 60 day term.

Deferred output tax pertains to VAT on the uncollected portion of the contract price of sold units.

Telegraphic transfers and drafts and acceptance payable pertain to the liabilities of Toyota Group arising from importations of materials, spare parts and/or vehicles. These payables are normally settled after a 30-day term.

Accrued commissions are settled within one (1) year.

Accrued interest payables are normally settled within a 15 to 60 day term.

Customer advances pertain to payments received from buyers for the processing of transfer of units upon turnover.

Royalty payables represent cost of license for the use of technical know-how and information on data. The fees are calculated at 6.00% of the local value-added (LVA) of vehicles under production. The LVA represents the selling price less all costs for the knock-down parts, related taxes such as excise and sales tax and a certain percentage of administrative and selling costs. The fees also include charges from related affiliates and third-party suppliers representing initial costs of testing materials and trial parts and tools, sample molds and jigs that were utilized to test TMPC's present technical feasibility for the commercial production of newer car models.

Retentions payable represent a portion of construction cost withheld by the Federal Land Group and paid to the contractors upon completion of the project. Retentions payable due beyond one year are presented as noncurrent payable (Note 20).

Others include refunds from cancelled sales from Federal Land and other government-related payables which are non-interest bearing and are normally settled within one year. These also include other non-interest bearing payables which are all due within one year.



16. Short-term Debt and Long-term Debt

This account consists of:

| | 2020 | | | | | |
|---|----------------|-----------------|-----------------|---------------|----------|----------|
| | Interest rates | Short-term debt | Long-term debt | | | Total |
| | | | Corporate Notes | Loans payable | Subtotal | |
| Parent Company | 0.83% - 7.25% | ₱- | ₱- | ₱67,765 | ₱67,765 | ₱67,765 |
| Federal Land Group | 2.55% - 6.71% | 15,012 | 965 | 30,999 | 31,964 | 46,976 |
| Toyota Group | 4.60% - 5.10% | 12,025 | - | 246 | 246 | 12,271 |
| TMBC Group | 2.90% - 5.94% | 885 | - | 863 | 863 | 1,748 |
| GTCAD Group | 2.90% - 3.25% | 85 | - | - | - | 85 |
| | | 28,007 | 965 | 99,873 | 100,838 | 128,845 |
| Less: Deferred financing cost | | - | - | 397 | 397 | 397 |
| | | 28,007 | 965 | 99,476 | 100,441 | 128,448 |
| Less: Current portion of long-term debt | | - | 25 | 4,987 | 5,012 | 5,012 |
| | | ₱28,007 | ₱940 | ₱94,489 | ₱95,429 | ₱123,436 |

| | 2019 | | | | | |
|---|----------------|-----------------|-----------------|---------------|----------|----------|
| | Interest rates | Short-term debt | Long-term debt | | | Total |
| | | | Corporate Notes | Loans Payable | Subtotal | |
| Parent Company | 0.85% - 7.25% | ₱- | ₱- | ₱63,790 | ₱63,790 | ₱63,790 |
| Federal Land Group | 2.80% - 6.25% | 8,580 | 4,850 | 22,586 | 27,436 | 36,016 |
| Toyota Group | 4.60% - 5.10% | 2,270 | - | 246 | 246 | 2,516 |
| TMBC Group | 4.50% - 4.90% | 1,855 | - | 1,021 | 1,021 | 2,876 |
| GTCAD Group | 4.60% - 4.85% | 185 | - | - | - | 185 |
| | | 12,890 | 4,850 | 87,643 | 92,493 | 105,383 |
| Less: Deferred financing cost | | - | - | 370 | 370 | 370 |
| | | 12,890 | 4,850 | 87,273 | 92,123 | 105,013 |
| Less: Current portion of long-term debt | | - | 3,885 | 1,089 | 4,974 | 4,974 |
| | | ₱12,890 | ₱965 | ₱86,184 | ₱87,149 | ₱100,039 |

Short-term Debt

Federal Land Group Short-term Loans

Non-affiliated loans

In 2020 and 2019, Federal Land Group's outstanding unsecured short-term borrowings amounting to ₱12.46 billion and ₱6.38 billion, respectively, have terms of over 60 to 180 day obtained for the Group's working capital requirements with interest rates ranging from 4.00% to 5.00%, 4.25% to 6.00% and 2.80% to 6.00% in 2020, 2019 and 2018, respectively.

Affiliated loans (Note 27)

In 2020 and 2019, Federal Land Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱2.55 billion and ₱2.20 billion, respectively, have terms of over 60 to 180 day obtained for the Group's working capital requirements with interest rates ranging from 4.50% to 6.25%, 4.60% to 6.25% and 4.60% to 5.50% in 2020, 2019 and 2018, respectively.

Toyota Group Short-term Loans

Non-affiliated loans

In 2020 and 2019, Toyota Group's outstanding unsecured short-term borrowings amounting to ₱8.03 billion and ₱0.62 billion, respectively, have terms of one year or less obtained to finance its operating activities. These loans bear annual fixed interest rates ranging from 2.30% to 3.00%, 4.60% to 5.10% and 5.05% to 6.25% in 2020, 2019 and 2018, respectively.



Affiliated loans (Note 27)

In 2020 and 2019, Toyota Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱4.00 billion and ₱1.65 billion, respectively, have terms of over 60 to 180 day obtained to fund the Group's working capital requirements with interest rates ranging from 2.50% to 3.50%, 4.60% to 4.85% and 5.00% to 5.65% in 2020, 2019 and 2018, respectively.

TMBC Group Short-term Loans

Non-affiliated loans

In 2020 and 2019, TMBC Group's unsecured short-term borrowings amounting to ₱0.38 billion and ₱0.93 billion, respectively, have terms ranging from 25 to 31 days obtained to finance its working capital requirements. These loans bear interest rates ranging from 2.90% to 3.25%, 4.55% to 4.90% and 5.10% to 5.50% in 2020, 2019 and 2018, respectively.

Affiliated loans (Note 27)

In 2020 and 2019, TMBC Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱0.51 billion and ₱0.92 billion, respectively, have terms of over 28 to 39 days obtained to fund the Group's working capital requirements with interest rates ranging from 2.90% to 3.25%, 4.50% to 4.85% and 5.00% to 5.65 in 2020, 2019 and 2018, respectively.

GTCAD Group Short-term Loans

Non-affiliated loans

In 2020 and 2019, GTCAD Group's unsecured short short-term borrowings amounting to ₱0.02 billion and ₱0.05 billion, respectively, have terms ranging from 30 to 90 days obtained from affiliated and non-affiliated local banks to finance the working capital requirements with interest rates of 2.90% and 4.60% to 4.85%, in 2020 and 2019, respectively.

Affiliated loans (Note 27)

In 2020 and 2019, GTCAD Group's outstanding unsecured short-term borrowings from MBTC, an affiliated local bank amounting to ₱0.07 billion and ₱0.14 billion, respectively, have terms of over 28 to 39 days obtained to fund the Group's working capital requirements with interest rates ranging from 3.25% and 4.60% to 4.85% in 2020 and 2019, respectively.

Federal Land - Corporate Notes

On July 5, 2013, the Group issued ₱4.00 billion unsecured notes with 5.57% interest per annum maturing on July 5, 2020 and an additional ₱1.00 billion notes with 6.27% interest per annum maturing on July 5, 2023. The proceeds from the issuance were used to finance ongoing projects. As of December 31, 2020 and 2019, outstanding balance amounted to ₱0.97 billion and ₱4.85 billion, respectively. As of December 31, 2020 and 2019, the current portion amounting to ₱0.03 billion and ₱3.88 billion, respectively, are presented as a current liability.

The agreements covering the above-mentioned Notes provide for restrictions and requirements with respect to, among others, declaration or making payment of cash dividends/retirement of shares (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; maintaining certain financial ratios; and entering into any partnership, merger, consolidation or reorganization. As of December 31, 2020 and 2019, the Group has complied with the loan covenants.

Interest expense charged to operations amounted to ₱176.23 million in 2020, ₱122.71 million in 2019 and ₱77.27 million in 2018. Interest expense capitalized amounted to ₱59.36 million, ₱165.86 million and ₱334.10 million in 2020, 2019 and 2018, respectively.



Long-term Loans

Parent Company Long-term Peso Loans

In February 2020, the Parent Company obtained a 12-year unsecured long-term loan with a non-affiliated local bank with a principal amount of ₱4.00 billion to refinance bonds due on February 27, 2020. Said loan bears fixed interest rate of 5.53% with maturity date of 2032.

In November 2019, the Parent Company obtained an unsecured long-term loan with a non-affiliated local bank with a principal amount of ₱3.00 billion to refinance bonds due in November 2019. Said loan bears fixed interest rate of 5.39% with a term of 10 years and maturity date of 2029.

In March 2018, the Parent Company obtained unsecured long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱25.00 billion. Said loans bear fixed interest rates ranging from 6.50% to 7.25%, with terms ranging from 10 to 12 years and maturity dates ranging from 2028 to 2030.

In 2015, the Parent Company obtained unsecured long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱25.00 billion. Said loans bear fixed interest rates ranging from 5.00% to 5.88%, with various terms ranging from 10 to 13 years and maturity dates ranging from 2025 to 2028.

As of December 31, 2020 and 2019, the carrying value of the above-mentioned long-term loans payable amounted to ₱56.71 billion and ₱52.74 billion, respectively.

Parent Company Long-term JPY Loans

In July 2018, the Parent Company obtained an unsecured long-term loan from three (3) non-affiliated foreign banks for an aggregate principal amount of ¥23.31 billion, 50% of which will mature in July 2022 and the remaining 50% will mature in July 2024 with interest rate of 3-month JPY Libor plus 0.65% spread. Proceeds from the loan were used to refinance a short-term loan from a non-affiliated foreign bank for a principal amount of ¥22.20 billion with an interest rate of 0.90%. As of December 31, 2020 and 2019, the carrying value of the said loan amounted to ₱10.75 billion and ₱10.73 billion, respectively.

In July 2018, the Parent Company entered into an interest rate swap agreement with MUFG Bank, Ltd., Labuan Branch. Under the agreement the Parent Company, on a quarterly basis, pays fixed interest rate of 0.852% and receives floating interest rate of 3-month JPY Libor plus 0.65% spread from July 19, 2018 to July 12, 2024. On the same date, the Parent Company designated the swap as an effective hedging instrument under a cash flow hedge arrangement. As such, the effective portion of the changes in fair value of the swaps was recognized under other comprehensive income amounting to ₱51.00 million and ₱52.58 million in 2020 and 2019, respectively. As of December 31, 2020 and 2019 the negative fair value of the interest rate swap amounted ₱51.00 million and ₱52.58 million, respectively under 'Other noncurrent liabilities' (Note 20).

As of December 31, 2020 and 2019, the movement in the deferred financing cost follows:

| | 2020 | 2019 |
|-------------------------------|-------------|------|
| Balances at beginning of year | ₱325 | ₱346 |
| Additions | 30 | 53 |
| Amortization | (47) | (74) |
| Balances at end of year | ₱308 | ₱325 |



Total interest expense incurred on these long-term loans payable in 2020, 2019 and 2018 amounted to ₱3.65 billion (including amortization of deferred financing cost of ₱47.09 million), ₱3.25 billion (including amortization of deferred financing cost of ₱73.86 million) and ₱2.79 billion (including amortization of deferred financing cost of ₱31.61 million), respectively.

Federal Land Long-term Loans

Non-affiliated loans

In 2014, Federal Land obtained unsecured loans from various non-affiliated banks amounting to ₱6.60 billion. The loan principal will be paid as follows: ₱2.00 billion payable in full after 10 years from drawdown date with fixed interest rate of 5.86% per annum; ₱1.50 billion payable in full after 10 years from drawdown date with fixed interest rate of 5.85% per annum; ₱2.00 billion payable at 40.00% quarterly principal payment starting at the end of 5th year and 60.00% principal balance on maturity date with fixed interest rate of 5.67% per annum; ₱1.10 billion principal payable at 40% quarterly payment at the end of 5th year to 9th year and 60.00% principal balance on maturity date with fixed interest rate of 5.05% per annum.

In 2015 to 2019, the Fed Land Group obtained unsecured long-term loans with various non-affiliated local banks with an aggregate principal amount of ₱7.08 billion. Said loans bear fixed annual interest rates ranging from 5.00% to 6.71%, various terms ranging from 5 to 10 years and maturity dates from 2020 to 2026.

As of December 31, 2020 and 2019, the carrying value of these non-affiliated long-term loans amounted to ₱22.38 billion and ₱18.41 billion, respectively, net of unamortized deferred financing cost.

Affiliated loans (Note 27)

On August 25, 2016, Federal Land obtained a 5-year unsecured loan from MBTC, an affiliated bank with a principal amount of ₱2.00 billion and interest rate of 2.80% maturing on August 25, 2021.

On various dates in 2016, the Federal Land Group obtained unsecured long-term loans from an affiliated bank with an aggregate principal amount of ₱2.00 billion. The loans bear interest rates of 2.55% to 2.60%, with terms of five (5) years and maturity date of 2021. The loan proceeds were used to finance real estate projects.

On various dates in 2017, the Federal Land Group obtained various unsecured long-term loans from an affiliated bank totaling ₱2.50 billion. Said loans bear interest rates of 2.75% to 2.90% and will be payable in 2022. The loan proceeds were used to finance real estate projects.

On June 29, 2018, Federal Land obtained a 5-year unsecured loan from an affiliated local bank, with a principal amount of ₱2.50 billion and interest rate of 4.25% maturing on June 29, 2023.

As of December 31, 2020 and 2019, the carrying value of these affiliated long-term loans payable amounted to ₱4.97 billion and ₱8.98 billion, respectively, net of unamortized deferred financing cost.

As of December 31, 2020 and 2019, the movement in the deferred financing cost is as follows:

| | 2020 | 2019 |
|-------------------------------|-------------|------|
| Balances at beginning of year | ₱43 | ₱42 |
| Additions | 75 | 12 |
| Amortization | (30) | (11) |
| Balances at end of year | ₱88 | ₱43 |



Interest expense charged to operations amounted to ₱1.26 billion in 2020, ₱0.86 billion in 2019 and ₱1.07 billion in 2018. Interest expense capitalized from the above-mentioned loans payable amounted to ₱0.68 billion, ₱0.52 billion and ₱1.38 billion in 2020, 2019 and 2018, respectively.

Toyota Group Long-term Loans

As of December 31, 2020 and 2019, this account consists of unsecured long-term debt with the following entities:

| | 2020 | 2019 |
|----------------|-------------|------|
| TAPI | ₱79 | ₱79 |
| Other entities | 167 | 167 |
| | ₱246 | ₱246 |

The loan from TAPI bears a fixed interest rate of 4.20% per annum. This loan is for a period of five years up to February 26, 2021 which is automatically renewed upon maturity for another period of 5 years to 10 years.

The long-term unsecured interest-bearing loans with other entities consist of a 2.7% interest-bearing 10-year term loan with a maturity date of September 28, 2025 and October 23, 2026. These loans are automatically renewed upon maturity for another 10 years.

The loan covenants restrict TMPC from encumbering or disposing properties leased by the lenders during the respective terms of various loan agreements. TMPC is not required to maintain any financial ratios under the mentioned loan agreements. Interest expense on these loans amounted to ₱7.82 million, ₱7.82 million and ₱7.86 million in 2020, 2019 and 2018, respectively.

TMBC Long-term Loans

On March 21, 2016, TMBC entered into a Term Loan Facility with a non-affiliated local bank amounting to ₱1.50 billion to finance the construction of the dealership facilities, with interest rates ranging from 4.85% to 5.94% and payable for a period of 10 years, inclusive of three (3) years grace period on principal repayments subject to interest rate based on 10-year PDST-R2 plus a minimum spread of 1.25%. TMBC loan is secured by a real estate mortgage. The carrying value of the mortgaged properties amounted to ₱392.68 million as of December 31, 2020 and 2019.

TMBC is required to maintain the following financial ratios during the term of the loans:

- Minimum current ratio (CR) of 1.0x - defined as Current Assets divided by Current Liabilities
- Maximum debt to equity ratio (DER) of 4.0x - defined as Total Liabilities divided by Total Tangible Net Worth (Total Equity - Intangibles)
- Minimum debt service ratio (DSR) of 1.2x - defined as Earnings before Interest, Taxes, Depreciation and Amortization divided by Interest Expense plus current portion of Long-term debt of the previous year

As of December 31, 2020 and 2019, TMBC has complied with the required financial ratios.

As of December 31, 2020 and 2019 the movement in the deferred financing cost is as follows:

| | 2020 | 2019 |
|-------------------------------|-------------|------|
| Balances at beginning of year | ₱2 | ₱3 |
| Amortization | - | (1) |
| Balances at end of year | ₱2 | ₱2 |



As of December 31, 2020 and 2019, the carrying value of long-term loans payable amounted to ₱0.86 billion and ₱1.02 billion, respectively. As of December 31, 2020 and 2019, the current portion of long-term loans payable amounted to ₱0.16 billion.

Interest expense on long-term loans payable amounted to ₱49.95 million, ₱56.17 million and ₱56.17 million in 2020, 2019 and 2018, respectively. Interest expense capitalized amounted to ₱0.77 million in 2018.

Required Financial Ratios

The table below presents a summary of the financial ratios required to be maintained by each entity within the Group under existing loan agreements.

| Entity | Financial Ratio | Required Ratio |
|----------------------------------|------------------------|-----------------------|
| TMBC | CR | 1:1 |
| TMBC | DER | 4:1 |
| TMBC | DSR | 1.2x |
| Federal Land - Corporate notes | DER | 2:1 |
| Parent Company - Long-term loans | DER | 2.3:1 |

As of December 31, 2020 and 2019, the Group has complied with the foregoing financial ratios.

17. Bonds Payable

| Maturity Dates | Interest rate | Par Value | | Amount | |
|----------------------------|---------------|----------------|---------|----------------|---------|
| | | 2020 | 2019 | 2020 | 2019 |
| ₱10.0 billion Bonds | | | | | |
| February 27, 2020 | 4.8371% | ₱— | ₱3,900 | ₱— | ₱3,899 |
| February 27, 2023 | 5.0937% | 6,100 | 6,100 | 6,083 | 6,076 |
| | | 6,100 | 10,000 | 6,083 | 9,975 |
| ₱12.0 billion Bonds | | | | | |
| August 7, 2021 | 5.1965% | 5,000 | 5,000 | 4,995 | 4,986 |
| August 7, 2024 | 5.6250% | 4,000 | 4,000 | 3,982 | 3,978 |
| | | 9,000 | 9,000 | 8,977 | 8,964 |
| | | ₱15,100 | ₱19,000 | ₱15,060 | ₱18,939 |

Unamortized debt issuance costs on these bonds amounted to ₱39.93 million and ₱60.96 million as of December 31, 2020 and 2019, respectively.

₱10.00 billion GT Capital bonds due 2020 and 2023

On February 13, 2013, the Parent Company issued ₱10.00 billion 7-year and 10-year unsecured bonds due on February 27, 2020 and February 27, 2023, respectively, with annual interest rate of 4.84% and 5.09%, respectively. Gross and net proceeds amounted to ₱10.00 billion and ₱9.90 billion, respectively, net of deferred financing cost of ₱0.10 billion. The bonds were listed on the Philippine Dealing and Exchange Corporation on February 27, 2013.

The net proceeds were utilized for general corporate requirements which included various equity calls (e.g., Toledo plant and Panay plant) and refinancing of corporate notes.

Prior to the relevant maturity dates, the Parent Company may redeem (in whole but not in part) any series of the outstanding bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day, starting on the fourth (4th) anniversary date for the seven-year bonds and the seventh anniversary date for the 10-year bonds (the relevant Optional Redemption Dates). The



Parent Company shall give no less than 30 but not more than 60 days prior written notice of its intention to redeem the bonds at the relevant Optional Redemption Date.

The ₱3.90 billion bonds with maturity date of February 27, 2020 were paid. This was refinanced in February 2020 with a long-term loan from a non-affiliated local bank.

₱12.00 billion GT Capital bonds due 2019, 2021 and 2024

On July 24, 2014, the Parent Company issued ₱12.00 billion unsecured bonds with tenors of five years, seven years and ten years due November 7, 2019 (Series A Bonds), August 7, 2021 (Series B Bonds) and August 7, 2024 (Series C Bonds), respectively, with annual interest rates of 4.71%, 5.20% and 5.63% respectively. Gross and net proceeds amounted to ₱12.00 billion and ₱11.88 billion, respectively, net of deferred financing cost incurred of ₱0.12 billion. The bonds were listed on August 7, 2014.

The net proceeds were utilized for general corporate requirements which included financing of ongoing projects (e.g., Veritown Fort and Metropolitan Park), refinancing of outstanding loans, and for working capital requirement.

Prior to the relevant maturity dates, the Parent Company may redeem in whole but not in part the Series B or Series C Bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day, starting on: (i) for the series B bonds: the third month after the fifth anniversary from issue date and (ii) for the series C bonds: the seventh anniversary from issue date (the relevant Optional Redemption Dates). The redemption price is equal to 100.00% of the principal amount together with the accrued and unpaid interest. The Parent Company shall give no less than 30 but not more than 60 days prior written notice of its intention to redeem the bonds, which notice shall be irrevocable and binding upon the Parent Company to effect such early redemption of the bonds on the Early Redemption Option Date stated in such notice.

The ₱3.00 billion bonds with maturity date of November 7, 2019 were paid. This was refinanced in November 2019 with a long-term loan from a non-affiliated local bank.

As of December 31, 2020 and 2019, the movement in the deferred financing cost is as follows:

| | 2020 | 2019 |
|-------------------------------|-------------|------|
| Balances at beginning of year | ₱61 | ₱93 |
| Amortization | (21) | (32) |
| Balances at end of year | ₱40 | ₱61 |

Both bonds contain negative covenants, which among others, include provision that the Parent Company should maintain a debt-to-equity ratio of 2.3 to 1.0. As of December 31, 2020 and 2019, the Parent Company has complied with its bond covenants. Total interest expense incurred on bonds payable in 2020, 2019 and 2018 amounted to ₱0.84 billion (including amortization of deferred financing cost of ₱21.02 million), ₱1.15 billion (including amortization of deferred financing cost of ₱31.18 million) and ₱1.15 billion (including amortization of deferred financing cost of ₱30.54 million), respectively.



18. Customers' Deposits

As of December 31, 2020 and 2019, customers' deposits represent refundable reservation fees and advance payments received from customers which can be applied as payment to the respective automotive sale transaction with the Group.

As of December 31, 2020 and 2019, the balance of this account amounted to ₱0.51 billion and ₱0.56 billion, respectively (Note 27).

19. Other Current Liabilities

This account consists of:

| | 2020 | 2019 |
|---------------------------|-------------|---------------|
| VAT payable | ₱391 | ₱820 |
| Withholding taxes payable | 327 | 379 |
| Lease liabilities | 5 | 15 |
| Others | 120 | 157 |
| | ₱843 | ₱1,371 |

Others pertain to payables on utilities, contracted maintenance and security agencies and regulatory premium or contribution payable of the Group. These are normally payable within one year.

20. Liabilities on Purchased Properties and Other Noncurrent Liabilities

Liabilities on Purchased Properties

Liabilities on purchased properties are payables to various real estate property sellers. Under the terms of the agreements executed by Federal Land covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to Federal Land only upon full payment of the real estate loans.

In 2017, Federal Land entered into a contract with Kabayan Realty Corporation (KRC) to acquire certain land for ₱2.26 billion. Upon execution of the contract, Federal Land paid KRC with 22% downpayment amounting to ₱500.00 million and the outstanding balance amounting to ₱1.76 billion shall be paid in five installments with 3.00% interest per annum based on the outstanding balance. The outstanding balance was discounted at the prevailing market rate of 4.82% and the discounted liability as of December 31, 2020 and 2019, amounted to ₱0.99 billion and ₱1.22 billion, respectively.

In 2017, HLPDC entered into various contracts to acquire parcels of land for ₱161.37 million. Upon execution of the contracts, HLPDC paid ₱93.99 million and the outstanding balance amounting to ₱67.37 million shall be paid in 2018.

In 2012, Federal Land acquired certain land and investment properties aggregating ₱3.72 billion, with 20.00% downpayment amounting to ₱743.84 million. The outstanding balance amounting to ₱2.98 billion is payable in 13 years with 3.00% interest per annum. The outstanding balance was discounted at the prevailing market rate of 5.40% and the discounted liability as of December 31, 2020 and 2019, amounted to ₱1.57 billion and ₱1.71 billion, respectively.



In 2019, Federal Land acquired a land located in Makati City in November 2019. Of the total amount of ₱1.20 billion, ₱288.00 million is paid in 2019 as downpayment, ₱912.00 million is payable in five equal annual installments commencing February 1, 2020 to 2024. The loan bears 3.5% interest per annum and is unsecured. The outstanding balance was discounted at the prevailing market rate of 6.87% and the discounted liability as of December 31, 2020 and 2019 amounted to ₱0.69 billion and ₱0.85 billion, respectively.

Total outstanding liabilities on purchased properties (including current portion) amounted to ₱3.25 billion and ₱3.78 billion as of December 31, 2020 and 2019, respectively (Note 27). Accretion of interest in 2020, 2019 and 2018 amounted to ₱83.34 million, ₱156.48 million and ₱168.05 million, respectively.

Other Noncurrent Liabilities

This account consists of:

| | 2020 | 2019 |
|---|---------------|--------|
| Retentions payable - noncurrent portion | ₱1,140 | ₱1,263 |
| Deferred output VAT | 1,119 | - |
| Refundable and other deposits | 800 | 727 |
| Provisions (Note 36) | 634 | 505 |
| Finance lease obligation - net | 176 | 8 |
| Derivative liabilities | 51 | 53 |
| Lease liabilities | 19 | 296 |
| Unearned rent income | 5 | - |
| | ₱3,944 | ₱2,852 |

Retentions payable represent a portion of construction cost withheld by the Group and paid to the contractors after an agreed period commencing the completion of the project.

Deferred output VAT pertains to the VAT on installment sale of lots with terms of 60 days to five years.

Refundable and other deposits consist mainly of tenants' rental deposit from operating lease contracts with terms ranging from five to ten years. Rental deposits are obtained to secure faithful compliance of tenants' obligation under the lease contract and to answer for unpaid bills of lessees affecting the leased premises, any damage to the leased premises, and other similar costs. Rental deposits may also be applied to the unpaid rentals upon termination of the lease contract.

Provisions consist of:

| | 2020 | 2019 |
|------------------------|-------------|------|
| Claims and assessments | ₱326 | ₱315 |
| Product warranties | 308 | 190 |
| | ₱634 | ₱505 |

Provisions for other expenses pertains to liabilities with uncertain amount or timing of actual disbursement. These include regulatory fees, management incentives and other charges which payment is probable and the amount is estimable as of reporting date. The management reassesses their estimates on an annual basis to determine the reasonableness of provision. Disclosure of information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* are



not provided because of reasons permitted under paragraph 92 of PAS 37. Accordingly, general descriptions are provided.

21. Contract Balances and Cost to Obtain a Contract

The contract balances of the Group consist of the following:

| | 2020 | 2019 |
|-----------------------------|----------------|---------|
| Contract Assets | | |
| Current | ₱6,183 | ₱5,095 |
| Noncurrent | 6,852 | 5,556 |
| | ₱13,035 | ₱10,651 |
| Contract Liabilities | | |
| Current | ₱4,006 | ₱4,553 |

Contract assets are initially recognized for revenue earned from real estate sales as receipt of consideration is conditional on successful completion of installation. Upon completion of performance obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade residential and office development receivables.

Contract liabilities consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on percentage of completion.

The amount of revenue recognized in 2020 and 2019 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.23 billion, respectively.

Cost to Obtain a Contract

The balances below pertain to the cost to obtain contracts included in 'Prepayments and other current assets' (see Note 7):

| | 2020 | 2019 |
|------------------------------|--------------|---------|
| Balance at beginning of year | ₱186 | ₱236 |
| Additions during the year | 359 | 1,239 |
| Amortization | (443) | (1,289) |
| Balance at end of year | ₱102 | ₱186 |



22. Equity

Capital Stock and Additional Paid-in Capital

As of December 31, 2020 and 2019, the paid-up capital consists of the following (amounts in millions, except for number of shares):

| | Shares | | Amount | |
|--|-------------|-------------|-----------------|-----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Voting Preferred stock - ₱0.10 par value | | | | |
| Authorized | 174,300,000 | 174,300,000 | | |
| Issued and outstanding | 174,300,000 | 174,300,000 | ₱17 | ₱17 |
| Perpetual Preferred stock -₱100.00 par value | | | | |
| Authorized | 20,000,000 | 20,000,000 | | |
| Issued and outstanding | 12,000,000 | 12,000,000 | 1,200 | 1,200 |
| Common stock - ₱10.00 par value | | | | |
| Authorized | 298,257,000 | 298,257,000 | | |
| Issued and outstanding | 215,284,587 | 215,284,587 | 2,153 | 2,153 |
| Subtotal | | | 3,370 | 3,370 |
| Additional paid-in capital | | | 98,827 | 98,827 |
| | | | ₱102,197 | ₱102,197 |

The Parent Company's common shares with par value of ₱10.00 were listed on the Philippine Stock Exchange on April 20, 2012.

Voting Preferred Shares of Stock

The voting preferred shares has the following features, rights and privileges:

- The voting preferred shares have a par value of ₱0.10 per share.
- The Dividend Rate of 3.77% was fixed based on the 3-year PDST-R2 on April 13, 2015, subject to re-pricing every ten (10) years and payable annually;
- These are non-cumulative and the holders thereof are entitled to the payment of current but not past dividends;
- These are non-participating in any other further dividends beyond that specifically payable on the shares;
- These are redeemable at par value, at the sole option of the Parent Company, under terms and conditions approved by the Board of Directors;
- The holders of Voting Preferred Shares shall be entitled to one vote for each share in his name on the books of the Parent Company;
- The holders of Voting Preferred Shares shall have no pre-emptive rights to any issue of shares, Common or Preferred;
- These are not listed and not tradable in the Philippine Stock Exchange.

Perpetual Preferred Shares of Stock

The perpetual preferred shares shall have the following features, rights and privileges:

- The perpetual preferred shares have a par value of ₱100.00 per share and issued on October 27, 2016 with an issue value of ₱1,000.00 per share. Series A issued amount to ₱4.80 billion with a dividend rate per annum of 4.6299% while Series B issued amount to ₱7.20 billion with a dividend rate per annum of 5.0949%;
- The perpetual preferred shares are cumulative and the holders thereof are entitled to the payment of current as well as any accrued or unpaid dividends before any dividends can be paid to the holders of common shares. No dividend shall be declared or paid on the common shares unless the full accumulated dividends on all the perpetual preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Corporation;



- c. The holders of perpetual preferred shares have preference over holders of common shares in the distribution of corporate assets in the event of dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary;
- d. The perpetual preferred shares are not entitled to vote, except in those cases specifically provided by law;
- e. The perpetual preferred shares are non-participating in any other further dividends beyond that specifically payable thereon;
- f. The perpetual preferred shares are non-convertible to common shares or voting preferred shares;
- g. The perpetual preferred shares have no pre-emptive rights to any issue of shares, common or preferred;
- h. Both Series A and B of said perpetual preferred shares were listed on the Philippine Stock Exchange on October 27, 2016;
- i. The Parent Company has the option, but not the obligation, to redeem in whole (but not a part of) the Shares of Series A on 5th anniversary of the Issue Date, or any dividend payment date and for Series B on the 7th anniversary of the Issue Date, or any dividend payment date;
- j. If not redeemed on the optional redemption date, the dividend rate will be adjusted on the 7th anniversary of the Issue Date for Series A while the 10th anniversary of the Issue Date for Series B;
- k. The dividend rate for Series A will be adjusted on the relevant Rate Adjustment Date to the higher of (1) Prevailing dividend rate of 4.6299%; or (2) the sum of: (a) simple average of closing 7-year PDST-R2 benchmark rate for each of the 3 consecutive business days immediately preceding and inclusive of the Rate Adjustment date; and (b) Series A adjustment Spread of 1.5% per annum while for Series B will be adjusted to the higher of (1) Prevailing dividend rate of 5.0949%; or (2) the sum of: (a) simple average of closing 10yr PDST-R2 benchmark rate for each of the 3 consecutive business days immediately preceding and inclusive of the Rate Adjustment date; and (b) Series B adjustment Spread of 1.875% per annum.

Common Shares

As of December 31, 2020 and 2019, the total number of shareholders of common stock of the Parent Company is 90 and 85, respectively.

Stock Dividends

The BOD and Shareholders of the Parent Company approved on March 26, 2019 and May 8, 2019, respectively, the declaration of an 8.0% stock dividend in favor of the Parent Company's common shareholders. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively. On August 1, 2019, the 8.0% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange.

The BOD and Shareholders of the Parent Company approved on March 16, 2018 and May 9, 2018, respectively, the declaration of a 3.5% stock dividend in favor of the Parent Company's shareholders of common stock. The record and payment dates were set on July 9, 2018 and August 2, 2018, respectively. On August 2, 2018, the 3.5% stock dividend equivalent to 6,740,899 common shares were issued and listed in the Philippine Stock Exchange.

Retained Earnings

On December 6, 2018, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱17.00 billion to be earmarked for strategic investment in property development in 2019. In March 2019, ₱16.60 billion out of ₱17.00 billion was reversed.



On December 7, 2017, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱19.00 billion to be earmarked for strategic investment in financial services in 2018. Said appropriation was reversed in March 2018 upon completion of the purpose of appropriation.

Details of the Parent Company's dividend distributions to preferred shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

| Date of declaration | Per share | Total amount (in millions) | Record date | Payment date |
|-----------------------------------|-----------|-------------------------------|-----------------|------------------|
| Voting preferred shares | | | | |
| May 21, 2020 | ₱0.00377 | ₱0.66 | June 5, 2020 | June 19, 2020 |
| March 26, 2019 | 0.00377 | 0.66 | April 10, 2019 | April 25, 2019 |
| March 16, 2018 | 0.00377 | 0.66 | April 4, 2018 | April 13, 2018 |
| Perpetual preferred shares | | | | |
| Series A | | | | |
| December 15, 2020 | 11.57475 | 56.01 | January 4, 2021 | January 27, 2021 |
| December 15, 2020 | 11.57475 | 56.01 | April 5, 2021 | April 27, 2021 |
| December 15, 2020 | 11.57475 | 56.01 | July 5, 2021 | July 27, 2021 |
| December 15, 2020 | 11.57475 | 56.01 | October 4, 2021 | October 27, 2021 |
| November 26, 2019 | 11.57475 | 56.01 | January 3, 2020 | January 27, 2020 |
| November 26, 2019 | 11.57475 | 56.01 | April 3, 2020 | April 27, 2020 |
| November 26, 2019 | 11.57475 | 56.01 | July 3, 2020 | July 27, 2020 |
| November 26, 2019 | 11.57475 | 56.01 | October 5, 2020 | October 27, 2020 |
| December 6, 2018 | 11.57475 | 56.01 | January 3, 2019 | January 28, 2019 |
| December 6, 2018 | 11.57475 | 56.01 | April 3, 2019 | April 29, 2019 |
| December 6, 2018 | 11.57475 | 56.01 | July 3, 2019 | July 29, 2019 |
| December 6, 2018 | 11.57475 | 56.01 | October 3, 2019 | October 28, 2019 |
| Series B | | | | |
| December 15, 2020 | 12.73725 | 91.21 | January 4, 2021 | January 27, 2021 |
| December 15, 2020 | 12.73725 | 91.21 | April 5, 2021 | April 27, 2021 |
| December 15, 2020 | 12.73725 | 91.21 | July 5, 2021 | July 27, 2021 |
| December 15, 2020 | 12.73725 | 91.21 | October 4, 2021 | October 27, 2021 |
| November 26, 2019 | 12.73725 | 91.21 | January 3, 2020 | January 27, 2020 |
| November 26, 2019 | 12.73725 | 91.21 | April 3, 2020 | April 27, 2020 |
| November 26, 2019 | 12.73725 | 91.21 | July 3, 2020 | July 27, 2020 |
| November 26, 2019 | 12.73725 | 91.21 | October 5, 2020 | October 27, 2020 |
| December 6, 2018 | 12.73725 | 91.21 | January 3, 2019 | January 28, 2019 |
| December 6, 2018 | 12.73725 | 91.21 | April 3, 2019 | April 29, 2019 |
| December 6, 2018 | 12.73725 | 91.21 | July 3, 2019 | July 29, 2019 |
| December 6, 2018 | 12.73725 | 91.21 | October 3, 2019 | October 28, 2019 |

Details of the Parent Company's dividend distributions to common shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

| Date of declaration | Per share | Total amount (in millions) | Record date | Payment date |
|---------------------|-----------|-------------------------------|----------------|----------------|
| May 21, 2020 | ₱6.00 | ₱1,291.71 | June 5, 2020 | June 19, 2020 |
| March 26, 2019 | 3.00 | 598.01 | April 10, 2019 | April 25, 2019 |
| March 16, 2018 | 3.00 | 577.79 | April 4, 2018 | April 13, 2018 |

The computation of retained earnings available for dividend declaration in accordance with the SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the Parent Company's stated retained earnings as of December 31, 2020 and 2019.



In addition, certain amount of retained earnings is required to be maintained to enable the Group to meet certain financial ratios as stipulated in the loan covenants.

Details of dividend declarations of the Group's subsidiaries follow:

| | Date of declaration | Class of stock | Total amount (in millions) | Record date | Payment date |
|--------------|---------------------|--------------------|-------------------------------|-------------------|-------------------|
| Federal Land | December 14, 2020 | Preferred Shares-A | ₱320.00 | December 31, 2020 | February 28, 2021 |
| | December 14, 2020 | Preferred Shares-B | 332.58 | December 31, 2020 | February 28, 2021 |
| | December 14, 2020 | Common | 100.00 | December 31, 2020 | February 28, 2021 |
| | February 24, 2020 | Common | 100.00 | December 31, 2019 | February 28, 2020 |
| | December 16, 2019 | Preferred Shares-A | 240.00 | December 16, 2019 | February 28, 2020 |
| | December 16, 2019 | Preferred Shares-B | 272.58 | December 16, 2019 | February 28, 2020 |
| | February 18, 2019 | Common | 100.00 | December 31, 2018 | February 28, 2019 |
| | December 28, 2018 | Preferred Shares-A | 240.00 | December 28, 2018 | February 28, 2019 |
| | December 28, 2018 | Preferred Shares-B | 272.58 | December 28, 2018 | February 28, 2019 |
| | February 26, 2018 | Common | 100.00 | April 24, 2017 | February 28, 2018 |
| Toyota | June 26, 2020 | Common | 9,059.67 | December 31, 2019 | November 27, 2020 |
| | May 14, 2019 | Common | 8,392.89 | December 31, 2018 | May 2019 |
| | May 22, 2018 | Common | 12,482.39 | December 31, 2017 | May 2018 |
| TMBC | December 5, 2018 | Common | 115.00 | December 31, 2017 | January 28, 2019 |
| PCFI | February 28, 2018 | Preferred Shares-A | 1,145.00 | June 30, 2017 | November 2019 |

Other comprehensive income

Other comprehensive income consists of the following, net of applicable income taxes:

| | 2020 | 2019 |
|---|----------------|----------|
| Fair value reserves on financial assets at FVOCI (Note 10) | ₱1,357 | ₱999 |
| Net unrealized loss on remeasurement of retirement plan | (448) | (290) |
| Cash flow hedge reserve (Note 16) | (51) | (53) |
| Cumulative translation adjustments | (10) | (2) |
| Equity in other comprehensive income of associates and joint ventures: | | |
| Equity in cumulative translation adjustments | (3,466) | (3,225) |
| Equity in net unrealized loss on remeasurement of retirement plan | (1,745) | (1,457) |
| Equity in fair value reserves on financial assets at FVOCI | 4,145 | 2,186 |
| Equity in remeasurement on life insurance reserves | (346) | 18 |
| Equity in cash flow hedge reserves | (316) | (201) |
| Equity in other equity adjustments of associates | 27 | 6 |
| | (₱853) | (₱2,019) |

The movements and analysis of the other comprehensive income are presented in the consolidated statements of comprehensive income.

Other equity adjustments

TCI

In June 2015, the Parent Company acquired 2,705,295 shares of TCI for a total consideration of ₱13.50 million, resulting in 53.80% ownership over TCI. This acquisition was accounted for as an equity transaction and resulted in the recognition of negative other equity adjustments amounting to ₱7.12 million.



Non-controlling interests

The following table presents the rollforward of non-controlling interests:

| | 2020 | 2019 | 2018 |
|--|---------|----------|---------|
| Balance at beginning of year | ₱11,851 | ₱24,687 | ₱26,866 |
| Share of non-controlling interest shareholders on: | | | |
| Net income | 1,791 | 4,803 | 4,455 |
| Other comprehensive income (loss) | (166) | (281) | 245 |
| Cash dividends paid to non-controlling interest shareholders | (4,611) | (4,259) | (6,925) |
| Acquisition of additional interests in a subsidiary | 20 | 148 | - |
| Effect of deconsolidation (Note 12) | - | (13,247) | |
| Adjustment on NCI on subsidiary | - | - | 45 |
| Additional stock issuance of a subsidiary | - | - | 1 |
| Balance at end of year | ₱8,885 | ₱11,851 | ₱24,687 |

Financial Information of Subsidiaries

The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interests held by non-controlling interests

| | | <u>Direct Ownership</u> | | <u>Effective Ownership</u> | |
|------|-------|-------------------------|--------|----------------------------|--------|
| | | 2020 | 2019 | 2020 | 2019 |
| TMPC | Motor | 49.00% | 49.00% | 49.00% | 49.00% |

Carrying value of material non-controlling interests

| | 2020 | 2019 |
|------|--------|---------|
| TMPC | ₱7,320 | ₱10,288 |

Net income for the period allocated to material non-controlling interests

| | 2020 | 2019 | 2018 |
|------|--------|--------|--------|
| TMPC | ₱1,788 | ₱4,598 | ₱4,024 |
| PCFI | - | - | 407 |

The following table presents the financial information of subsidiaries with material NCI as of and for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|---|---------|---------|
| | TMPC | TMPC |
| Statement of Financial Position | | |
| Current assets | ₱34,010 | ₱26,690 |
| Non-current assets | 11,048 | 12,061 |
| Current liabilities | 32,712 | 21,051 |
| Non-current liabilities | 2,847 | 2,091 |
| Dividends paid to non-controlling interests | 4,599 | 4,259 |

(Forward)



| | 2020 | 2019 |
|---|----------------|---------|
| | TMPC | TMPC |
| Statement of Comprehensive Income | | |
| Revenues | 100,648 | 169,664 |
| Expenses | 95,659 | 156,409 |
| Net income | 3,434 | 9,255 |
| Total comprehensive income | 3,110 | 8,910 |
| Statement of Cash Flows | | |
| Net cash provided by operating activities | 1,212 | 10,267 |
| Net cash used in investing activities | (468) | (2,438) |
| Net cash provided by (used in) financing activities | 206 | (9,367) |

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy consolidated statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Group maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding effect of uniting of interest. The Group's sources of capital are capital stock and retained earnings. No changes were made in the objectives, policies or processes in 2020 and 2019.

The Parent Company considers total equity as its capital amounting to ₱121.13 billion and ₱117.02 billion as of December 31, 2020 and 2019, respectively.

The Parent Company maintains equity at a level that is compliant with its loan covenants.

23. Interest and Other Income

Interest Income

This account consists of:

| | 2020 | 2019 | 2018 |
|---|---------------|--------|--------|
| Interest income on: | | | |
| Installment contracts receivable (Note 5) | ₱1,826 | ₱1,862 | ₱1,209 |
| Cash and cash equivalents (Note 4) | 189 | 193 | 398 |
| Receivables | 5 | - | - |
| Short-term investments (Note 4) | - | - | 25 |
| Others | 3 | 250 | 36 |
| | ₱2,023 | ₱2,305 | ₱1,668 |

Interest income on installment contracts receivable consist of accretion of unamortized discount of and interest income from collections of Federal Land. Accretion of unamortized discount amounted to ₱1.21 billion, ₱1.23 billion and ₱0.77 billion in 2020, 2019 and 2018, respectively. Interest income from collections amounted to ₱0.62 billion, ₱0.63 billion and ₱0.44 billion in 2020, 2019 and 2018, respectively.



Other Income

This account consists of:

| | 2020 | 2019 | 2018 |
|--|---------------|--------|--------|
| Ancillary income | ₱647 | ₱903 | ₱710 |
| Dividend income | 332 | 335 | 152 |
| Real estate forfeitures, charges and penalties | 326 | 343 | 281 |
| Management fee (Note 27) | 231 | 278 | 206 |
| Foreign exchange gain | 163 | 137 | - |
| Realized and unrealized gain on financial assets at FVTPL | 113 | 135 | 59 |
| Subscription income | 64 | 184 | 166 |
| Gain on disposal of property and equipment (Note 11) | 7 | 15 | 23 |
| Others (Note 5) | 240 | 199 | 527 |
| | ₱2,123 | ₱2,529 | ₱2,124 |

Ancillary income represents incentives received by Toyota dealers from financing institutions for vehicles sold to financing customers and from insurance companies for policies written for buyers.

Real estate forfeitures, charges and penalties are earned when a buyer is delinquent on his payment or cancels his purchase of condominium units, after deducting any cash surrender value.

Management fee includes services rendered by Federal Land and PCFI in the administration of different projects related to the joint venture (Note 27).

24. Cost of Goods and Services Sold

Cost of goods and services sold consists of:

| | 2020 | 2019 | 2018 |
|---|----------------|----------|----------|
| Beginning inventory | | | |
| Automotive | ₱7,784 | ₱5,646 | ₱4,734 |
| Gasoline, retail and petroleum products | 11 | 10 | 10 |
| Food | 8 | 6 | 7 |
| | 7,803 | 5,662 | 4,751 |
| Add: Net purchases | 79,085 | 135,476 | 130,815 |
| Total inventories available for sale | 86,888 | 141,138 | 135,566 |
| Less: Ending inventory (Note 6) | | | |
| Automotive | 11,023 | 7,784 | 5,646 |
| Gasoline, retail and petroleum products | 7 | 11 | 10 |
| Food | 5 | 8 | 6 |
| Subtotal (Note 6) | 75,853 | 133,335 | 129,904 |
| Cost adjustments and intercompany elimination | 164 | (224) | (574) |
| Internal and other transfers | (30) | 97 | (200) |
| Direct labor | 369 | 618 | 523 |
| Overhead (Note 30) | 123 | 117 | 196 |
| | ₱76,479 | ₱133,943 | ₱129,849 |

Overhead includes rent expense and common usage and service area charges.



25. Cost of Goods Manufactured and Sold

Cost of goods manufactured and sold consists of:

| | 2020 | 2019 | 2018 |
|--|----------------|----------------|----------------|
| Raw materials, beginning | ₱1,169 | ₱1,371 | ₱1,423 |
| Purchases | 20,265 | 32,199 | 28,745 |
| Total materials available for production | 21,434 | 33,570 | 30,168 |
| Less: Raw materials, end | 1,342 | 1,169 | 1,371 |
| Raw materials placed in process | 20,092 | 32,401 | 28,797 |
| Direct labor | 320 | 405 | 357 |
| Manufacturing overhead | 3,142 | 4,113 | 3,797 |
| Total cost of goods placed in process | 23,554 | 36,919 | 32,951 |
| Work-in-process, beginning | 27 | 33 | 12 |
| Total Cost of goods in process | 23,581 | 36,952 | 32,963 |
| Less: Work-in-process, ending | 16 | 27 | 33 |
| Total cost of goods manufactured | 23,565 | 36,925 | 32,930 |
| Finished goods, beginning | 861 | 978 | 19 |
| Total goods available for sale/transfer | 24,426 | 37,903 | 32,949 |
| Less: Finished goods, ending | 752 | 861 | 978 |
| Other transfers | 120 | 223 | 162 |
| | ₱23,554 | ₱36,819 | ₱31,809 |

26. General and Administrative Expenses

This account consists of:

| | 2020 | 2019 | 2018 |
|---|--------|--------|--------|
| Salaries, wages and employee benefits (Notes 27 and 28) | ₱2,718 | ₱2,985 | ₱2,800 |
| Advertising and promotions | 2,434 | 2,573 | 1,434 |
| Taxes and licenses | 1,907 | 1,834 | 1,836 |
| Commissions | 924 | 1,251 | 1,090 |
| Delivery and handling | 839 | 801 | 768 |
| Depreciation and amortization (Note 11) | 796 | 842 | 632 |
| Light, water and other utilities | 510 | 555 | 499 |
| Unallocated overhead costs | 479 | - | - |
| Office supplies | 373 | 309 | 198 |
| Rent (Note 30) | 313 | 251 | 156 |
| Repairs and maintenance | 238 | 272 | 231 |
| Provision for (recoveries from) credit losses (Note 5) | 237 | (98) | 2 |
| Warranty | 220 | 213 | 85 |
| Outside services | 198 | 233 | 213 |
| Professional fees | 191 | 167 | 134 |
| Administrative and management fees | 138 | 153 | 19 |
| Communications | 69 | 70 | 67 |
| Insurance | 67 | 60 | 46 |

(Forward)



| | 2020 | 2019 | 2018 |
|---|----------------|---------|---------|
| Transportation and travel | ₱58 | ₱137 | ₱124 |
| Donation | 32 | 1 | 1 |
| Entertainment, amusement and recreation | 21 | 39 | 39 |
| Royalty and service fees | 9 | 14 | 12 |
| Provision for other expenses | - | 297 | - |
| Provision for inventory losses | - | 17 | 5 |
| Unrealized foreign exchange loss | - | - | 146 |
| Others | 261 | 619 | 130 |
| | ₱13,032 | ₱13,595 | ₱10,667 |

Unallocated overhead costs pertain to the fixed labor and overhead costs incurred during the pandemic when the automotive segment has no production operation. This includes depreciation and amortization amounting to ₱214.48 million.

Other expenses include membership and subscription fees, dealer development, corporate events and contractual services.

27. Related Party Transactions

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 and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities. These related parties include subsidiaries, associates, joint venture, key management personnel, stockholders and other related parties which include affiliates.

An entity is considered an affiliate if such entity and the Parent Company have common shareholders. In effect, such entity is a sister company of the Parent Company by virtue of ownership and common control. It is neither a subsidiary nor associate of the Group.

The Group, in its regular conduct of its business, has entered into transactions with its associates, joint ventures and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions and capital infusion, leasing agreements, management agreements and dividends received from associates.

Transactions with related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs generally in cash, except otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.



The following tables show the significant related party transactions included in the consolidated financial statements. Transactions with subsidiaries have been eliminated in the consolidated financial statements.

| Category | December 31, 2020 | | |
|-------------------------------------|-------------------|-------------------------|---|
| | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| Significant investor | | | |
| Consultancy fees | ₱4 | ₱- | Consultancy fee for the year |
| Subsidiaries | | | |
| Accounts receivable - trade | - | 5,644 | Receivables from sale of lots, with terms of up to 15 years; discounted at current market rate; Secured |
| Dividends receivable | - | 753 | Dividends declared in December 2020 |
| Receivables - others | - | 1 | Test kits advanced by the Parent Company |
| Right-of-use asset | 36 | 45 | Lease of office space |
| Investments in subsidiaries | 565 | 42,283 | Additional investments during the year |
| Lease payable | 36 | 23 | Lease of office space |
| Security deposits | 2 | 3 | Rental deposits for lease of office space |
| Accounts payable | - | 7 | Property management; outside services |
| Real estate sales | 4,803 | - | Revenue from sale of lots |
| Dividend income | 5,473 | - | Dividend income |
| Cost of real estate sales | 3,067 | - | Cost of lots sold |
| Cost of rental | 7 | - | Janitorial and security services |
| Service fees | 83 | - | Property management fee |
| Outside services | 3 | - | Security services in land inventories |
| Repairs and maintenance | 2 | - | Maintenance fee for office space |
| Associates | | | |
| Cash and cash equivalents | 18 | 13,914 | Interest bearing at prevailing market rate; due and demandable |
| Short-term investments | - | 1,248 | Time deposit placements with interest rates ranging from 0.05% to 0.63% |
| Rent receivables | - | 60 | Non-interest bearing; due and demandable; Unsecured |
| Commission receivable | - | 6 | Non-interest bearing; due and demandable; Unsecured |
| Receivable from sharing of expenses | - | 41 | Non-interest bearing; due and demandable; Unsecured |
| Other receivables | - | 8 | Non-interest bearing; due and demandable; Unsecured |
| Inventories | 245 | - | Capitalized interest expense on short-term debt |
| Due from related parties | - | 66 | Non-interest bearing; due and demandable; Unsecured |
| Other current assets | - | 49 | |
| Short-term debt | 56 | 6,150 | With interest ranging from 3% to 6% due in 2021 |
| Due to related parties | - | 51 | Non-interest bearing; due and demandable; Unsecured |
| Other payables | 8 | - | Non-interest bearing; due and demandable; Unsecured |
| Loans payable | - | 8,949 | With interest ranging from 2.90% to 4.75%; Payable on 2021 to 2022 |
| Rent income | 114 | - | Interest income at prevailing market rate |
| Interest income | 6 | - | Rent income |
| Commission income | 1 | - | Commission income |
| Joint ventures | | | |
| Rent receivables | - | 25 | Non-interest bearing; due and demandable; Unsecured |
| Interest receivables | - | 35 | |
| Loans receivables | - | 3,311 | Interest bearing at prevailing market rate; due and demandable |
| Commission receivable | - | 77 | Non-interest bearing; due and demandable; Unsecured |
| Due from related parties | - | 81 | Non-interest bearing; due and demandable; Unsecured |
| Management receivables | - | 28 | Non-interest bearing; due and demandable; Unsecured |
| Nontrade receivables | 3 | 1 | Non-interest bearing; due and demandable; Unsecured |
| Due to related parties | - | 67 | Non-interest bearing; due and demandable; Unsecured |

(Forward)



| December 31, 2020 | | | |
|---------------------------------------|-------------------|-------------------------|---|
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| Other payables | ₱14 | ₱- | Non-interest bearing; due and demandable; Unsecured |
| Rent income | 71 | - | Rent income |
| Commission income | 93 | - | Commission income |
| Interest income | 35 | - | Interest income at prevailing market rate |
| Management income | 60 | - | Management income |
| Others | | | |
| Cash and cash equivalents | - | 8 | Interest bearing at prevailing market rate; due and demandable |
| Nontrade receivables | 2 | - | Non-interest bearing; due and demandable; Unsecured |
| Accounts payable | - | 1 | Insurance expense payable; agency fee |
| Due from related parties | - | 55 | Non-interest bearing; due and demandable; Unsecured |
| Due to related parties | - | 397 | Non-interest bearing; due and demandable; Unsecured |
| Insurance payable | 104 | 104 | Non-interest bearing; due and demandable; Unsecured |
| Other payables | 28 | - | Various credit card transactions |
| Interest income | 4 | - | Interest on time deposit placements |
| Rent income | 1 | - | Office space rent |
| Agency fees | 2 | - | Safekeeping and trust agreement |
| Insurance expense | 2 | - | General comprehensive liability insurance; car insurance; D&O liability insurance |
| December 31, 2019 | | | |
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| Significant investor | | | |
| Consultancy fees | ₱3 | ₱- | Consultancy fee for the year |
| Subsidiaries | | | |
| Accounts receivable - trade (Current) | 1,266 | - | Receivables from real estate sales |
| Dividends receivable | 651 | 513 | Dividends declared in 2019 |
| Right-of-use asset | 10 | - | Lease of office space |
| Investments in subsidiaries | 100 | 41,718 | Additional investments during the year |
| Accounts payable | 2 | - | Utilities expense |
| Lease liabilities | 10 | - | Lease of office space |
| Dividend income | 4,893 | - | Dividend income from subsidiaries |
| Real estate sales | 1,131 | - | Revenue from sale of lots |
| Cost of real estate sales | 1,026 | - | Cost of lots sold |
| Repairs and maintenance | 1 | - | Maintenance dues and service requests |
| Associates | | | |
| Cash and cash equivalents | 128 | 6,737 | Interest bearing at prevailing market rate; due and demandable; Unsecured |
| Short-term investments | - | 135 | Interest bearing at prevailing market rate; due and demandable; Unsecured |
| Long-term cash investments | 1 | - | More than three (3) years, interest-bearing |
| Interest receivable | 22 | 2 | Accrued interest |
| Commission receivable | - | 9 | Non-interest bearing; due and demandable; Unsecured |
| Rent receivable | - | 59 | Non-interest bearing; due and demandable; Unsecured |
| Receivable from sharing of expenses | - | 41 | Non-interest bearing; due and demandable; Unsecured |
| Nontrade receivables | 8 | - | Non-interest bearing; due and demandable; Unsecured |
| Other receivables | - | 11 | Non-interest bearing; due and demandable; Unsecured |
| Due from related parties | - | 66 | Non-interest bearing; due and demandable; Unsecured |
| Accounts and other payables | 7 | 1 | Within one (1) year, non-interest-bearing |
| Due to related parties | - | 16 | Non-interest bearing; due and demandable; Unsecured |
| Short-term debt | 75 | 2,050 | With interest 3%-6% due in 2019; Unsecured |
| Long-term loans payable | - | 9,000 | With interest ranging from 2.90% to 4.75%; Payable on 2021-2022; Unsecured |

(Forward)



| December 31, 2019 | | | |
|---|-------------------|-------------------------|---|
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| Commission income | P3 | P- | Non-interest bearing; due and demandable; Unsecured |
| Interest income | 93 | 1 | Interest income at prevailing market rate |
| Rent income | 160 | - | Rent income |
| Interest expense/capitalized | 659 | 30 | With interest ranging from 2.90% to 4.75%; With interest 3%-6% due in 2019; Payable on 2021-2022; Unsecured |
| Joint ventures | | | |
| Commission receivable | - | 95 | Non-interest bearing; due and demandable; Unsecured |
| Rent receivable | - | 2 | Non-interest bearing; due and demandable; Unsecured |
| Management fee receivable | - | 16 | Non-interest bearing; due and demandable; Unsecured |
| Nontrade receivables | 1 | - | Within one (1) year, non-interest-bearing |
| Other receivables | - | 1 | Non-interest bearing; due and demandable; Unsecured |
| Due from related parties | - | 88 | Non-interest bearing; due and demandable; Unsecured |
| Due to related parties | - | 15 | Non-interest bearing; due and demandable; Unsecured |
| Commission income | 249 | - | Non-interest bearing; due and demandable; Unsecured |
| Management fee income | 63 | - | Non-interest bearing; due and demandable; Unsecured |
| Rent income | 95 | - | Non-interest bearing; due and demandable; Unsecured |
| Others | | | |
| Cash and cash equivalents | 13 | 332 | Within one (1) year, interest-bearing |
| Dividends receivable | 1,463 | - | Dividends declared in 2019 |
| Trade receivables | 1,287 | 44 | 1-15 days, non-interest bearing, unsecured, no impairment |
| Interest receivable | 95 | 26 | With interest of 3.15%; Payable in 2022; Unsecured |
| Receivable from sharing of expenses | - | 20 | Non-interest bearing; due and demandable; Unsecured |
| Nontrade receivables | 57 | 1 | Within one (1) year, non-interest bearing, unsecured |
| Other receivables | - | 36 | Non-interest bearing; due and demandable; Unsecured |
| Due from related parties | - | 55 | Non-interest bearing; due and demandable; Unsecured |
| Long-term loans receivable | - | 661 | With interest of 3.15%; Payable in 2022; Unsecured |
| Investment in shares of stock | 837 | 837 | Additional investments |
| Accounts and other payables | 133,861 | 7,459 | Within one (1) year, non-interest-bearing; 25th day of the succeeding month; 30 days |
| Royalty and technical assistance fees | 67 | 10 | 25th day of the second month after the end of the quarter, non-interest-bearing |
| Insurance payable | 172 | 172 | Insurance payable |
| Loans payable | 3 | 79 | 5 years, interest bearing |
| Liabilities on purchased properties | - | 1,493 | With 3% interest; payable annually until 2026; Unsecured |
| Due to related parties | - | 173 | Non-interest bearing; due and demandable; Unsecured |
| Interest income | 149 | - | With interest of 3.15%; Payable in 2022; Unsecured |
| Management fee income | 22 | - | Non-interest bearing; due and demandable; Unsecured |
| Gain on disposal of investments in UITF | 50 | - | Realized gain on UITF investments |
| Unrealized gain on investment in UITF | 85 | - | MTM gain on UITF investments |
| Administration expense | 129 | - | Advisory fee on certain transactions |
| Agency fee - Trust and escrow | 5 | - | Fee for escrow and trust services |



Details of the transactions with affiliates are as follows:

Cash and cash equivalents and short-term investments

The Group maintains cash and short-term deposits accounts with MBTC, an associate. The Group also has cash and short-term deposits with other related parties such as Metrobank Card Corporation (until 2019) and PSBank, which are subsidiaries of MBTC. Cash and cash equivalents earn interest at the prevailing investment rates (Note 4).

Financial assets at FVTPL

As of December 31, 2020 and 2019, the Parent Company's investment in UITF amounted to ₱3.71 billion and ₱4.70 billion, respectively (Note 10).

Operating advances

Due from and to related parties consist mostly of operating advances which are non-interest bearing and due and demandable.

Long-term loans receivable

In 2012, Federal Land entered into a loan agreement with CIRC. Federal Land agreed to lend to CIRC a total amount of ₱705.00 million with a nominal and effective interest rate of 3.15% and 4.81%, respectively. The outstanding balance of long-term loans receivable as of December 31, 2020, 2019 and 2018 amounted to ₱687.36 million, ₱665.63 million and ₱641.88 million, respectively (Note 5).

Affiliated bank loans

The Group's loans payable to an affiliated commercial bank bears interest rates ranging from 2.50% to 6.25%, from 4.50% to 6.25% and from 2.50% to 6.00% per annum in 2020, 2019 and 2018, respectively (Note 16).

Management fee

Management fee amounting to ₱60.16 million and ₱85.52 million in 2020 and 2019, respectively, pertains to the income received from a joint venture of Federal Land with SFNBRDC, NBLRDI, BLRDC and STRC (Note 23).

Lease agreements

Federal Land entered into operating lease agreements for the use of office spaces in GT Tower International Building. The terms of lease range from 5 to 10 years and are generally renewable for 5 years. The rent is payable monthly with annual rent escalation rates ranging from 5% to 8%. The rental income on these leases amounted to ₱215.55 million, ₱309.26 million and ₱326.75 million in 2020, 2019 and 2018, respectively (Note 30).

Compensation of key management personnel for the years ended December 31, 2020, 2019 and 2018 follow:

| | 2020 | 2019 | 2018 |
|------------------------------|-------------|------|------|
| Short-term employee benefits | ₱707 | ₱681 | ₱713 |
| Post-employment benefits | 106 | 118 | 87 |
| | ₱813 | ₱799 | ₱800 |



Transactions with the Group Retirement Funds

The retirement funds of the Group's employees are being managed and maintained by MBTC as trustee bank. The total carrying amount and fair value of the retirement funds as of December 31, 2020 and 2019 amounted to ₱2.71 billion and ₱2.68 billion, respectively. The assets and investments of the fund include cash and cash equivalents, investments in government securities and equity securities, among others.

The following tables show the amounts of related party transactions of the Group with the retirement funds of the subsidiaries' employees as of December 31, 2020 and 2019 (in absolute amounts):

| Category | December 31, 2020 | | |
|---|-------------------|-------------------------|---|
| | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| Parent | | | |
| Investment in equity securities | | ₱6,172,920 | Unsecured with no impairment |
| Dividend income | ₱63,012 | | Cash dividends |
| Associate | | | |
| Savings deposit | | 4,195,910 | Savings account with annual interest of 1%, unsecured and no impairment; |
| Time deposit | | 6,000,000 | With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment |
| Investment in equity securities | | 13,557,420 | Unsecured with no impairment |
| Investment in UITF | | 20,331,436 | Unsecured with no impairment |
| Investment in other security and debt instruments | | 41,815,274 | Unsecured with no impairment |
| Interest income | 383,175 | | Income earned from savings and time deposit |
| Dividend income | 305,100 | | Cash dividends |
| Gain on sale of UITF | (877,679) | | Income from sale of UITF |
| | | | |
| Category | December 31, 2019 | | |
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| Parent | | | |
| Investment in equity securities | | ₱8,895,194 | Unsecured with no impairment |
| Dividend income | ₱27,786 | | Cash dividends |
| Associate | | | |
| Savings deposit | | 13,418 | Savings account with annual interest of 1%, unsecured and no impairment; |
| Time deposit | | 35,722,000 | With annual interest of 3.88%, 1 - 3 months maturity; unsecured and no impairment |
| Investment in equity securities | | 20,228,130 | Unsecured with no impairment |
| Investment in UITF | | 4,484,955 | Unsecured with no impairment |
| Investment in other security and debt instruments | | 41,645,784 | Unsecured with no impairment |
| Interest income | 2,724,392 | | Income earned from savings and time deposit |
| Dividend income | 245,000 | | Cash dividends |
| Gain on sale of UITF | 522,702 | | Income from sale of UITF |

Transactions relating to the retirement plans are approved by the subsidiaries' respective Retirement Committees. The voting rights over the investments in the shares of entities within the Group are exercised by the Retirement Committee, whom are either officers or directors of the subsidiaries.



28. Pension Plan

The Group provides defined benefit pension plans for substantially all of its employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. Actuarial valuations are made annually.

Principal actuarial assumptions used to determine pension obligations follow:

| | | 2020 | | |
|-------------|-----------------------------|--------------------------------|----------------------|----------------|
| | | Actuarial Assumptions | | |
| | Date of Actuarial Valuation | Expected Return on Plan Assets | Salary Rate Increase | Discount Rate |
| Real estate | December 31, 2020 | 4.96% | 8.00% | 3.80% |
| Automotive | -do- | 4.11% to 6.82% | 5.00% to 7.00% | 3.77% to 3.84% |
| Financial | -do- | 3.50% | 8.00% | 3.91 % |
| | | 2019 | | |
| | | Actuarial Assumptions | | |
| | Date of Actuarial Valuation | Expected Return on Plan Assets | Salary Rate Increase | Discount Rate |
| Real estate | December 31, 2019 | 5.00% | 8.00% | 5.00% |
| Automotive | -do- | 3.00% to 5.00% | 5.00% to 8.00% | 4.83% to 4.99% |
| Financial | -do- | N/A | 8.00% | 5.00% |

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Net retirement liability (asset) included in the consolidated statement of financial position follow:

| | 2020 | 2019 |
|----------------------------|---------------|--------|
| Retirement asset (Note 14) | (P9) | (P7) |
| Retirement liability | 1,934 | 1,222 |
| Net retirement liability | P1,925 | P1,215 |



The net pension liability and asset recognized in the Group's consolidated statements of financial position are as follows:

| | Net benefit cost | | | | | Remeasurements in other comprehensive income | | | | | | | December 31, 2020 |
|---|------------------|----------------------|--------------|-------------------|----------|--|---|---|--|--|----------|--------------------|-------------------|
| | January 1, 2020 | Current service cost | Net interest | Past service cost | Subtotal | Benefits paid | Return on plan assets (excluding amount included in net interest) | Actuarial changes arising from experience adjustments | Actuarial changes arising from demographic assumptions | Actuarial changes arising from financial assumptions | Subtotal | Contributions paid | |
| Present value of defined benefit obligation | ₱3,899 | ₱275 | ₱181 | ₱- | ₱456 | (₱246) | ₱- | ₱58 | ₱90 | ₱377 | ₱525 | ₱- | ₱4,634 |
| Fair value of plan assets | (2,684) | - | (132) | - | (132) | 224 | (64) | - | - | - | (64) | (53) | (2,709) |
| Net defined benefit liability | ₱1,215 | ₱275 | ₱49 | ₱- | ₱324 | (₱22) | (₱64) | ₱58 | ₱90 | ₱377 | ₱461 | (₱53) | ₱1,925 |

| | Net benefit cost | | | | | | Remeasurements in other comprehensive income | | | | | | | December 31, 2019 |
|---|------------------|-------------------------------------|----------------------|--------------|-------------------|----------|--|---|---|--|--|----------|--------------------|-------------------|
| | January 1, 2019 | Effect of deconsolidation (Note 12) | Current service cost | Net interest | Past service cost | Subtotal | Benefits paid | Return on plan assets (excluding amount included in net interest) | Actuarial changes arising from experience adjustments | Actuarial changes arising from demographic assumptions | Actuarial changes arising from financial assumptions | Subtotal | Contributions paid | |
| Present value of defined benefit obligation | ₱3,277 | (₱227) | ₱204 | ₱214 | ₱6 | ₱424 | (₱129) | ₱- | (₱70) | ₱1 | ₱623 | ₱554 | ₱- | ₱3,899 |
| Fair value of plan assets | (2,427) | 45 | - | (180) | - | (180) | 136 | (143) | - | - | - | (143) | (115) | (2,684) |
| Net defined benefit liability | ₱850 | (₱182) | ₱204 | ₱34 | ₱6 | ₱244 | ₱7 | (₱143) | (₱70) | ₱1 | ₱623 | ₱411 | (₱115) | ₱1,215 |

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.



The fair values of plan assets by each class as at the end of the reporting periods are as follows:

| | 2020 | 2019 |
|---|---------------|---------------|
| Cash and cash equivalents | ₱11 | ₱36 |
| Investment in government securities | 2,028 | 2,002 |
| Investment in equity securities | 430 | 447 |
| Investment in debt and other securities | 211 | 209 |
| Receivables | 27 | 28 |
| Investment in mutual funds | 7 | 2 |
| Liabilities | (5) | (40) |
| | ₱2,709 | ₱2,684 |

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

| | Possible Fluctuations | 2020 Increase (Decrease) | 2019 Increase (Decrease) |
|-----------------------------|--------------------------|--------------------------------|--------------------------------|
| Discount rates | +1% | (₱375) | (₱312) |
| | -1% | 398 | 291 |
| Future salary increase rate | +1% | 403 | 300 |
| | -1% | (388) | (326) |

The Group expects to contribute ₱435.00 million to its defined benefit pension plan in 2021.

The average duration of the defined benefit retirement liability at the end of the reporting period is 16.51 years for the Group.

Shown below is the maturity analysis of the undiscounted benefit payments:

| | |
|--------------------------------|-------|
| Less than 1 year | ₱313 |
| More than 1 year to 5 years | 1,785 |
| More than 5 years to 10 years | 2,397 |
| More than 10 years to 15 years | 1,531 |
| More than 15 years to 20 years | 2,332 |
| More than 20 years | 6,871 |

The Group does not currently have any asset-liability matching study.



29. Income Taxes

Provision for income tax account consists of:

| | 2020 | 2019 | 2018 |
|----------|---------------|--------|--------|
| Current | ₱1,753 | ₱4,797 | ₱4,117 |
| Deferred | 182 | 170 | (314) |
| Final | 51 | 90 | 83 |
| | ₱1,986 | ₱5,057 | ₱3,886 |

The components of the Group's deferred taxes as of December 31, 2020 and 2019 are as follows:

Net deferred tax asset:

| | 2020 | 2019 |
|---|---------------|--------|
| Deferred tax asset on: | | |
| Retirement benefit obligation | ₱672 | ₱487 |
| Deferred intercompany gain | 304 | 315 |
| Allowance for impairment losses | 144 | 59 |
| Warranties payable and other provisions | 87 | 65 |
| Deferred gross profit | 62 | 53 |
| Accrued expenses | 61 | 94 |
| Allowance for inventory obsolescence | 43 | 31 |
| NOLCO | 43 | - |
| MCIT carryover | 26 | - |
| Unamortized past service cost from pension obligation | 25 | 27 |
| Unrealized foreign exchange gain | 2 | 55 |
| Others | 15 | 15 |
| | 1,484 | 1,201 |
| Deferred tax liability on: | | |
| Capitalized custom duties | 44 | 42 |
| Unearned gross profit on ending inventories | 10 | (9) |
| Others | 28 | 27 |
| | 82 | 60 |
| Net deferred tax asset | ₱1,402 | ₱1,141 |

Net deferred tax liability:

| | 2020 | 2019 |
|---|-------------|------|
| Deferred tax asset on: | | |
| NOLCO | ₱626 | ₱- |
| Unrealized gain on sale of land | 607 | 685 |
| Excess of cost over fair value of investment property | 103 | 97 |
| Unearned income | 57 | 54 |
| Prepaid commission | 51 | 48 |
| Retirement benefit obligation | 47 | 44 |
| Unearned gross profit on ending inventories | 31 | 40 |

(Forward)



| | 2020 | 2019 |
|--|---------------|---------------|
| Provision for impairment losses on receivables | P29 | P28 |
| Interest expense on Day 1 loss | 13 | 13 |
| Allowance for impairment loss on inventories | 5 | 5 |
| Others | 6 | - |
| | 1,575 | 1,014 |
| Deferred tax liability on: | | |
| Fair value adjustment on acquisition by Parent | | |
| Company | 2,325 | 2,401 |
| Capitalized borrowing cost and guarantee fees | 1,120 | 1,062 |
| Unrealized gross profit on sale of land | 626 | - |
| Excess of book basis over tax basis of deferred gross profit | 449 | 426 |
| Fair value adjustment on acquisition by subsidiaries | 146 | 144 |
| Unamortized discount on long-term payable | 60 | 57 |
| Deferred financing costs – bonds | 40 | 8 |
| Lease differential | 28 | 17 |
| Retirement asset | 3 | 2 |
| Others | 3 | 35 |
| | 4,800 | 4,152 |
| Net deferred tax liability | P3,225 | P3,138 |

NOLCO

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

| Year Incurred | Availment Period | Amount | NOLCO Applied Previous Years | NOLCO Expired | NOLCO Applied Current Year | NOLCO Unapplied |
|---------------|------------------|---------------|------------------------------|---------------|----------------------------|-----------------|
| 2017 | 2018-2020 | P2,838 | P- | P2,838 | P- | P- |
| 2018 | 2019-2021 | 3,983 | - | - | - | 3,983 |
| | | P6,821 | P- | P2,838 | P- | P3,983 |

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

| Year Incurred | Availment Period | Amount | NOLCO Applied Previous Years | NOLCO Expired | NOLCO Applied Current Year | NOLCO Unapplied |
|---------------|------------------|--------|------------------------------|---------------|----------------------------|-----------------|
| 2020 | 2021-2025 | P4,386 | P- | P- | P- | P4,386 |



MCIT

Details of the Group's MCIT follow:

| Year Incurred | Amount | Expired/Applied | Balance | Expiry Date |
|---------------|-------------|-----------------|-------------|-------------|
| 2020 | ₱38 | ₱- | ₱38 | 2023 |
| 2019 | 114 | - | 114 | 2022 |
| 2018 | 3 | - | 3 | 2021 |
| | ₱155 | ₱- | ₱155 | |

The Group has deductible temporary differences for which deferred tax asset has not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the said deductible temporary differences can be utilized.

The Group's unrecognized deductible temporary differences pertain to its NOLCO and MCIT, as follows:

| | 2020 | 2019 |
|-------|---------------|--------|
| NOLCO | ₱4,584 | ₱6,821 |
| MCIT | 130 | 117 |

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

| | 2020 | 2019 | 2018 |
|---|----------------|--------|---------|
| Provision for income tax computed at statutory rate | 30.00% | 30.00% | 30.00% |
| Tax effects of: | | | |
| Nontaxable income | (14.10) | (8.05) | (15.75) |
| Change in unrecognized deferred tax assets | 4.07 | (0.95) | 4.68 |
| Operating income within ITH | (1.52) | (0.82) | (2.70) |
| Nondeductible interest and other expenses | 0.91 | 0.57 | 2.16 |
| Income subjected to final tax | (0.26) | (0.19) | (0.22) |
| Income subjected to lower tax rate | 0.09 | 0.42 | (0.07) |
| Others | 0.05 | (1.79) | 0.59 |
| Effective income tax rates | 19.24% | 19.19% | 18.69% |

TMPC is registered with the BOI as a:

- Participant in the Car Development Program and Commercial Vehicle Development Program.
- Pioneer status for the production of Vios. Under its terms and conditions, TMPC shall be entitled to ITH from July 2, 2013 to July 1, 2019 for revenues generated from this vehicle model subject to achievement of certain percentage of local value added.
- Non-pioneer status for the production of Innova. Under its terms and conditions, TMPC shall be entitled to ITH from April 2016 to April 2020 for portion (as determined by its Logistic Efficiency Index) of revenues generated from this vehicle model.
- Participant in Comprehensive Automotive Resurgence Strategy (CARS) Program. BOI approved TMPC's enrollment of its locally-produced vehicle model to the CARS Program on



June 27, 2016. Under the terms of registration, TMPC shall be entitled to Fixed Investment Support and Production Volume Incentives subject to achievement of production volume and localization of body shells and large plastic parts.

“Corporate Recovery and Tax Incentives for Enterprises” or “CREATE” Bill

On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No. 1357 (the CREATE bill). The general features of the CREATE bill include the following:

- Reduction in current income tax rate effective July 1, 2020;
- Increased threshold on sale of real estate properties that is exempt from VAT;
- Effective July 1, 2020 until June 30, 2023, the MCIT rate shall be one percent 1%.

As of February 24, 2021, the final version of the CREATE bill as passed by the Bicameral Conference Committee has been transmitted to the Office of the President for signing or approval into law.

30. Lease Commitment

The Group as a lessee

The Group is a party under various lease agreements including the lease of premises occupied by the Parent Company, office space leased for the Group’s branches, land leased for Federal Land Group’s mall and gasoline station and lease of parking spaces with terms ranging from one (1) to 10 years.

As of December 31, 2020 and 2019, the Group recognized interest expense on lease liabilities (included in ‘Interest expense’ in the consolidated statement of income) amounting to ₱49.93 million and ₱25.69 million in 2020 and 2019, respectively. Rent expense from short-term leases and leases of low-value assets amounting to ₱312.99 million and ₱250.79 million in 2020 and 2019, respectively. Prior to PFRS 16 adoption, rent expense included under ‘General and administrative expenses’ amounted to ₱156.27 million in 2018 (Note 26). Rental incurred on the lease of land for its mall and gasoline stations are presented as ‘Overhead’ and included in the ‘Cost of goods and services sold’ account, amounting to ₱22.89 million in 2018 (Note 24).

As of December 31, 2020 and 2019, the carrying amounts of lease liabilities are as follows:

| | 2020 | 2019 |
|-----------------------|------------|-------------|
| Beginning balance | ₱311 | ₱392 |
| Additions | 124 | – |
| Accretion of interest | 18 | 26 |
| Payments | (99) | (107) |
| Adjustments | (330) | – |
| | ₱24 | ₱311 |

As of December 31, 2020 and 2019, the future minimum rental payments are as follows:

| | 2020 | 2019 |
|---|-------------|-------------|
| Within one year | ₱52 | ₱84 |
| After one year but not more than five years | 73 | 308 |
| More than five years | 7 | – |
| | ₱132 | ₱392 |



Group as a lessor

The Group has entered into commercial property leases on its investment properties consisting of office spaces, land, mall and parking spaces with lease terms ranging from five (5) to ten (10) years. The Group's rental income on these leases amounted to ₱1.75 billion, ₱1.53 billion and ₱1.18 billion in 2020, 2019 and 2018, respectively (Note 9). The cost of rental services amounting ₱588.76 million, ₱434.66 million and ₱476.37 million in 2020, 2019 and 2018, respectively, includes maintenance fee, depreciation, repairs and maintenance, and taxes and licenses (Note 11).

As of December 31, 2020 and 2019, the future minimum rental receipts from these lease commitments are as follows:

| | 2020 | 2019 |
|---|---------------|---------------|
| Within one year | ₱942 | ₱778 |
| After one year but not more than five years | 1,929 | 1,597 |
| More than five years | 714 | 643 |
| | ₱3,585 | ₱3,018 |

31. Business Combinations

Acquisition of TSRLI

On December 29, 2020, GTCAD and TCSPHI entered into a Share Sale and Purchase Agreement with TMPC. TMPC agreed to sell and transfer its 5,000,000 shares of TSRLI shares with a par value of ₱100.00 per share, representing in the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAD and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares will be sold and transferred to GTCAD and the remaining 40% or 2,000,000 shares will be sold and transferred to TCSPHI. The said agreement shall enter into force and effect on January 1, 2021.

32. Fair Value Measurement

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and short-term cash investments

The fair value of cash and cash equivalents approximate the carrying amounts at initial recognition due to the short-term maturities of these instruments.

Receivables

The fair value of receivables due within one year approximates its carrying amounts. The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used were 8% and 8% to 12% as of December 31, 2020 and 2019, respectively. For the long-term loan receivable, the Group used discounted cash flow analyses to measure the fair value of the loan. The interest rate used was the average bank lending rate for December 31, 2020 and 2019.

Due from and to related parties

The carrying amounts approximate fair values due to short-term in nature. Related party receivables and payables are due and demandable.



Financial assets at FVTPL

These pertain to the Group's investment in UITFs. UITFs are ready-made investments that allow pooling of funds from different investors with similar investments objectives. These UITFs are managed by professional fund managers and may be invested in various financial instruments such as money market securities, bonds and equities, which are normally available to large investors only. A UITF uses the mark-to-market method in valuing the fund's securities.

Financial assets at FVOCI - quoted

The fair value of quoted equity securities is based on the quoted market prices or binding dealer price quotations, without any deduction for transaction cost.

Financial assets at FVOCI - unquoted

The fair value of unquoted equity securities is estimated based on the market data approach that makes use of market multiples derived from a set of comparables. Multiples were determined that is most relevant to assessing the value of unquoted securities (e.g., earnings, book value). The selection of the appropriate multiple within the range is based on qualitative and quantitative factors specific to the measurement.

Derivative financial instruments

The fair values of interest rate swap transactions are derived using acceptable valuation method. The valuation assumptions are based on market conditions existing at the reporting dates.

Accounts and other payables

The fair values of accounts and other payables approximate the carrying amounts due to the short-term nature of these transactions.

Loans payable and bonds payable

Current portion of loans payable approximates its fair value due to its short-term maturity. Long-term portion of loans payable subjected to quarterly repricing is not discounted. Estimated fair value of long-term portion of loans payable with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using applicable interest rates for similar types of loans as of reporting date. The interest rates used ranged from 0.09% to 7.35% for the year ended December 31, 2020 and 2019.

Liabilities on purchased properties

Estimated fair value was based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term payables were incurred in 2019, 2017 and 2012 with interest rates ranging from 3.00% to 3.25% interest per annum.

The following tables summarize the carrying amount and fair values of financial assets and liabilities, as well as nonfinancial assets, analyzed based on the fair value hierarchy (see accounting policy on Fair Value Measurement), except for assets and liabilities where the carrying values as reflected in the consolidated statements of financial position and related notes approximate their respective fair values.

| | 2020 | | | | Total |
|---------------------------------------|----------------|----------------|---------------|-----------|----------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | |
| Assets measured at fair value: | | | | | |
| Financial Assets | | | | | |
| Financial assets at FVTPL | ₱3,709 | ₱- | ₱3,709 | ₱- | ₱3,709 |
| Financial assets at FVOCI | | | | | |
| Quoted equity securities | 12,499 | 12,499 | - | - | 12,499 |
| | ₱16,208 | ₱12,499 | ₱3,709 | ₱- | ₱16,208 |



| | 2020 | | | | |
|---|-----------------|-----------------|---------------|-----------------|-----------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Assets for which fair values are disclosed: | | | | | |
| Financial Assets | | | | | |
| Loans and receivables | | | | | |
| Installment contracts receivables | ₱347 | ₱- | ₱- | ₱351 | ₱351 |
| Loans receivables | 7,219 | - | - | 7,876 | 7,876 |
| Non-financial Assets | | | | | |
| Investment in listed associates | 163,730 | 102,915 | - | - | 102,915 |
| Investment properties | 16,253 | - | - | 34,837 | 34,837 |
| | ₱187,549 | ₱102,915 | ₱- | ₱43,064 | ₱145,979 |
| Liabilities measured at fair value: | | | | | |
| Financial Liabilities | | | | | |
| Other noncurrent liabilities | | | | | |
| Derivative liabilities | ₱51 | ₱- | ₱51 | ₱- | ₱51 |
| | ₱51 | ₱- | ₱51 | ₱- | ₱51 |
| Liabilities for which fair values are disclosed: | | | | | |
| Financial Liabilities | | | | | |
| Liabilities on purchased properties | ₱3,255 | ₱- | ₱- | ₱5,581 | ₱5,581 |
| Lease liabilities | 24 | - | - | 24 | 24 |
| Loans payable | 128,448 | - | - | 136,116 | 136,116 |
| Bonds payable | 15,060 | 15,465 | - | - | 15,465 |
| | ₱146,787 | ₱15,465 | ₱- | ₱141,721 | ₱157,186 |
| 2019 | | | | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value: | | | | | |
| Financial Assets | | | | | |
| Financial assets at FVTPL | ₱4,698 | ₱- | ₱4,698 | ₱- | ₱4,698 |
| Financial assets at FVOCI | | | | | |
| Quoted equity securities | 12,160 | 12,160 | - | - | 12,160 |
| | ₱16,858 | ₱12,160 | ₱4,698 | ₱- | ₱16,858 |
| Assets for which fair values are disclosed: | | | | | |
| Financial Assets | | | | | |
| Loans and receivables | | | | | |
| Installment contracts receivables | ₱289 | ₱- | ₱- | ₱293 | ₱293 |
| Loans receivables | 3,421 | - | - | 1,243 | 1,243 |
| Non-financial Assets | | | | | |
| Investment in listed associates | 157,619 | 126,216 | - | - | 126,216 |
| Investment properties | 15,347 | - | - | 26,606 | 26,606 |
| | ₱176,676 | ₱126,216 | ₱- | ₱28,142 | ₱154,358 |
| Liabilities measured at fair value: | | | | | |
| Financial Liabilities | | | | | |
| Other noncurrent liabilities | | | | | |
| Derivative liabilities | ₱53 | ₱- | ₱53 | ₱- | ₱53 |
| | ₱53 | ₱- | ₱53 | ₱- | ₱53 |
| Liabilities for which fair values are disclosed: | | | | | |
| Financial Liabilities | | | | | |
| Liabilities on purchased properties | ₱3,784 | ₱- | ₱- | ₱2,591 | ₱2,591 |
| Lease liabilities | 311 | - | - | 311 | 311 |
| Loans payable | 105,013 | - | - | 100,622 | 100,622 |
| Bonds payable | 18,939 | 19,120 | - | - | 19,120 |
| | ₱128,047 | ₱19,120 | ₱- | ₱103,524 | ₱122,644 |

As of December 31, 2020 and 2019, no transfers were made among the three levels in the fair value hierarchy.

Inputs used in estimating fair values of financial instruments carried at cost and categorized under Level 3 include risk-free rates and applicable risk premium.

The fair value of the Group's investment properties has been determined based on valuations performed by third party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within



the vicinity of the subject properties and establishes a value estimate by processes involving comparison.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group:

| | Valuation Techniques | Significant Unobservable Inputs |
|--------------------------------|---------------------------------------|---|
| Land | Market Data Approach | Price per square meter, size, location, shape, time element and corner influence |
| Building and Land Improvements | Cost Approach or Market Data Approach | Lineal and square meter, current cost of materials, labor and equipment, contractor's profits, overhead, taxes and fees |

Description of the valuation techniques and significant unobservable inputs used in the valuation of the Group's investment properties are as follows:

Valuation Techniques

Market Data Approach A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.

Cost Approach A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

Significant Unobservable Inputs

Reproduction Cost New The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

Size Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.

Shape Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.

Location Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.

Time Element "An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.



Significant Unobservable Inputs

| | |
|------------------|---|
| Discount | Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent. |
| Corner influence | Bounded by two (2) roads. |

33. Financial Risk Management and Objectives

The Group's principal financial instruments are composed of cash and cash equivalents, financial assets at FVTPL and FVOCI, receivables, due from related parties, accounts and other payables, dividends payable, due to related parties, loans payable, bonds payable, liabilities on purchased properties and derivative liabilities.

Exposures to credit, liquidity, foreign currency, interest rate, and equity price risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of financial derivative instruments (if any) is solely for the management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's respective financing and treasury functions focus on managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

Credit Risk

The Group's credit risks are primarily attributable to its financial assets. To manage credit risks, the Group maintains defined credit policies and monitors on a continuous basis its exposure to credit risks. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Financial assets comprise cash and cash equivalents, short-term investments, receivables, due from related parties and investment securities. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations.

In respect of installment receivables from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant and the requirement for remedial procedures is minimal given the profile of buyers.



Maximum exposure to credit risk after taking into account collateral held or other credit enhancements

As of December 31, 2020 and 2019, the maximum exposure to credit risk of the Group's financial assets is equal to its carrying value except for installment contracts receivable with nil exposure to credit risk since the fair value of the related condominium and residential units collateral is greater than the carrying value of the installment contracts receivable.

a. Credit quality per class of financial assets

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents and long-term cash investment - based on the nature of the counterparty and the Group's internal rating system.

Receivables - high grade pertains to receivables that had no default in payment; medium grade pertains to receivables with a history of being 30 to 90 days past due; and low grade pertains to receivables with a history of being over 90 days past due.



The table below shows the credit quality per class of financial assets based on the Group's rating system:

| | December 31, 2020 | | | | | | |
|-------------------------------------|--|--------------|------------|----------------|--|-----------------------|----------------|
| | Neither Past Due Nor Individually Impaired | | | | Past Due but not Individually Impaired | | |
| | High Grade | Medium Grade | Low Grade | Total | Individually Impaired | Individually Impaired | Total |
| Cash and cash equivalents* (Note 4) | ₱17,091 | ₱- | ₱- | ₱17,091 | ₱- | ₱- | ₱17,091 |
| Short-term investments (Note 4) | - | - | - | - | - | - | - |
| Receivables (Note 5) | | | | | | | |
| Trade receivables | 12,530 | 257 | 11 | 12,798 | 2,543 | 4 | 15,345 |
| Loans receivable | 7,219 | - | - | 7,219 | - | - | 7,219 |
| Accrued rent and commission income | 1,299 | - | - | 1,299 | 4 | 3 | 1,306 |
| Nontrade receivables | 765 | 87 | - | 852 | 387 | 50 | 1,289 |
| Installment contracts receivable | 106 | - | - | 106 | 241 | - | 347 |
| Management fee receivables | 126 | - | - | 126 | - | - | 126 |
| Accrued interest receivable | 157 | - | - | 157 | - | 28 | 185 |
| Others | 280 | - | - | 280 | 89 | 116 | 485 |
| Due from related parties (Note 27) | 202 | - | - | 202 | - | - | 202 |
| | ₱39,775 | ₱344 | ₱11 | ₱40,130 | ₱3,264 | ₱201 | ₱43,595 |

*Excludes cash on hand amounting to ₱23.46 million



| December 31, 2019 | | | | | | | | |
|-------------------------------------|--|--------------|-----------|---------|--|-----------------------|---------|--|
| | Neither Past Due Nor Individually Impaired | | | | Past Due but not Individually Impaired | | | |
| | High Grade | Medium Grade | Low Grade | Total | Individually Impaired | Individually Impaired | Total | |
| Cash and cash equivalents* (Note 4) | ₱12,068 | ₱- | ₱- | ₱12,068 | ₱- | ₱- | ₱12,068 | |
| Short-term investments (Note 4) | - | - | - | - | - | - | - | |
| Receivables (Note 5) | | | | | | | | |
| Trade receivables | 7,616 | - | - | 7,616 | 3,590 | 4 | 11,210 | |
| Loans receivable | 3,421 | - | - | 3,421 | - | - | 3,421 | |
| Nontrade receivables | 514 | 61 | - | 575 | 455 | 13 | 1,043 | |
| Accrued rent and commission income | 423 | - | - | 423 | 4 | 18 | 445 | |
| Installment contracts receivable | 87 | - | - | 87 | 201 | 1 | 289 | |
| Accrued interest receivable | 67 | - | - | 67 | - | 30 | 97 | |
| Management fee receivables | 64 | - | - | 64 | - | - | 64 | |
| Others | 300 | - | - | 300 | 46 | 72 | 418 | |
| Due from related parties (Note 27) | 155 | - | - | 155 | - | 54 | 209 | |
| | ₱24,715 | ₱61 | ₱- | ₱24,776 | ₱4,296 | ₱192 | ₱29,264 | |

*Excludes cash on hand amounting to ₱64.95 million



As of December 31, 2020 and 2019, the aging analysis of past due but not individually impaired financial assets presented per class, is as follows:

| | December 31, 2020 | | | | | | | | |
|---------------------------------------|---|--|-------------|-------------|-------------|-------------|---------------|--------------------------|----------------|
| | Neither Past Due nor Individually Impaired | Past Due but not Individually Impaired | | | | | Total | Individually Impaired | Total |
| | | <30 days | 30-60 days | 61-90 days | 91-120 days | >120 days | | | |
| Cash and cash equivalents* (Note 4) | ₱17,091 | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱17,091 |
| Short-term investments (Note 4) | - | - | - | - | - | - | - | - | - |
| Receivables (Note 5) | | | | | | | | | |
| Trade receivable | 12,798 | 1,203 | 592 | 282 | 185 | 281 | 2,543 | 4 | 15,345 |
| Loans receivable | 7,219 | - | - | - | - | - | - | - | 7,219 |
| Accrued rent and commission income | 1,299 | 1 | 1 | 1 | 1 | - | 4 | 3 | 1,306 |
| Non-trade receivable | 852 | 28 | 29 | 23 | 7 | 300 | 387 | 50 | 1,289 |
| Installment contracts receivable | 106 | 78 | 47 | 80 | - | 36 | 241 | - | 347 |
| Accrued interest receivable | 157 | - | - | - | - | - | - | 28 | 185 |
| Management fee receivables | 126 | - | - | - | - | - | - | - | 126 |
| Others | 280 | 10 | 5 | - | - | 74 | 89 | 116 | 485 |
| Due from related parties (Note 27) | 202 | - | - | - | - | - | - | - | 202 |
| | ₱40,130 | ₱1,320 | ₱674 | ₱386 | ₱193 | ₱691 | ₱3,264 | ₱201 | ₱43,595 |

*Excludes cash on hand amounting to ₱23.46 million



| | December 31, 2019 | | | | | | | | |
|---------------------------------------|---|--|------------|------------|-------------|-----------|--------|--------------------------|---------|
| | Neither Past Due nor Individually Impaired | Past Due but not Individually Impaired | | | | | Total | Individually Impaired | Total |
| | | <30 days | 30-60 days | 61-90 days | 91-120 days | >120 days | | | |
| Cash and cash equivalents* (Note 4) | ₱12,068 | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱12,068 |
| Short-term investments (Note 4) | - | - | - | - | - | - | - | - | - |
| Receivables (Note 5) | | | | | | | | | |
| Trade receivable | 7,616 | 1,155 | 1,246 | 309 | 235 | 645 | 3,590 | 4 | 11,210 |
| Loans receivable | 3,421 | - | - | - | - | - | - | - | 3,421 |
| Non-trade receivable | 575 | 154 | 20 | 18 | 14 | 249 | 455 | 13 | 1,043 |
| Accrued rent and commission income | 423 | 1 | 1 | 1 | 1 | - | 4 | 18 | 445 |
| Installment contracts receivable | 87 | 64 | 40 | 67 | - | 30 | 201 | 1 | 289 |
| Accrued interest receivable | 67 | - | - | - | - | - | - | 30 | 97 |
| Management fee receivables | 64 | - | - | - | - | - | - | - | 64 |
| Others | 300 | 1 | - | - | - | 45 | 46 | 72 | 418 |
| Due from related parties (Note 27) | 155 | - | - | - | - | - | - | 54 | 209 |
| | ₱24,776 | ₱1,375 | ₱1,307 | ₱395 | ₱250 | ₱969 | ₱4,296 | ₱192 | ₱29,264 |

*Excludes cash on hand amounting to ₱64.95 million



Liquidity risk

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Group's businesses. To serve as back-up liquidity, management develops variable funding alternatives either by issuing debt or raising capital.

The tables below summarize the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual payments:

| | December 31, 2020 | | | Total |
|--|-------------------|------------------|------------------|-------------------|
| | < 1 year | > 1 to < 5 years | > 5 years | |
| Financial assets | | | | |
| Cash and cash equivalents* (Note 4) | P17,092 | P- | P- | P17,092 |
| Receivables (Note 5) | | | | |
| Trade receivables | 12,267 | 3,139 | - | 15,406 |
| Loans receivable | 4,120 | 3,295 | - | 7,415 |
| Nontrade receivable | 1,289 | - | - | 1,289 |
| Accrued rent and commissions income | 1,306 | - | - | 1,306 |
| Installment contracts receivables | 347 | - | - | 347 |
| Accrued interest receivable | 185 | - | - | 185 |
| Management fee receivable | 126 | - | - | 126 |
| Others | 485 | - | - | 485 |
| Due from related parties (Note 27) | 202 | - | - | 202 |
| Financial assets at FVTPL (Note 10) | | | | |
| Investments in UITF | 3,709 | - | - | 3,709 |
| Financial assets at FVOCI (Note 10) | | | | |
| Equity securities | | | | |
| Quoted | - | - | 12,499 | 12,499 |
| Unquoted | - | - | 241 | 241 |
| Total undiscounted financial assets | P41,128 | P6,434 | P12,740 | P60,302 |
| Other financial liabilities | | | | |
| Accounts and other payables (Note 15) | | | | |
| Trade payables | P13,498 | P- | P- | P13,498 |
| Accrued expenses | 5,545 | - | - | 5,545 |
| Telegraphic transfers and drafts and acceptances payable | 3,006 | - | - | 3,006 |
| Retentions payable | 95 | 1,140 | - | 1,235 |
| Accrued interest payable | 768 | - | - | 768 |
| Accrued commissions | 927 | - | - | 927 |
| Nontrade payables | 417 | - | - | 417 |
| Others | 1,602 | - | - | 1,602 |
| Dividends payable | 589 | - | - | 589 |
| Loans payable (Note 16) | 37,908 | 52,688 | 72,000 | 162,596 |
| Bonds payable (Note 17) | 5,692 | 11,046 | - | 16,738 |
| Due to related parties (Note 27) | 515 | - | - | 515 |
| Liabilities on purchased properties (Note 20) | 598 | 1,169 | 3,718 | 5,485 |
| Derivative liabilities (Note 20) | - | 51 | - | 51 |
| Total undiscounted financial liabilities | P71,160 | P66,094 | P75,718 | P212,972 |
| Liquidity Gap | (P30,032) | (P59,660) | (P62,978) | (P152,670) |

*Excludes cash on hand amounting to P23.46 million.



| | December 31, 2019 | | | Total |
|--|-------------------|------------------|-------------------|-------------------|
| | < 1 year | > 1 to < 5 years | > 5 years | |
| Financial assets | | | | |
| Cash and cash equivalents* (Note 4) | ₱12,068 | ₱– | ₱– | ₱12,068 |
| Receivables (Note 5) | | | | |
| Trade receivables | 11,210 | – | – | 11,210 |
| Loans receivable | 274 | 3,586 | – | 3,860 |
| Nontrade receivable | 1,043 | – | – | 1,043 |
| Accrued rent and commissions income | 445 | – | – | 445 |
| Installment contracts receivables | 289 | – | – | 289 |
| Accrued interest receivable | 97 | – | – | 97 |
| Management fee receivable | 64 | – | – | 64 |
| Others | 418 | – | – | 418 |
| Due from related parties (Note 27) | 209 | – | – | 209 |
| Financial assets at FVTPL (Note 10) | | | | |
| Investments in UITF | 4,698 | – | – | 4,698 |
| Financial assets at FVOCI (Note 10) | | | | |
| Equity securities | | | | |
| Quoted | – | – | 12,160 | 12,160 |
| Unquoted | – | – | 213 | 213 |
| Total undiscounted financial assets | ₱30,815 | ₱3,586 | ₱12,373 | ₱46,774 |
| Other financial liabilities | | | | |
| Accounts and other payables (Note 15) | | | | |
| Trade payables | ₱12,337 | ₱– | ₱– | ₱12,337 |
| Accrued expenses | 4,534 | – | – | 4,534 |
| Telegraphic transfers and drafts and acceptances payable | 1,840 | – | – | 1,840 |
| Retentions payable | 9 | 1,263 | – | 1,272 |
| Accrued interest payable | 896 | – | – | 896 |
| Accrued commissions | 777 | – | – | 777 |
| Nontrade payables | 602 | – | – | 602 |
| Royalty payable | 288 | – | – | 288 |
| Others | 993 | – | – | 993 |
| Dividends payable | 589 | – | – | 589 |
| Loans payable (Note 16) | 22,199 | 37,051 | 79,391 | 138,641 |
| Bonds payable (Note 17) | 4,725 | 16,738 | – | 21,463 |
| Due to related parties (Note 27) | 204 | – | – | 204 |
| Liabilities on purchased properties (Note 20) | | | | |
| | 432 | 2,630 | 1,805 | 4,867 |
| Derivative liabilities (Note 20) | | | | |
| | – | – | 53 | 53 |
| Total undiscounted financial liabilities | ₱50,425 | ₱57,682 | ₱138,931 | ₱189,356 |
| Liquidity Gap | (₱19,610) | (₱54,096) | (₱126,558) | (₱142,582) |

*Excludes cash on hand amounting to ₱64.95 million.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Parent Group's primary risk management objective is to reduce the Group's exposure to changes in foreign exchange rates. To manage the currency risk, the Group enters into hedging activities.

The Group's foreign currency-denominated financial instruments are included in cash and cash equivalents, short-term investments, receivables, accounts and other payables and loans payable. Cash and cash equivalents denominated in foreign currency amounted to US\$48.53 million and JP¥2.19 billion as of December 31, 2020 and US\$42.29 million and JP¥1.80 billion as of December 31, 2019 and US\$34.75 million and JP¥1.28 billion as of December 31, 2018. Short-term investments denominated in foreign currency amounted to JP¥130.00 million as of December 31, 2018. Receivables denominated in foreign currency amounted to US\$1.09 million, US\$0.09 million, and US\$0.16 million as of December 31, 2020, 2019 and 2018, respectively. Accounts and other payables denominated in foreign currency amounted to US\$158.68 million and JP¥19.80 million as of December 31, 2020 and US\$139.57 million and JP¥39.34 million as of December 31, 2019. Loans



payables denominated in foreign currency amounted to JP¥23.31 billion as of December 31, 2020, 2019 and 2018.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱48.04 to US\$1.00 the Philippine peso-U.S. dollar exchange rates, and ₱0.46 to JP¥1.00 as at December 31, 2020, ₱50.74 to US\$1.00 the Philippine peso-U.S. dollar exchange rates, and ₱0.46 to JP¥1.00 as at December 31, 2019 and ₱52.72 to US\$1.00, the Philippine peso-U.S. dollar exchange rates, ₱0.48 to JP¥1.00 as at December 31, 2018.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar and peso- JP¥ exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) on December 31, 2020, 2019 and 2018. There is no other impact on the Group's equity other than those already affecting the consolidated statements of comprehensive income.

| | Currency | Change in Variable | Increase (Decrease) in Income Before Tax |
|------|----------|--------------------|---|
| 2020 | US\$ | (₱0.63) | ₱45 |
| | | 0.63 | (45) |
| | JP¥ | 0.0003 | 4 |
| | | (0.0003) | (4) |
| 2019 | US\$ | 0.31 | (21) |
| | | (0.31) | 21 |
| | JP¥ | 0.0002 | (3) |
| | | (0.0002) | 3 |
| 2018 | US\$ | 1.85 | (32) |
| | | (1.85) | 32 |
| | JP¥ | 0.0002 | (4) |
| | | (0.0002) | 4 |

The Group determined the reasonably possible change in foreign exchange rate by using the absolute average change in peso-U.S. dollar and peso-JPY exchange rates for the past three (3) years.

Fair Value Hedge

The Parent Company's primary risk management strategy is to reduce the Parent Company's exposure to changes in foreign exchange rates. In this regard, the Parent Company designated a layer of its JPY-denominated long-term loan (the "Hedging Instrument") to hedge the variability in the fair value arising from the translation of its investment in Toyota Motor Corporation (TMC) (the "Hedged Item") amounting to ¥22.05 billion due to fluctuations in JPY/PHP foreign exchange (FX) rates. The hedged risk is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to fluctuations in JPY/PHP FX rates (foreign currency risk). The hedged item is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to foreign currency risk. The hedging instrument is the of ¥22.05 billion layer of the principal amount of its long-term loan with various lenders. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. All designated hedging relationships were sufficiently effective as of December 31, 2020 and 2019.



Economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged items create a foreign currency risk on the translation of investments amounting to ¥22.05 billion while the hedging instruments create the exact offset of this risk. Since the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk were monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year and did not dominate the value changes that result from the economic relationship. Consistent with the hedge ratio per the Parent Company's risk management policy, the hedge ratio for hedge accounting purposes is 1:1 or 100% since only a layer of the long-term loan which exactly matches the notional amount of the hedged item was designated as hedging instrument.

Interest rate risk

The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows.

There is no sensitivity to the changes in interest rates on the Group's income before tax through the impact of floating rate borrowings because the risk is effectively hedged by an interest rate swap.

As of December 31, 2020 and 2019, the Group has no financial instruments subject to floating interest rates.

Cash Flow Hedge

Interest rate swap

The Parent Company entered into an interest rate swap (IRS) agreement to hedge the variability in the interest cash flows arising from its floating rate loan with various lenders (the "Loan"), attributable to changes in the three-month Japanese Yen ICE LIBOR (3m JPY LIBOR). The hedged risk is variability in interest cash flows of the Loan attributable to changes in the 3m JPY LIBOR (interest rate risk). The hedged item is the interest cash flows on the Loan which is based on 3m JPY LIBOR + margin, floored at 0%. The hedging instrument is an IRS under which the Parent Company will pay fixed interest at a rate of 0.852% per annum and receive variable interest based on 3m JPY LIBOR. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. The designated hedging relationship was sufficiently effective as December 31, 2020 and 2019.

An economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged item creates an exposure to pay 3m JPY ICE LIBOR (floored at 0%) + 0.65%, settled quarterly. The hedging instrument creates an exact offset of this exposure with a consequence of paying a fixed interest payment of 0.852% per annum. Since most of the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk was monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year and did not dominate the value changes that result from the economic relationship. Consistent with the hedge ratio per the Parent Company's risk management policy, the hedge ratio for hedge accounting purposes is 1:1 or 100% since the notional



amount of the IRS exactly matches the notional amount of the Loan. The hedge ineffectiveness can arise from the counterparties' credit risk differently impacting the fair value movements of the hedging instrument and the hedged item.

The Group is holding the following hedging instruments designated as cash flow hedges as of December 31, 2020 and 2019:

| | Maturity | | | | | Total |
|-------------------------------|--------------------|---------------|----------------|--------------|-------------------|--------|
| | Less than 3 months | 3 to 6 months | 6 to 12 months | 1 to 2 years | More than 2 years | |
| As at 31 December 2020 | | | | | | |
| Interest rate swap | | | | | | |
| Fixed interest rate (%) | 0.852% | 0.852% | 0.852% | 0.852% | 0.852% | 0.852% |
| | Maturity | | | | | Total |
| | Less than 3 months | 3 to 6 months | 6 to 12 months | 1 to 2 years | More than 2 years | |
| As at 31 December 2019 | | | | | | |
| Interest rate swap | | | | | | |
| Fixed interest rate (%) | 0.852% | 0.852% | 0.852% | 0.852% | 0.852% | 0.852% |

The tables set out the outcome of the Group's hedging strategy, the carrying amounts of the derivatives the Group uses as hedging instruments and the changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions as of December 31, 2020 and 2019:

| | December 31, 2020 | | | |
|----------------------------|-------------------|--|-------------------------------------|--|
| | Carrying value | Change in fair value of hedged item used for measuring ineffectiveness | Effective portion recognized in OCI | Hedge ineffectiveness recognized in the income statement |
| Floating rate loans | | | | |
| Interest rate swap | | | | |
| Derivative liabilities | ₱51 | ₱51 | ₱51 | ₱- |
| | December 31, 2019 | | | |
| | Carrying value | Change in fair value of hedged item used for measuring ineffectiveness | Effective portion recognized in OCI | Hedge ineffectiveness recognized in the income statement |
| Floating rate loans | | | | |
| Interest rate swap | | | | |
| Derivative liabilities | ₱53 | ₱53 | ₱53 | ₱- |

The Group follows a prudent policy in managing its assets and liabilities so as to ensure that exposure to fluctuation in interest rates are kept within acceptable limits. There is no ineffectiveness recognized in the profit or loss as the changes in the fair value of the hedged items used as basis for recognizing hedge ineffectiveness equals to the carrying amount of the hedging instruments.



The movement in cash flow hedge reserve follows:

| | 2020 | 2019 |
|---|-------|-------|
| Balance at beginning of year | P53 | P190 |
| Effect of deconsolidation (Note 12) | – | (252) |
| Net unrealized gain (loss) on cash flow hedge | (2) | 9 |
| Balance at end of year (gross of tax) | (51) | (53) |
| Deferred tax | – | – |
| Balance at end of year (net of tax) | (P51) | (P53) |

Equity price risk

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of financial assets at FVOCI held by the Group.

The table below shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be more or less the same in the following year.

| | Percentage change in PSEi | Increase (decrease) in total comprehensive income |
|-------------|---------------------------|---|
| 2020 | Increase by 95.36% | P871 |
| | Decrease by 95.36% | (871) |
| 2019 | Increase by 12.78% | P117 |
| | Decrease by 12.78% | (117) |

The table below shows the sensitivity to a reasonably possible change in the Tokyo Stock Exchange index (TSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's financial assets at FVOCI. The analysis links TSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the TSEi for the past year. The analysis is based on the assumption that last year's TSEi volatility will be more or less the same in the following year.

| | Percentage change in TSEi | Increase (decrease) in total comprehensive income |
|-------------|---------------------------|---|
| 2020 | Increase by 4.84% | P552 |
| | Decrease by 4.84% | (552) |
| 2019 | Increase by 15.21% | P1,683 |
| | Decrease by 15.21% | (1,683) |



34. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share from continuing operations attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 were computed as follows (amounts in million, except earnings per share):

| | 2020 | 2019 | 2018 |
|---|---------------|----------|---------|
| a.) Net income attributable to equity holders of the Parent Company from continuing operations | ₱6,546 | ₱ 16,586 | ₱12,795 |
| b.) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company | (589) | (589) | (589) |
| c.) Net income attributable to common shareholders of the Parent Company from continuing operations | 5,957 | 15,997 | 12,206 |
| d.) Weighted average number of outstanding common shares of the Parent Company (Note 22) | 215 | 215 | 215 |
| e.) Basic/diluted earnings per share (c / d) | ₱27.67 | ₱74.31 | ₱56.70 |

The basic/diluted earnings per share from discontinued operations attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 were computed as follows:

| | 2020 | 2019 | 2018 |
|--|------------|--------|------|
| a.) Net income attributable to equity holders of the Parent Company from disposal group | ₱- | ₱3,723 | ₱361 |
| b.) Weighted average number of outstanding common shares of the Parent Company (Note 22) | 215 | 215 | 215 |
| c.) Basic/diluted earnings per share (a / b) | ₱- | ₱17.29 | 1.68 |

The basic/diluted earnings per share attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 were computed as follows:

| | 2020 | 2019 | 2018 |
|---|---------------|---------|---------|
| a.) Net income attributable to equity holders of the Parent Company | ₱6,546 | ₱20,309 | ₱13,156 |
| b.) Effect of dividends declared to voting and perpetual preferred shareholders of the Parent Company | (589) | (589) | (589) |
| c.) Net income attributable to common shareholders of the Parent Company | 5,957 | 19,720 | 12,567 |
| d.) Weighted average number of outstanding common shares of the Parent Company (Note 22) | 215 | 215 | 215 |
| e.) Basic/diluted earnings per share (c / d) | ₱27.67 | ₱91.60 | ₱58.38 |

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.



35. Operating Segments

Segment Information

For management purposes, the Group is organized into business units based on their products and activities and has the following reportable segments:

- Real estate is engaged in real estate and leasing, development and selling of properties of every kind and description, as well as ancillary trading of goods such as petroleum, non-fuel products on wholesale or retail basis, maintenance of a petroleum service station, engaging in food and restaurant service and acting as a marketing agent for and in behalf of any real estate development company or companies;
- Financial institutions are engaged in the banking and insurance industry and financing institution;
- Automotive operations are engaged in the assembly, manufacture, importation, sale and distribution of all kinds of automobiles including automobile parts, accessories, and instruments;
- Infrastructure is engaged in the water distribution, toll operation, power sector, hospitals and rail; and
- Others pertain to other corporate activities of the Group (i.e., capital raising activities, acquisitions and investments).

The chief operating decision maker (CODM) monitors the operating results of the Group for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, taxes and depreciation/amortization (EBITDA) and pretax income which are measured similarly under PFRS, except for EBITDA. EBITDA is computed by reconciling net interest income (expense) and provision for income taxes to the net income and adding back depreciation and amortization expenses for the period.

For the years ended December 31, 2020, 2019 and 2018, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. Intragroup transactions were eliminated during consolidation.

Segment Assets

Segment assets are resources owned by each of the operating segments that are employed in its operating activities.

Segment Liabilities

Segment liabilities are obligations incurred by each of the operating segments from its operating activities.



The following tables present the financial information of the operating segments of the Group as of and for the years ended December 31, 2020, 2019 and 2018:

| | December 31, 2020 | | | | | |
|--|-------------------|-----------------------|-----------------------|----------------|----------|----------|
| | Real Estate | Financial Institution | Automotive Operations | Infrastructure | Others | Total |
| Revenue | ₱4,646 | ₱- | ₱113,975 | ₱- | ₱2,983 | ₱121,604 |
| Other income | 3,022 | - | 1,041 | - | 375 | 4,438 |
| Equity in net income of associates and joint venture | (300) | 5,826 | - | 829 | - | 6,355 |
| | 7,368 | 5,826 | 115,016 | 829 | 3,358 | 132,397 |
| Cost of goods and services sold | 358 | - | 76,121 | - | - | 76,479 |
| Cost of goods manufactured and sold | - | - | 23,554 | - | - | 23,554 |
| Cost of rental | 580 | - | - | - | 9 | 589 |
| Cost of real estate sales | 3,157 | - | - | - | 963 | 4,120 |
| General and administrative expenses | 2,534 | - | 10,043 | - | 455 | 13,032 |
| | 6,629 | - | 109,718 | - | 1,427 | 117,774 |
| Earnings before interest and taxes | 739 | 5,826 | 5,298 | 829 | 1,931 | 14,623 |
| Depreciation and amortization | 529 | - | 1,979 | - | 9 | 2,517 |
| EBITDA | 1,268 | 5,826 | 7,277 | 829 | 1,940 | 17,140 |
| Interest income | 1,833 | - | 154 | - | 36 | 2,023 |
| Interest expense | (1,379) | - | (447) | - | (4,497) | (6,323) |
| Depreciation and amortization | (529) | - | (1,979) | - | (9) | (2,517) |
| Pretax income | 1,193 | 5,826 | 5,005 | 829 | (2,530) | 10,323 |
| Provision for income tax | (370) | - | (1,564) | - | (52) | (1,986) |
| Net income from continuing operations | 823 | 5,826 | 3,441 | 829 | (2,582) | 8,337 |
| Net income from discontinued operations | - | - | - | - | - | - |
| Net income | ₱823 | ₱5,826 | ₱3,441 | ₱829 | ₱(2,582) | ₱8,337 |
| Segment assets | ₱102,768 | ₱136,111 | ₱65,464 | ₱36,465 | ₱44,172 | ₱384,980 |
| Segment liabilities | ₱66,241 | ₱- | ₱41,853 | ₱- | ₱84,701 | ₱192,795 |



December 31, 2019

| | Real Estate | Financial Institution | Automotive Operations | Infrastructure | Others | Total |
|--|-------------|-----------------------|-----------------------|----------------|----------|----------|
| Revenue | ₱7,982 | ₱- | ₱192,966 | ₱- | ₱- | ₱200,948 |
| Other income | 3,299 | - | 1,337 | - | 473 | 5,109 |
| Equity in net income of associates and joint venture | 2 | 10,948 | - | 3,628 | - | 14,578 |
| | 11,283 | 10,948 | 194,303 | 3,628 | 473 | 220,635 |
| Cost of goods and services sold | 657 | - | 133,286 | - | - | 133,943 |
| Cost of goods manufactured and sold | - | - | 36,819 | - | - | 36,819 |
| Cost of rental | 435 | - | - | - | - | 435 |
| Cost of real estate sales | 5,340 | - | - | - | - | 5,340 |
| General and administrative expenses | 2,977 | - | 10,216 | - | 402 | 13,595 |
| | 9,409 | - | 180,321 | - | 402 | 190,132 |
| Earnings before interest and taxes | 1,874 | 10,948 | 13,982 | 3,628 | 71 | 30,503 |
| Depreciation and amortization | 459 | - | 1,950 | - | 8 | 2,417 |
| EBITDA | 2,333 | 10,948 | 15,932 | 3,628 | 79 | 32,920 |
| Interest income | 1,870 | - | 222 | - | 213 | 2,305 |
| Interest expense | (1,319) | - | (704) | - | (4,430) | (6,453) |
| Depreciation and amortization | (459) | - | (1,950) | - | (8) | (2,417) |
| Pretax income | 2,425 | 10,948 | 13,500 | 3,628 | (4,146) | 26,355 |
| Provision for income tax | (813) | (3) | (4,076) | - | (165) | (5,057) |
| Net income from continuing operations | 1,612 | 10,945 | 9,424 | 3,628 | (4,311) | 21,298 |
| Net income from discontinued operations | 3,814 | - | - | - | - | 3,814 |
| Net income | ₱5,426 | ₱10,945 | ₱9,424 | ₱3,628 | (₱4,311) | ₱25,112 |
| Segment assets | ₱90,315 | ₱128,712 | ₱60,085 | ₱36,951 | ₱41,591 | ₱357,654 |
| Segment liabilities | ₱54,006 | ₱- | ₱31,009 | ₱- | ₱83,319 | ₱168,334 |



December 31, 2018

| | Real Estate | Financial Institution | Automotive Operations | Infrastructure | Others | Total |
|--|-------------|-----------------------|-----------------------|----------------|----------|----------|
| Revenue | ₱9,342 | ₱- | ₱179,117 | ₱- | ₱- | ₱188,459 |
| Other income | 2,936 | - | 1,053 | - | 202 | 4,191 |
| Equity in net income of associates and joint venture | (119) | 9,506 | - | 2,126 | - | 11,513 |
| | 12,159 | 9,506 | 180,170 | 2,126 | 202 | 204,163 |
| Cost of goods and services sold | 673 | - | 129,176 | - | - | 129,849 |
| Cost of goods manufactured and sold | - | - | 31,809 | - | - | 31,809 |
| Cost of rental | 476 | - | - | - | - | 476 |
| Cost of real estate sales | 6,839 | - | - | - | - | 6,839 |
| General and administrative expenses | 2,366 | - | 8,074 | - | 227 | 10,667 |
| | 10,354 | - | 169,059 | - | 227 | 179,640 |
| Earnings before interest and taxes | 1,805 | 9,506 | 11,111 | 2,126 | (25) | 24,523 |
| Depreciation and amortization | 392 | - | 1,547 | - | 7 | 1,946 |
| EBITDA | 2,197 | 9,506 | 12,658 | 2,126 | (18) | 26,469 |
| Interest income | 1,215 | - | 332 | - | 121 | 1,668 |
| Interest expense | (1,164) | - | (285) | - | (3,952) | (5,401) |
| Depreciation and amortization | (392) | - | (1,547) | - | (7) | (1,946) |
| Pretax income | 1,856 | 9,506 | 11,158 | 2,126 | (3,856) | 20,790 |
| Provision for income tax | (930) | - | (2,932) | - | (24) | (3,886) |
| Net income from continuing operations | 926 | 9,506 | 8,226 | 2,126 | (3,880) | 16,904 |
| Net income from discontinued operations | 707 | - | - | - | - | 707 |
| Net income | ₱1,633 | ₱9,506 | ₱8,226 | ₱2,126 | (₱3,880) | ₱17,611 |
| Segment assets | ₱131,788 | ₱ 118,157 | ₱56,430 | ₱33,850 | ₱17,441 | ₱357,666 |
| Segment liabilities | ₱65,413 | ₱- | ₱27,865 | ₱- | ₱83,560 | ₱176,838 |



Geographical Information

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

| | 2020 | 2019 | 2018 |
|----------|-----------------|----------|----------|
| Domestic | ₱128,346 | ₱215,907 | ₱197,616 |
| Foreign | 6,074 | 7,033 | 8,215 |
| | ₱134,420 | ₱222,940 | ₱205,831 |

36. Contingencies

In the ordinary course of the Group's operations, certain entities within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the consolidated financial position and results of operations. The information usually required by PAS 37 is not disclosed on the grounds that it can be expected to prejudice the outcome of pending litigations.

In order to partially guarantee the completion of Federal Land's ongoing projects and in the ordinary course of the Group's business, the Parent Company issued Letters of Guarantee (LG) in favor of the Housing and Land Use Regulatory Board for a total guarantee amount of ₱3.45 billion, ₱3.83 billion and ₱3.45 billion as of December 31, 2020, 2019 and 2018, respectively.

37. Events after the Reporting Date

On January 1, 2021, GTCAD acquired 60% ownership over TSRLI for a total purchase price of ₱516 million in cash. This resulted in GTCAD's acquisition of control over TSRLI effective January 1, 2021.

On January 27, 2021, the Parent Company paid the quarterly cash dividends amounting to ₱56.01 million, or ₱11.57475 per share in favor of GT Capital's perpetual preferred series A stockholders as of record date January 4, 2021.

On January 27, 2021, the Parent Company paid the quarterly cash dividends amounting to ₱91.21 million, or ₱12.73725 per share in favor of GT Capital's perpetual preferred c series B stockholders as of record date January 4, 2021.

On March 22, 2021, the BOD of the Parent Company approved the declaration of a regular cash dividend amounting to ₱645.85 million, or ₱3.00 per share in favor of GT Capital's common stockholders of record as of April 7, 2021, payable on April 21, 2021.

On March 22, 2021, the BOD of the Parent Company approved the declaration of a regular cash dividend in favor of its voting preferred stockholders at a dividend rate of 3.77%, with record date on April 7, 2021 and payment date on April 21, 2021.



38. Consolidated Statements of Cash Flows

Below are the noncash operating, investing and financing transactions of the Group:

| | 2020 | 2019 | 2018 |
|--|---------------|--------|-------|
| Transfers between investment property and inventories (Note 6) | ₱1,216 | ₱- | ₱533 |
| Borrowing cost capitalized to inventories (Note 6) | 642 | 1,131 | 1,622 |
| Net assets deconsolidated due to sale of subsidiary (Note 12): | | | |
| <u>Assets</u> | | | |
| Cash and cash equivalents | - | - | - |
| Short-term investments | - | 1 | - |
| Receivables | - | 5,482 | - |
| Contract assets | - | 2,688 | - |
| Inventories | - | 29,642 | - |
| Prepayments and other current assets | - | 3,251 | - |
| Financial assets at FVOCI | - | 3 | - |
| Property and equipment | - | 752 | - |
| Investment properties | - | 3,241 | - |
| Goodwill and intangible assets | - | 2,862 | - |
| Deferred tax assets | - | 64 | - |
| Other noncurrent assets | - | 634 | - |
| <u>Liabilities</u> | | | |
| Accounts and other payables | - | 3,643 | - |
| Contract liabilities | - | 3,180 | - |
| Customer's deposits | - | 5 | - |
| Dividends payable | - | 1,145 | - |
| Income tax payable | - | 72 | - |
| Other current liabilities | - | 274 | - |
| Pension liabilities | - | 182 | - |
| Long-term debt | - | 8,057 | - |
| Deferred tax liabilities | - | 2,417 | - |
| Other noncurrent liabilities | - | 161 | - |



The following are the changes in liabilities in 2020 and 2019 arising from financing activities including both cash and non-cash changes:

| | January 1, 2020 | Availment | Payment | Forex movement | Amortization of day 1 loss | Amortization of deferred financing cost | Others* | December 31, 2020 |
|---|--------------------|----------------|------------------|-------------------|-------------------------------|---|-----------|----------------------|
| Short-term debt (Note 16) | ₱12,890 | ₱53,890 | (₱38,761) | (₱12) | ₱- | ₱- | ₱- | ₱28,007 |
| Current portion of long-term debt (Note 16) | 4,974 | - | (4,988) | - | - | 14 | 5,012 | 5,012 |
| Long-term debt – net of current portion (Note 16) | 87,149 | 13,910 | (681) | - | - | 63 | (5,012) | 95,429 |
| Current portion of bonds payable | 3,899 | - | (3,900) | - | - | (4) | 5,000 | 4,995 |
| Bonds payable (Note 17) | 15,040 | - | - | - | - | 25 | (5,000) | 10,065 |
| Current portion of liabilities on purchased properties (Notes 20 and 27) | 432 | - | (432) | - | - | - | 598 | 598 |
| Liabilities on purchased properties - net of current portion (Notes 20 and 27) | 3,352 | - | (166) | - | 69 | - | (598) | 2,657 |
| | ₱127,736 | ₱67,800 | (₱48,928) | (₱12) | ₱69 | ₱98 | ₱- | ₱146,763 |

* Others include reclassification from noncurrent to current portion.

| | January 1, 2019 | Effect of deconsolidation (Note 12) | Availment | Payment | Forex movement | Amortization of day 1 loss | Amortization of deferred financing cost | Others* | December 31, 2019 |
|---|--------------------|---|----------------|------------------|-------------------|-------------------------------|---|-----------|----------------------|
| Short-term debt (Note 16) | ₱10,500 | (₱3,194) | ₱38,215 | (₱32,631) | ₱- | ₱- | ₱- | ₱- | ₱12,890 |
| Current portion of long-term debt (Note 16) | 820 | (1,707) | 1,155 | (3,480) | - | - | 12 | 8,174 | 4,974 |
| Long-term debt – net of current portion (Note 16) | 94,349 | (3,156) | 4,614 | (41) | (390) | - | (53) | (8,174) | 87,149 |
| Current portion of bonds payable | 2,994 | - | - | (2,994) | - | - | - | 3,899 | 3,899 |
| Bonds payable (Note 17) | 18,913 | - | - | - | - | - | 26 | (3,899) | 15,040 |
| Current portion of liabilities on purchased properties (Notes 20 and 27) | 416 | - | - | (416) | - | - | - | 432 | 432 |
| Liabilities on purchased properties - net of current portion (Notes 20 and 27) | 2,877 | - | 852 | - | - | 55 | - | (432) | 3,352 |
| | ₱130,869 | (₱8,057) | ₱44,836 | (₱39,562) | (₱390) | ₱55 | (₱15) | ₱- | ₱127,736 |

*Others include reclassification from noncurrent to current portion.



39. Approval for the Release of the Financial Statements

The accompanying financial statements of the Group were approved and authorized for issue by the Parent Company's BOD on March 22, 2021.



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2020

| | |
|--|--------------|
| Reconciliation of Retained Earnings Available for Dividend Declaration | Schedule I |
| Supplementary Schedules Required by Annex 68-E | Schedule II |
| Map of Relationship between and among the Parent Company and its Ultimate Parent, Subsidiaries, Associates and Joint ventures | Schedule III |
| Schedule of Financial Soundness Indicators | Schedule IV |

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Avenue corner H.V. Dela Costa St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GT Capital Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 included in this Form 17-A and have issued our report thereon dated March 22, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.


Vicky Lee Salas
Partner

CPA Certificate No. 86838
SEC Accreditation No. 0115-AR-5 (Group A),
April 16, 2019, valid until April 15, 2022
Tax Identification No. 129-434-735
BIR Accreditation No. 08-001998-053-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534310, January 4, 2021, Makati City

March 22, 2021



GT CAPITAL HOLDINGS, INC.**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Millions)**

| | |
|--|----------------|
| Unappropriated Retained Earnings, beginning | ₱12,709 |
| Add: Realized gain on financial assets at FVPL | 85 |
| Unappropriated Retained Earnings, beginning, as adjusted | 12,794 |
| Add: Net income actually earned during the period | |
| Net income during the period, closed to Retained Earnings | 6,731 |
| Less: Non-actual/unrealized income | |
| Movement in deferred tax asset | (1,093) |
| Other unrealized gains (interest accretion) | <u>(263)</u> |
| Net income actually earned during the period | 5,375 |
| Add (Less): | |
| Dividend declarations during the period | (1,881) |
| <hr/> | |
| TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND | ₱16,288 |

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Millions)

Schedule A. Financial Assets

| Name of issuing entity and association of each issue (i) | Number of shares or principal amount of bonds and notes | Amount shown in the balance sheet (ii) | Valued based on market quotation at end of reporting period (iii) | Income received and accrued |
|--|---|--|---|-----------------------------|
| Investment securities | | | | |
| Financial assets at FVTPL | Various | ₱3,709 | ₱3,709 | ₱113 |
| Financial assets at FVOCI | | | | |
| Quoted | Various | 12,499 | 12,499 | 318 |
| Unquoted | Various | 241 | 241 | 28 |

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| D. F. Mendiola | Officer | ₱1 | ₱- | ₱- | ₱- | ₱- | ₱1 | ₱1 |
| A. Y. Aguilar | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| C. E. Cabingan | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| M. L. Gopez I | Officer | 1 | - | - | - | - | - | 1 |
| P. C. Castro | Officer | 1 | - | - | - | - | 1 | 1 |
| M. M. Lijauco | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| I. E. Claudio | Officer | 1 | 1 | (1) | - | - | 1 | 1 |
| C. F. Tolete | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| I. O. Elope | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. D. Halili | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| L. B. Aguilera | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. W. Guieb | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. B. Dugang | Officer | 1 | - | - | - | - | - | - |
| C. T. Dionela | Officer | 1 | - | - | - | - | 1 | 1 |
| R. B. Leochico | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. A. Viloría | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| H. M. Española | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| M. S. Villanueva | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. S. Bonifacio | Officer | 1 | - | (1) | - | - | - | - |
| W. A. Endaya | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. S. Maaño | Rank & File / Supervisor | 1 | - | - | - | - | - | - |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|-----------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| R. N. Gaspar | Officer | 1 | - | - | - | - | - | - |
| G. E. Amoranto | Officer | 1 | - | - | - | - | - | 1 |
| A. G. Lopez | Officer | 1 | - | - | - | - | - | - |
| N. O. Pante | Officer | 1 | - | (1) | - | - | - | - |
| G. A. Deapera | Officer | - | 1 | - | - | - | 1 | 1 |
| G. G. Deangkinay | Officer | 1 | - | - | - | - | - | 1 |
| V. P. Constantino Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. A. Sampan | Officer | 1 | - | - | - | - | 1 | 1 |
| R. D. Basilio Jr. | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| C. M. Aberin Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. M. Cruz | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. D. Elca | Officer | - | 1 | - | - | - | 1 | 1 |
| D. G. Jimenez | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| R. T. Rodriguez | Officer | 1 | - | - | - | - | - | - |
| A. A. Oblea | Officer | 1 | - | (1) | - | - | - | - |
| G. A. Javier | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| P. B. Amoroso | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| N. C. Inton | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| F. C. Cristobal | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| E. E. Embile | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. S. Araracap | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| F. C. Escrimadora | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| F. M. Mercado Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| V. M. Perlas Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. M. Prado Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. M. Tuscano Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| L. M. De Leon | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. M. Gayorgor | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. L. Avenido | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| C. B. Agapito | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. D. Garcia | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| C. D. Malaguit | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. A. Nazareth | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| N. R. Amboy | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. Q. Villanueva | Rank & File / Supervisor | 1 | - | - | - | - | - | - |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|-------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| R. B. Fortuna | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| E. O. Garcia | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| J. G. Palisoc | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. E.. Delmo | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| N. D. Lozano Jr. | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| E. F. Aclado | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. D. Cabrera | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| D. M. Balaaldia | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| M. B. Candelario | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. L. Cansicio | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| F. M. Montero | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| P. D. De Torres | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. S. Tabaranza | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| E. P. Ramos | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. G. Pane | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. G. Jaspe | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. L. Laureta | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| L. F. Ternate | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. M. Lamberte | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| C. G. Sevilla | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. A. Maraña | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. B. Celmar | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. B. Nuñez | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. C. Castillo | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. C. Catangay | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| N. A. Dedicatoria | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. F. Dela Cruz | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. P. Prado | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. M. Tardeo | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. H. Espeso | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. D. Gonzales | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| Z. C. Palad | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| G. J. Villafuerte | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. M. Brecia | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. S. Camo | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|-------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| M. C. Fernandez | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| E. C. Pedriña | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. C. Arca | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. B. Fabula | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. M. Simon | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| L. G. Esguerra | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| O. N. Muya | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. F. Gaa | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| W. V. Gonzales | Officer | 1 | - | - | - | - | - | 1 |
| D. T. Tagubase | Officer | 1 | - | - | - | - | 1 | 1 |
| J. S. Abes | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| J. L. Orteza | Officer | 1 | - | - | - | - | - | - |
| R. P. Alcantara | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| O. J. Dante Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| P. G. Lechuga | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| P. P. Bausa | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. S. Ladines | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. O. Benaid | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. A. Evangelista | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| V. A. Acebuche | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. C. Desepeda | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. C. Feliciano | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. L. Carrasca | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. L. Agustin | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. D. Barcia | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. C. Laurenaria | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| E. H. Magat | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. G. Alaurin | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. B. Polero | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. N. Cabarrubias | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. L. Dugay | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. S. Sularte | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| E. B. Balderama | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| C. B. Dacir | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| J. D. Fisico | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|--------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| R. B. Bonaobra Jr. | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| N. T. Espejon | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. B. Hila | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| E. D. Palma Jr. | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. M. Gregorio | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| M. L. Pamilara | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| P. D. Dean | Rank & File / Supervisor | (1) | - | 1 | - | - | - | - |
| R. R. Gutierrez | Officer | 2 | - | - | - | - | 1 | 1 |
| D. R. Escuro | Officer | 1 | 2 | (1) | - | - | 1 | 2 |
| I. C. Sincioco | Officer | 1 | - | - | - | - | - | 1 |
| M. T. Esplana | Officer | 1 | - | - | - | - | - | 1 |
| R. B. Valdez | Officer | 1 | - | - | - | - | 1 | 1 |
| A. A. Guico | Officer | 1 | - | - | - | - | 1 | 1 |
| A. E. Santos | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| M. B. Antonio | Officer | 1 | - | - | - | - | - | 1 |
| A. B. Bautista | Officer | 1 | - | (1) | - | - | - | - |
| V. B. Delos Santos | Officer | 1 | - | - | - | - | - | - |
| E. M. Claro | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. G. Jimenez | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| K. P. Fenol | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| F. A. Bartolata | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. P. Opano | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| G. R. Manaig | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| A. V. Peralta | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| M. A. Zalameda | Officer | 1 | - | - | - | - | 1 | 1 |
| J. C. Villanueva | Officer | 1 | - | - | - | - | - | 1 |
| J. T. Arias | Officer | 1 | - | - | - | - | - | - |
| P. L. Peñaflores | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. Y. Santoalla | Officer | 1 | - | (1) | - | - | - | - |
| E. G. Chavez | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| E. P. Chua | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| J. M. Atienza | Officer | 1 | - | - | - | - | - | - |
| J. O. Sandoval | Officer | 1 | - | - | - | - | - | - |
| M. C. Capco | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| B. L. Aquino | Rank & File / Supervisor | 1 | - | - | - | - | - | - |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| R. V. Cabatcan | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| S. T. Chua-Lim | Officer | 1 | - | - | - | - | - | - |
| J. B. Tablizo | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| J. D. De Leon | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| D. C. Cruz | Officer | 1 | - | - | - | - | - | 1 |
| B. F. Felipe | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| E. C. Delizo | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. O. Marcellana | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| L. R. Aspiras | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| N. A. Recto | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| M. J. Rosario | Officer | 1 | - | - | - | - | - | - |
| A. B. Aspiras | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| D. Z. Robosa | Officer | 1 | - | - | - | - | - | 1 |
| J. V. Morada | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. L. Gardiner | Officer | 1 | - | - | - | - | 1 | 1 |
| N. O. Bravante | Officer | - | 1 | - | - | - | 1 | 1 |
| E. C. Marcial | Officer | 1 | - | - | - | - | 1 | 1 |
| R. A. Kalambacal | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| N. B. Sebastian | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| C. C. Santiago | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. C. Masamayor | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. G. Sese | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. A. Marcellana | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. A. Maunte | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| F. E. Bautista | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. D. Guevarra | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. B. Sison | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. J. De Dios | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. B. Villanueva | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. R. Valdez | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| L. J. Raposas | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| J. C. Mariano | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| E. V. Saavedra | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| M. L. Lubugan | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. M. Viceral | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|-----------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| C. J. Moncayo | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| J. V. Maghirang | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| R. P. Pedregosa | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| G. M. Castro | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. E. Pancho | Officer | 1 | - | - | - | - | - | 1 |
| C. G. Visaya | Officer | - | 1 | - | - | - | 1 | 1 |
| E. D. Lucio | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. M. Caisip | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| E. A. Capunitan | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. A. Valdez | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| E. I. Manzanero | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| H. L. Buendia | Officer | 1 | - | - | - | - | - | 1 |
| R. S. Mercado | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| R. P. Ocampo | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| J. P. Magbojos | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| E. D. Forteza | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| V. A. Nazareth | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. S. Tubo | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. O. Romero | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| P. C. Vibar | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| E. N. Mogol | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. M.. Inanoria | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. P. Sto Domingo Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. F. Benitez | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| I. E. Borsigue | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| D. C. Rosales | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| S. A. Austria | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. L. Martinez | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| M. P. Beniopa | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| G. F. Pante | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. A. Neala Jr. | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. B. Parilla | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. M. Rosales | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. N. Velasco Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| B. L. Abraham | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|--------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| D. A. Carpio | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| M. C. Visaya | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. E. Sto Tomas | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. M. Abante | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| J. C. Alicabo | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| L. R. Olaco Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. D. Andal | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| M. A. Dotollo | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. M. Broqueza | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| D. M. Libao | Rank & File / Supervisor | - | 1 | - | - | - | - | 1 |
| J. C. Soto | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. Z. Alam | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| G. G. Castillo | Officer | 1 | - | - | - | - | 1 | 1 |
| A. C. Hayag | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. V. Liwanag | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. M. Marquez | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| R. T. Pahati Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. D. Parala | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. A. Peña | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. E. Pineda | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| W. M. Solas | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| E. B. Tatad | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| L. D. Tejano | Officer | 1 | - | - | - | - | - | 1 |
| P. E. Calderon Jr. | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| N. F. Fuedan | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| L. A. Gregorio | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| L. L. Cabauatan | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| C. B. Nalaunan | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. G. Waje | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. P. Malaiba | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. M. Nuñez | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| T. V. Pinca | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| O. S. Tirador | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. R. Bayot | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| P. R. Santos | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|--------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| L. G. Perey | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. M. Caancan | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. C. Camaing | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| E. A. Concepcion | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. A. Parado | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. D. Pelobello | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| G. V. Rodriguez | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. M. Santiago | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. C. Bay | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| R. S. Aquino | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| C. T. Biscocho | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| F. A. Macatangay | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. D. Cantre | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| J. I. Baltazar Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| J. L. Pareja | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| R. R. Rafer | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. S. Reyes | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. B. Divinagracia | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. V. Dizon | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| E. D. Mangila | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| R. C. Vargas | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| M. A. Gache | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| P. Y. Sanchez Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. P. Ugates | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. B. Mapula | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| E. J. Mendoza | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| S. C. Delos Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| T. T. Lopez Jr. | Officer | 1 | - | - | - | - | - | 1 |
| B. G. Luna | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| E. A. Rogador | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| J. D. Sotto | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| A. I. Manongsong | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. B. Alvarez | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| F. M. Aspuria | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| C. B. Marquez | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |

| Name of debtor | Designation of debtor | Balance at beginning of period | Additions | Amounts collected (ii) | Amounts written off (iii) | Current | Not Current | Balance at end of period |
|---------------------|--------------------------|--------------------------------|-----------|------------------------|---------------------------|---------|-------------|--------------------------|
| R. C. Cay | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| A. S. Dayrit | Officer | 1 | - | - | - | - | 1 | 1 |
| M. A. Quinto | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| A. P. Binauhan | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| L. C. Francisco | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| L. C. Capidos | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. D. Cruzado | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. N. Metica | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. A. Adorador | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| A. D. Gimang | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| F. C. Hermosa | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| R. M. Cantalejo | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| J. J. Lacatan | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| J. I. Palma | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| F. B. De Guzman Jr. | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| G. C. Cruzado | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| V. S. Agravante | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. T.. Ramos | Rank & File / Supervisor | 1 | - | (1) | - | - | - | - |
| R. B. Magdaong | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| A. A. Palomares | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| R. P. Cuevas | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. A. Andallo | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| D. L. Samson | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| R. V. Arellano | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| M. N. Caraan | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| L. L. Elomina | Rank & File / Supervisor | 1 | - | - | - | - | 1 | 1 |
| C. A. Trumpo | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| A. D. Bautista | Rank & File / Supervisor | 1 | - | - | - | - | - | 1 |
| B. P. Oclarino | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| J. A. Rualo | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| N. S. Molar | Rank & File / Supervisor | - | 1 | - | - | - | 1 | 1 |
| H. H. Hara | Rank & File / Supervisor | 1 | - | - | - | - | - | - |
| W.F. Mirasol | Officer | - | 1 | - | - | - | 1 | 1 |
| R.C. Naval | Officer | - | 1 | - | - | - | - | 1 |
| | | ₱259 | ₱78 | (₱23) | ₱- | ₱- | ₱110 | ₱215 |

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

| Name of debtor | Relationship | Balance at beginning of period | Net Transaction | Current | Not Current | Balance at end of period |
|---|--|--------------------------------|-----------------|---------------|---------------|--------------------------|
| Federal Land, Inc. | Subsidiary of GT Capital Holdings, Inc. | ₱513 | ₱5,885 | ₱1,080 | ₱5,318 | ₱6,398 |
| Toyota Motor Philippines Corporation | -do- | - | 1 | 1 | - | 1 |
| Toyota San Fernando Pampanga, Inc. | Subsidiary of Toyota Motor Philippines Corp. | 229 | 201 | 430 | - | 430 |
| Toyota Makati, Inc. | -do- | 295 | (24) | 271 | - | 271 |
| Lexus Manila, Inc. | -do- | 14 | (14) | - | - | - |
| Toyota Sta. Rosa Laguna Inc. | -do- | 132 | 61 | 193 | - | 193 |
| TMP Logistics, Inc. | -do- | 6 | 24 | 30 | - | 30 |
| Topsphere Realty Development Co. Inc. | Subsidiary of Federal Land, Inc. | 924 | 124 | 1,048 | - | 1,048 |
| Omni Orient Management Corp. | -do- | 4 | - | 4 | - | 4 |
| Central Realty & Dev't Corp. | -do- | 328 | - | 328 | - | 328 |
| Horizon Land Property Development Corp. | -do- | 272 | 448 | 720 | - | 720 |
| TMBC Insurance Agency Corporation | Subsidiary of Toyota Manila Bay Corporation | 1 | (6) | (5) | - | (5) |
| Oxfordshire Holdings, Inc. | -do- | 19 | 2 | 21 | - | 21 |
| | | ₱2,737 | ₱6,702 | ₱4,121 | ₱5,318 | ₱9,439 |

Schedule D. Long Term Debt

| Title of issue and type of obligation (i) | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) | Amount shown under caption "Long-Term Debt" in related balance sheet (iii) | Other details |
|---|--------------------------------|--|--|--|
| Bonds payable | ₱6,100 | ₱- | ₱6,083 | Interest rate of 5.0937% and will mature on February 27, 2023 |
| Bonds payable | 5,000 | 4,995 | - | Interest rate of 5.1965% and will mature on August 7, 2021 |
| Bonds payable | 4,000 | - | 3,982 | Interest rate of 5.6250% and will mature on August 7, 2024 |
| | 15,100 | 4,995 | 10,065 | |
| Note Facility Agreement | 965 | 965 | - | Annual payment of ₱25 million from 2014 to 2020, ₱5 million payable in years 2021 and 2022; ₱955 million payable on July 5, 2023 |
| Loans payable | 6,993 | - | 6,979 | Interest rate of 5.556% and will mature on March 26, 2025 |
| Loans payable | 5,994 | - | 5,982 | Interest rate of 5.0500% and will mature on March 26, 2025 |
| Loans payable | 1,998 | - | 1,992 | Interest rate of 5.8081% and will mature on December 4, 2027 |
| Loans payable | 3,996 | - | 3,983 | Interest rate of 5.8075% and will mature on December 3, 2027 |
| Loans payable | 1,998 | - | 1,991 | Interest rate of 5.9343% and will mature on December 22, 2028 |
| Loans payable | 3,996 | - | 3,984 | Interest rate of 5.5556% and will mature on December 22, 2026 |
| Loans payable | 10,000 | - | 9,937 | Interest rate of 7.3232% and will mature on March 27, 2030 |
| Loans payable | 15,000 | - | 14,912 | Interest rate of 6.5687% and will mature on March 27, 2028 |
| Loans payable | 3,000 | - | 2,980 | Interest rate of 5.44824% and will mature on November 4, 2029 |
| Loans payable | 4,000 | - | 3,971 | Interest rate of 5.5290% and will mature on February 24, 2032 |
| Loans payable | 10,790 | - | 10,745 | Interest rate of 3-month JPY Libor plus 0.65% spread and will mature in July 2024 |
| Loans payable | 79 | - | 79 | Interest rate of 4.2% and will mature on February 26, 2021 |
| Loans payable | 91 | - | 91 | Interest rate of 2.7% and will mature on September 28, 2025 |
| Loans payable | 76 | - | 76 | Interest rate of 2.7% and will mature on October 23, 2026 |
| Loans payable | 1,100 | 157 | 707 | Interest rates ranging from 4.85% to 5.94% and will mature on May 29, 2026 |
| Loans payable | 2,000 | 2,000 | - | Interest rate of 2.8% and will mature on August 25, 2021 |
| Loans payable | 200 | 200 | - | Interest rate of 2.6% and will be payable on November 22, 2021. |
| Loans payable | 536 | 536 | - | Interest rate of 2.55% and will be payable on November 22, 2021 |
| Loans payable | 300 | 300 | - | Interest rate of 2.55% and will be payable on November 22, 2021 |
| Loans payable | 200 | 200 | - | Interest rate of 2.55% and will be payable on November 22, 2021 |
| Loans payable | 3,264 | 604 | 2,655 | Interest rate of 2.90% and will be payable in 2022. |
| Loans payable | 6,251 | - | 6,248 | ₱2,000 million with fixed interest rate of 5.8422% per annum will mature on December 20, 2024; ₱1,500 million with fixed interest rate of 5.8591% per annum will mature on December 22, 2024; ₱2,000 million payable at 40% quarterly payment starting at the end of 5th year and 60% on December 23, 2024 with fixed interest rate of 5.6658% per annum; ₱1,100 payable at 40% quarterly payment at the end of 5th year to 9th year and 60% on December 20, 2024 with fixed interest rate of 5.05% per annum. |
| Loans payable | 2,024 | - | 2,024 | Fixed interest rate of 5.05%. Principal payment of the loan will start on December 31, 2020 to 2024 at the amount of ₱176 million per year and the remaining balance will be paid on maturity date. |
| Loans payable | 799 | - | 799 | Interest rate of 6.07% with a term of 20 years and will be paid in full on maturity date. |
| Loans payable | 200 | - | 200 | Interest rate of 5.8633% subject to equal annual principal amortization of ₱0.2 million starting on May 29, 2021 and fully payable on May 29, 2026. |
| Loans payable | 213 | 13 | 200 | Interest rate of 5.25% subject to annual payment of ₱12.5 million starting on September 2018 and will be payable on September 2021. |
| Loans payable | 100 | - | 100 | Interest rate of 5.725% and will be payable on March 16, 2022 |
| Loans payable | 500 | - | 499 | Interest rate of 5.9625% and will be payable on November 4, 2022. |
| Loans payable | 2,500 | - | 2,491 | Interest rate of 4.25% and will mature on June 30, 2023. |
| Loans payable | 330 | 37 | 291 | Interest rates of 6.6728% and 6.7097%. |
| Loans payable | 1,280 | - | 1,274 | Interest rate of 5.30% and will be payable on November 23, 2024. |
| Loans payable | 300 | - | 298 | Interest rate of 5.29% and will be payable on November 26, 2024. |

| Title of issue and type of obligation (i) | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) | Amount shown under caption "Long-Term Debt" in related balance sheet (iii) | Other details |
|---|--------------------------------|--|--|--|
| Loans payable | 650 | – | 645 | Interest rate of 5.59% and will be payable on December 20, 2024. |
| Loans payable | 1,100 | – | 1,092 | Interest rate of 5.99% and will be payable on December 20, 2024. |
| Loans payable | 1,200 | – | 1,191 | Interest rate of 5.93% and will be payable on December 20, 2024. |
| Loans payable | 5,000 | – | 4,963 | Interest rate of 4.75% and will be payable on December 28, 2023. |
| Loans payable | 500 | – | 496 | Interest rate of 4.75% and will be payable on December 29, 2023. |
| Loans payable | 1,565 | – | 1,554 | Interest rate of 5.00% and will be payable on July 2, 2025. |
| | 101,088 | 5,012 | 95,429 | |
| | ₱116,188 | ₱10,007 | ₱105,494 | |

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

| Name of related party | Balance at beginning of period | Balance at end of period | Remarks |
|--------------------------------|--------------------------------|--------------------------|---------|
| Metropolitan Bank & Trust Co. | ₱9,000 | ₱9,000 | |
| Toyota Aisin Philippines, Inc. | 79 | 79 | |
| Metropolitan Bank & Trust Co. | 925 | 675 | |

Schedule F. Guarantees of Securities of Other Issuers

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is filed | Nature of guarantee |
|--|---|---|---|---------------------|
| NONE | | | | |

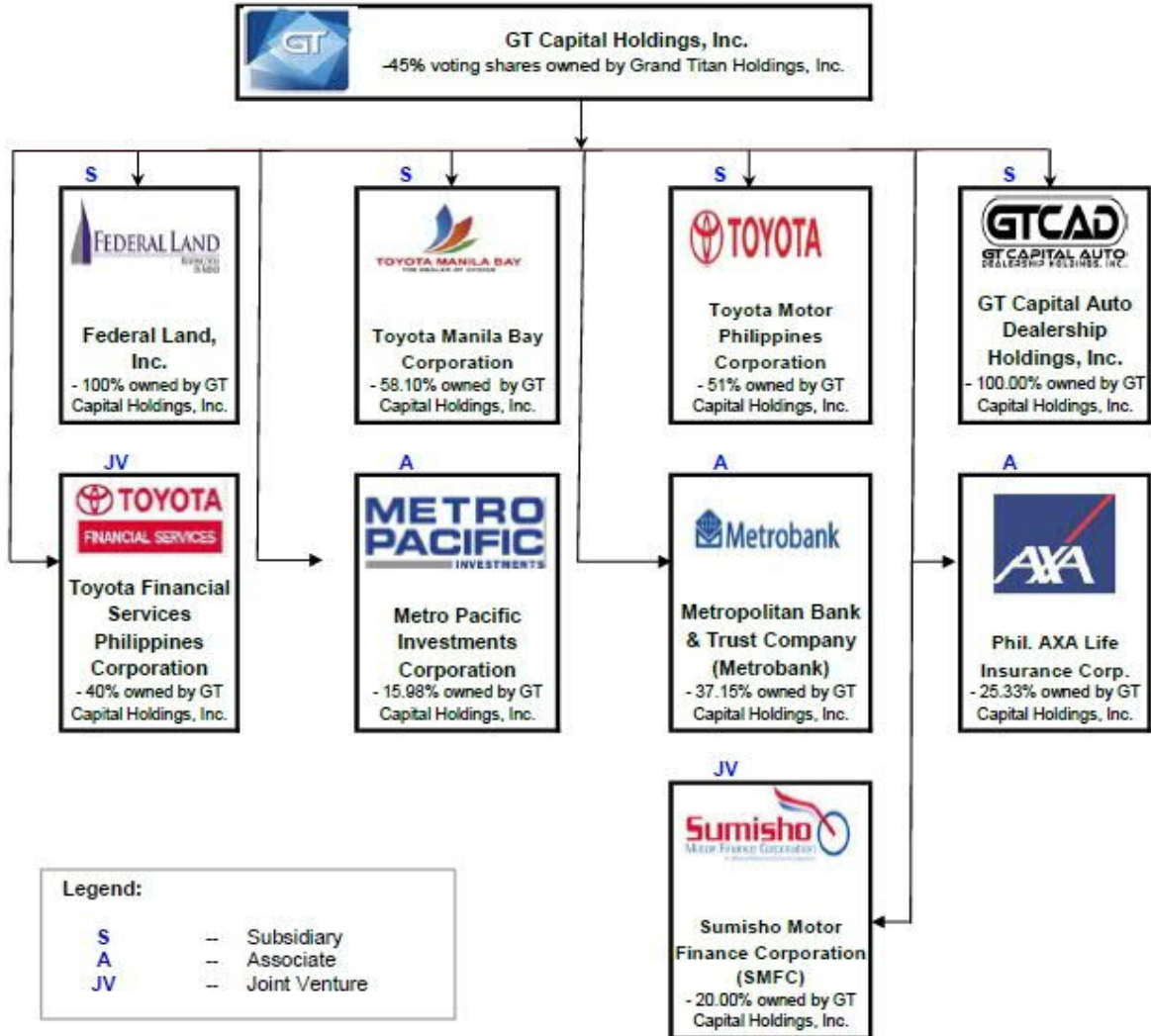
Schedule G. Capital Stock (in absolute amounts)

| Title of issue | Number of Shares authorized | Number of Shares issued and outstanding and shown under related balance sheet caption | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by related parties | Directors, officers and employees | Others |
|---------------------------|-----------------------------|---|--|--|-----------------------------------|------------|
| Common stock | 298,257,000 | 215,284,587 | – | 120,413,658 | 580,086 | 94,290,843 |
| Voting preferred stock | 174,300,000 | 174,300,000 | – | 170,490,640 | 540,835 | 3,268,525 |
| Perpetual preferred stock | 20,000,000 | 12,000,000 | – | – | 4,400 | 11,995,600 |

GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

MAP OF RELATIONSHIP BETWEEN AND AMONG THE PARENT COMPANY AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

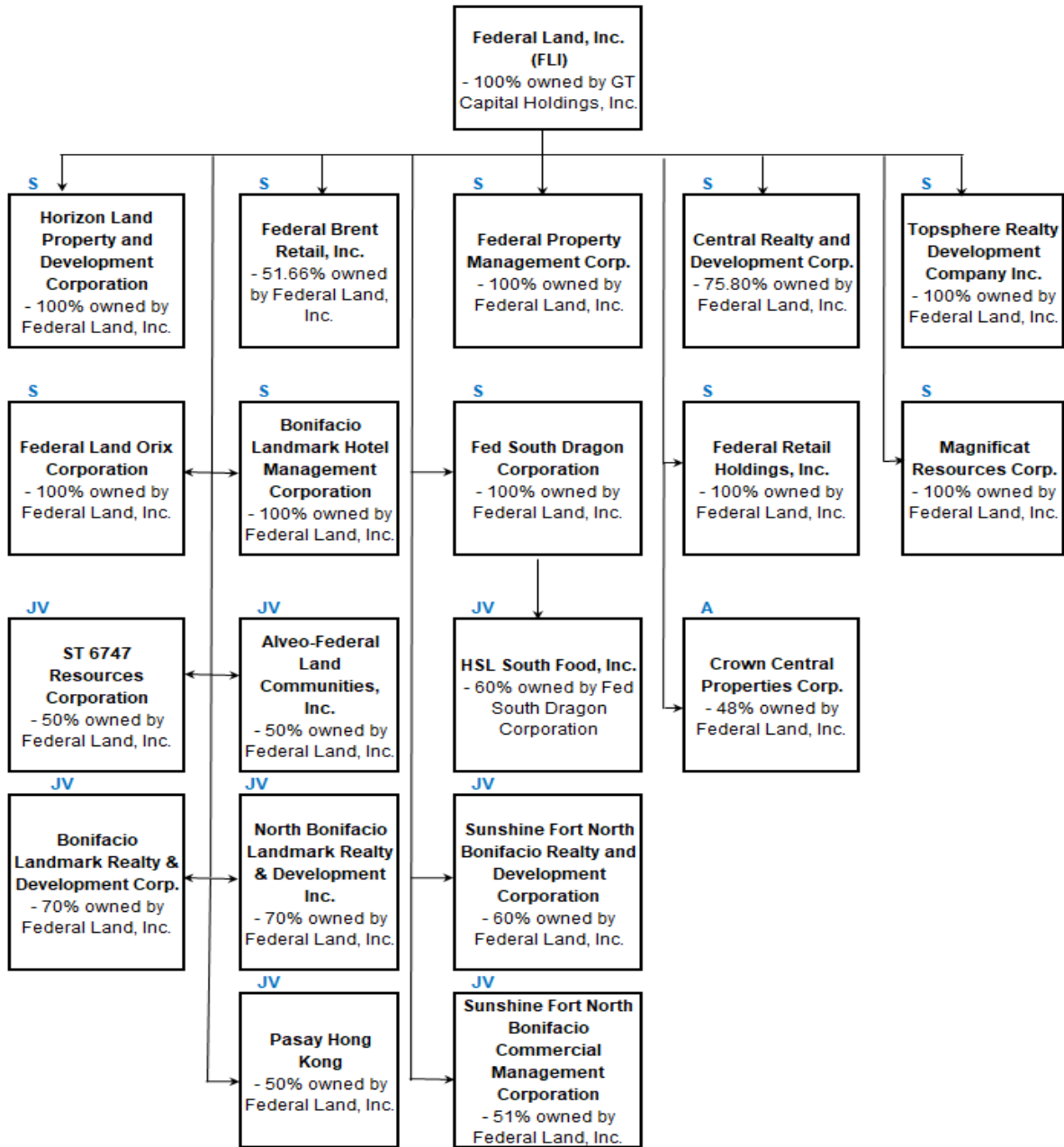
AS OF DECEMBER 31, 2020



FEDERAL LAND, INC.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

AS OF DECEMBER 31, 2020

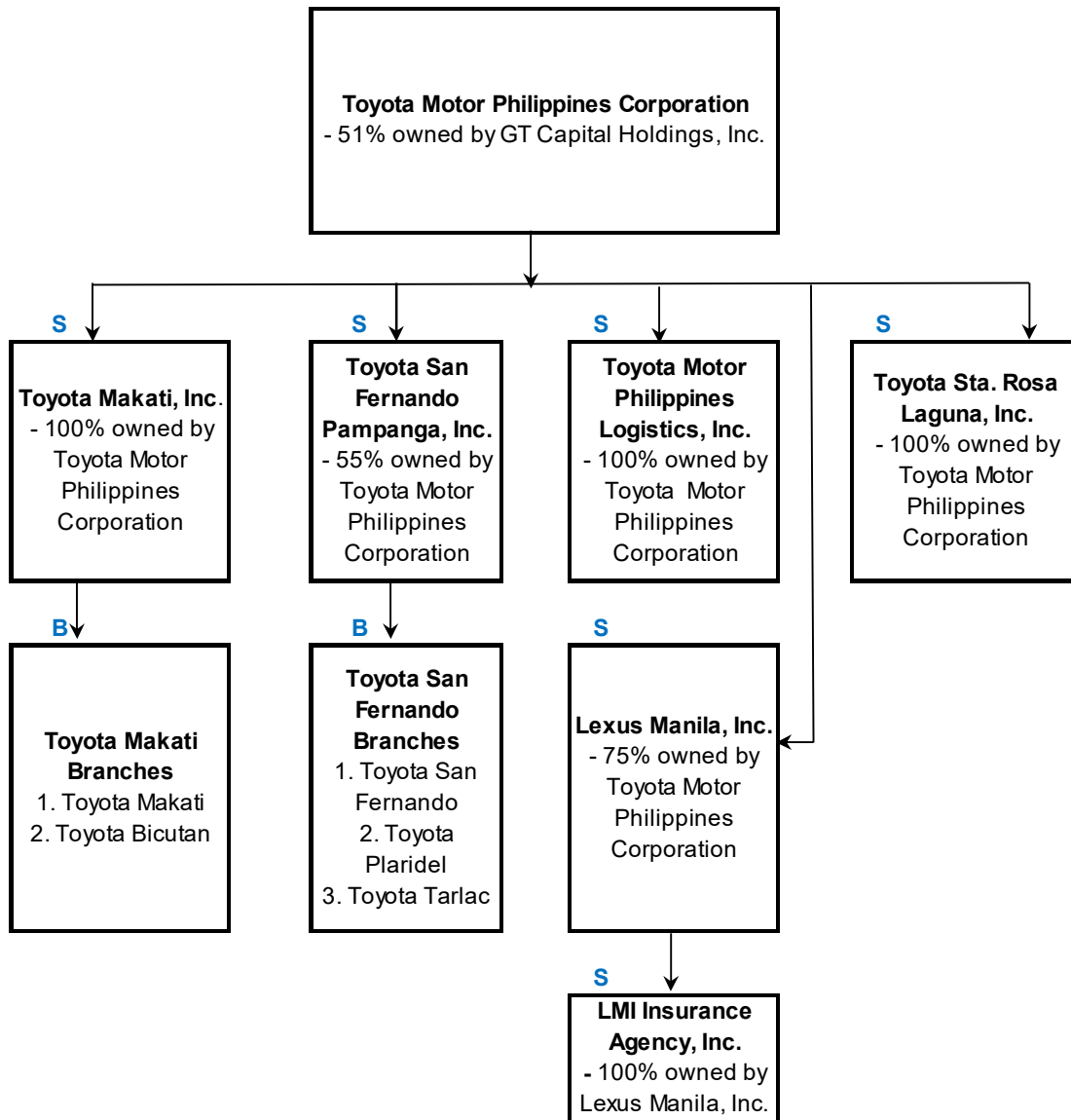


LEGEND:
Subsidiary (S)
Associate (A)
Joint Venture (JV)

TOYOTA MOTOR PHILIPPINES CORPORATION

SUBSIDIARIES

AS OF DECEMBER 31, 2020



LEGEND:

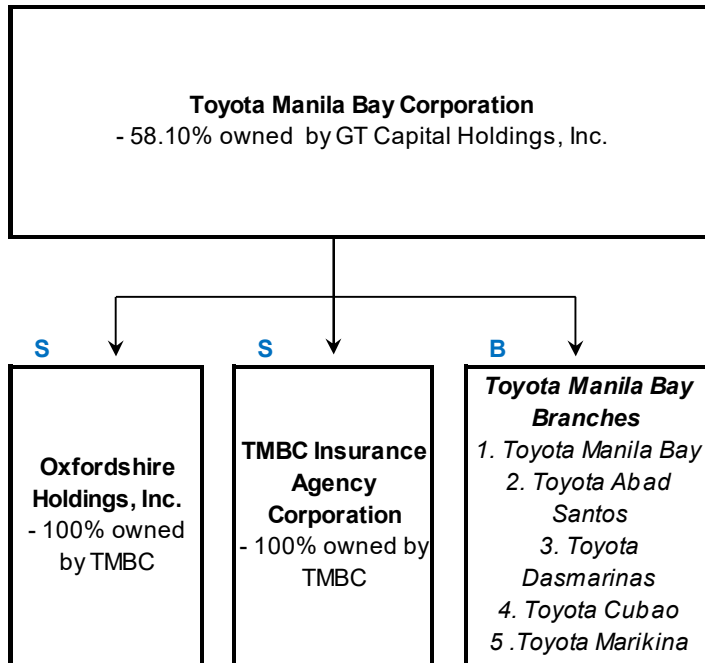
Subsidiary (S)

Branch (B)

TOYOTA MANILA BAY CORPORATION

SUBSIDIARIES

AS OF DECEMBER 31, 2020



LEGEND:

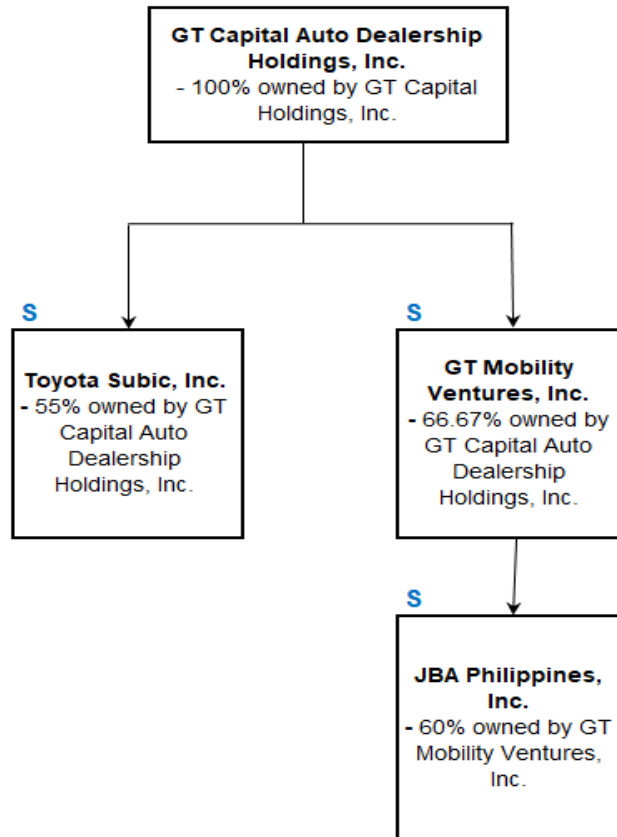
Subsidiary (S)

Branch(B)

GT CAPITAL AUTO DEALERSHIP HOLDINGS, INC.

SUBSIDIARIES

AS OF DECEMBER 31, 2020



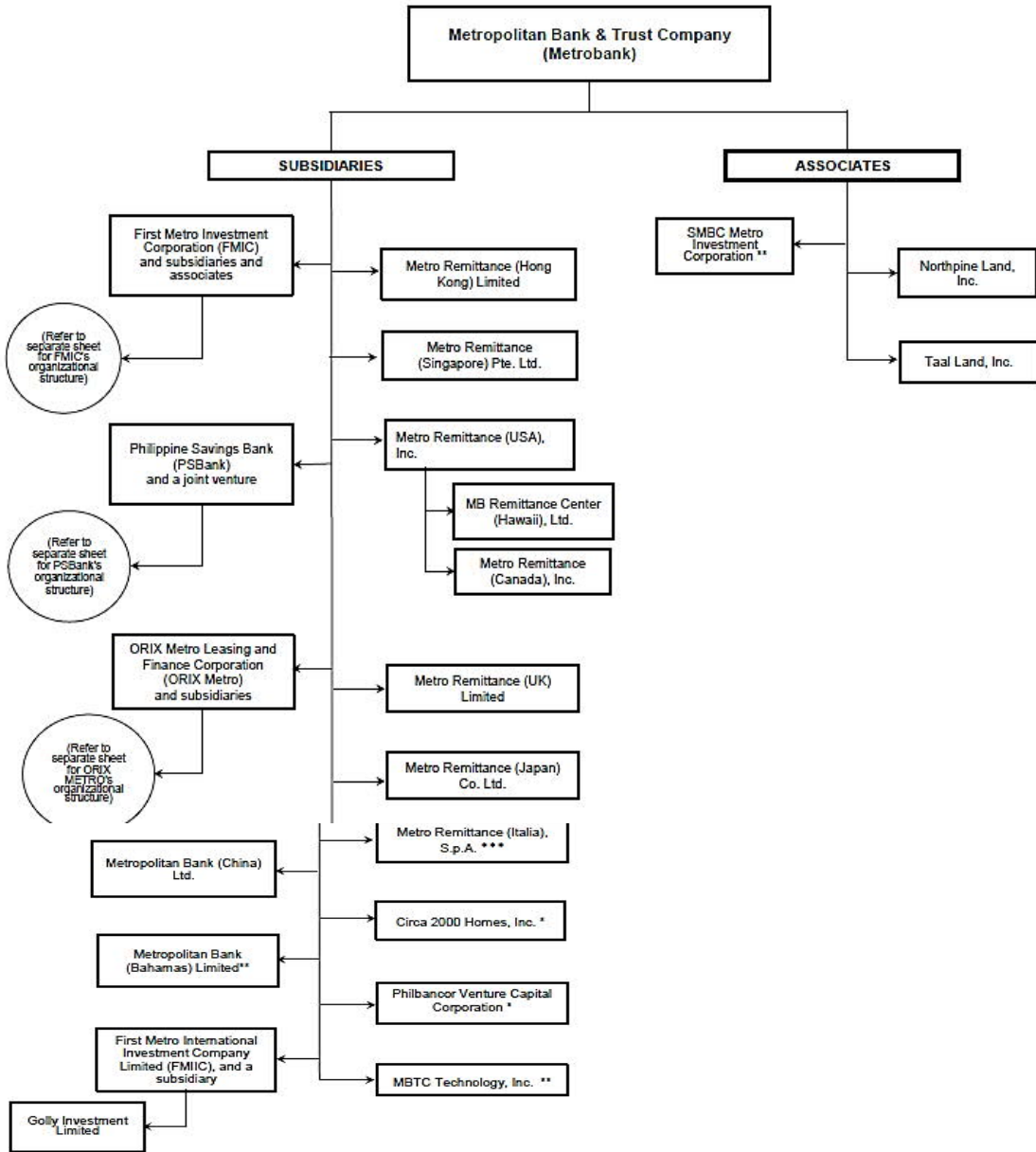
LEGEND:

Subsidiary (S)

METROPOLITAN BANK & TRUST COMPANY

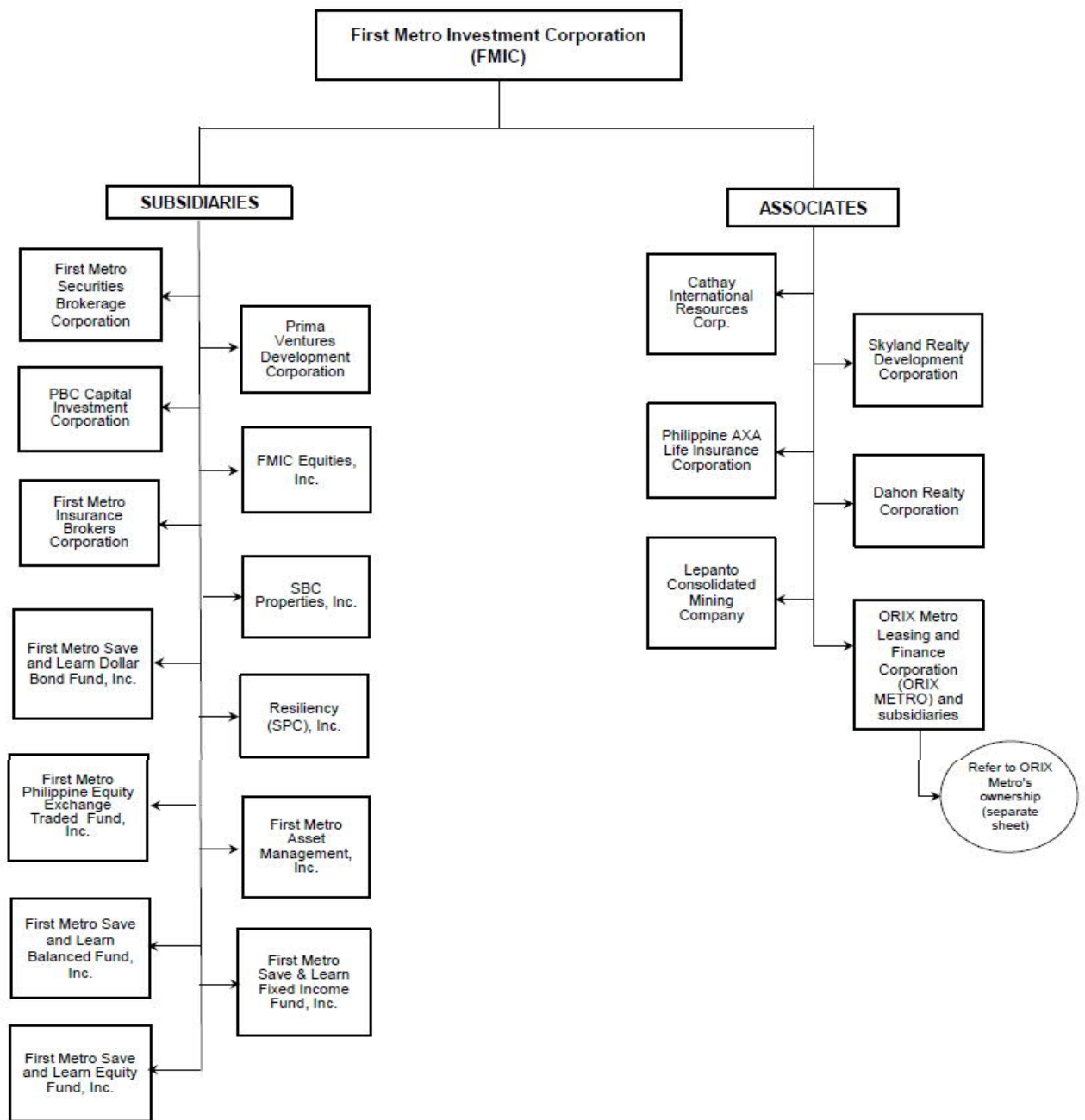
SUBSIDIARIES AND ASSOCIATES

AS OF DECEMBER 31, 2020

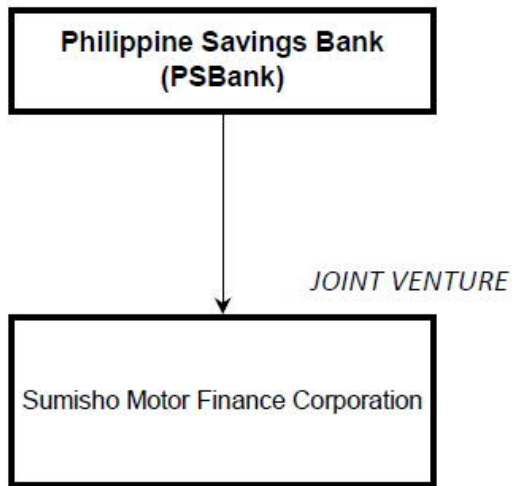


* In process of dissolution
 ** In process of liquidation
 *** Fully liquidated in January 2021

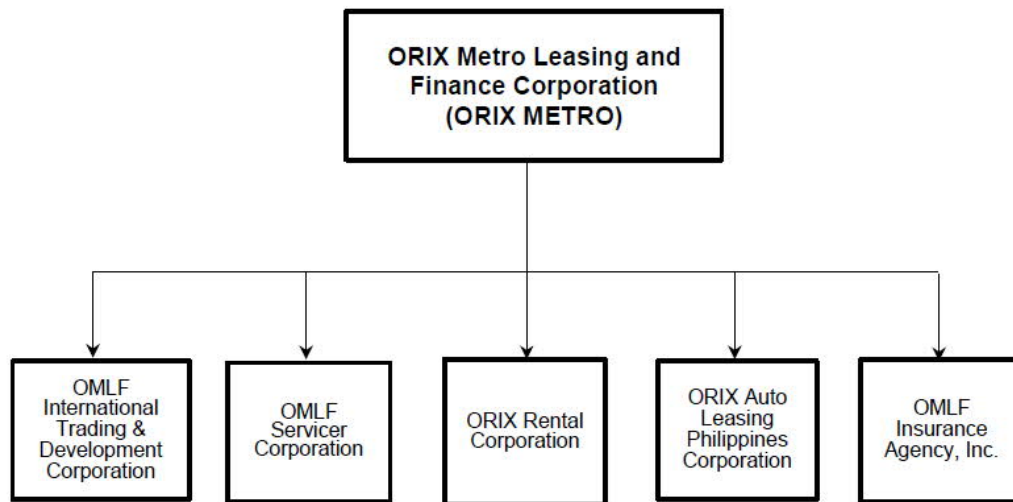
First Metro Investment Corporation
 Subsidiaries, Joint Venture and Associates
 As of December 31, 2020



Philippine Savings Bank
Joint Venture
As of December 31, 2020



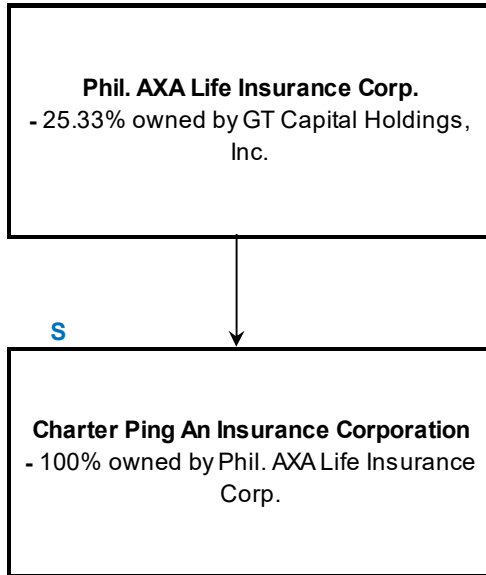
ORIX Metro Leasing and Finance Corporation (ORIX METRO)
Subsidiaries
As of December 31, 2020



PHILIPPINE AXA LIFE INSURANCE CORPORATION

SUBSIDIARY

AS OF DECEMBER 31, 2020



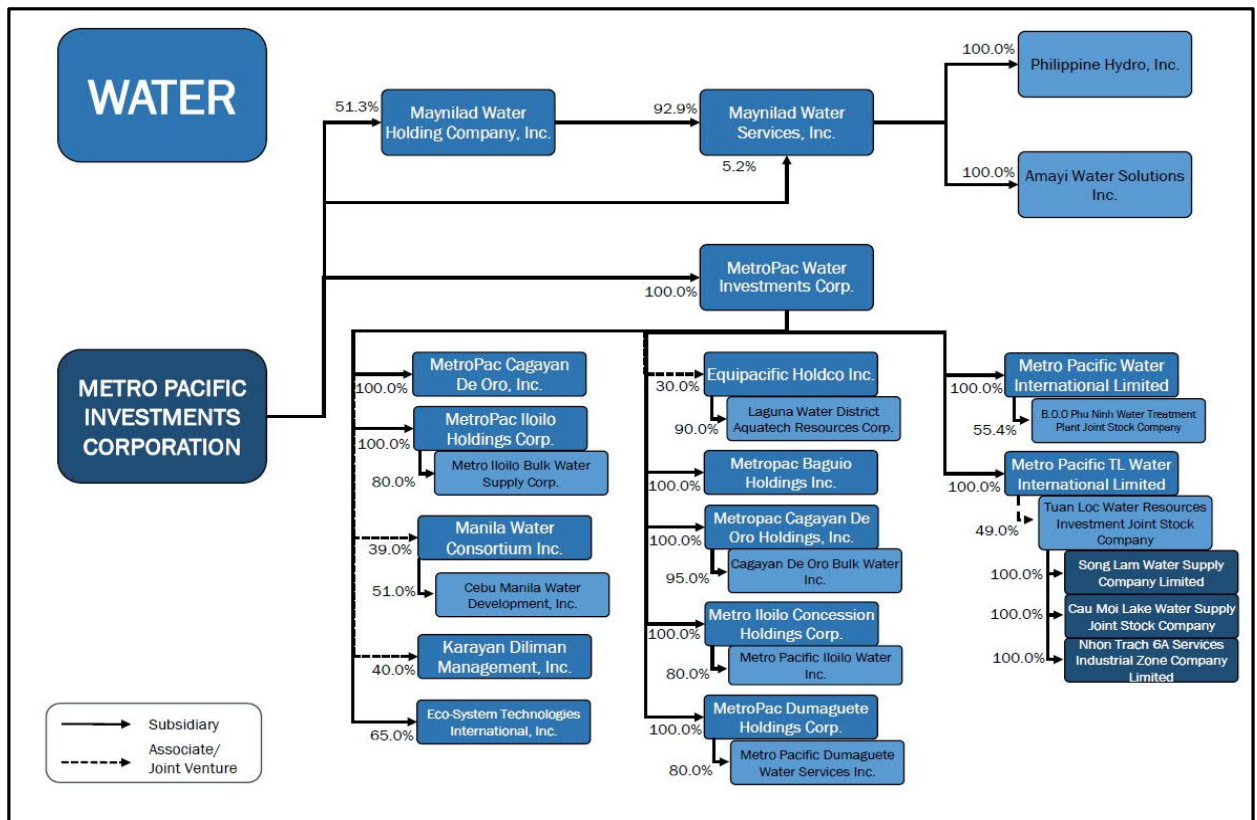
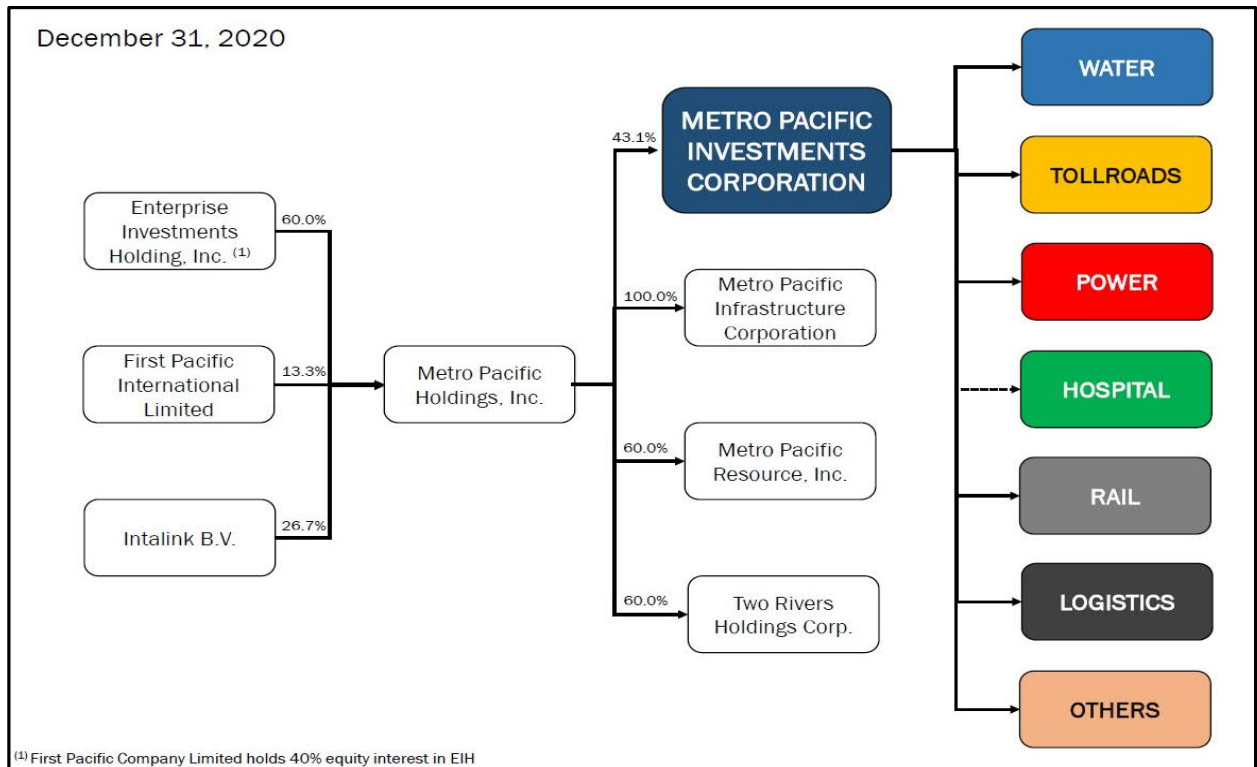
LEGEND:

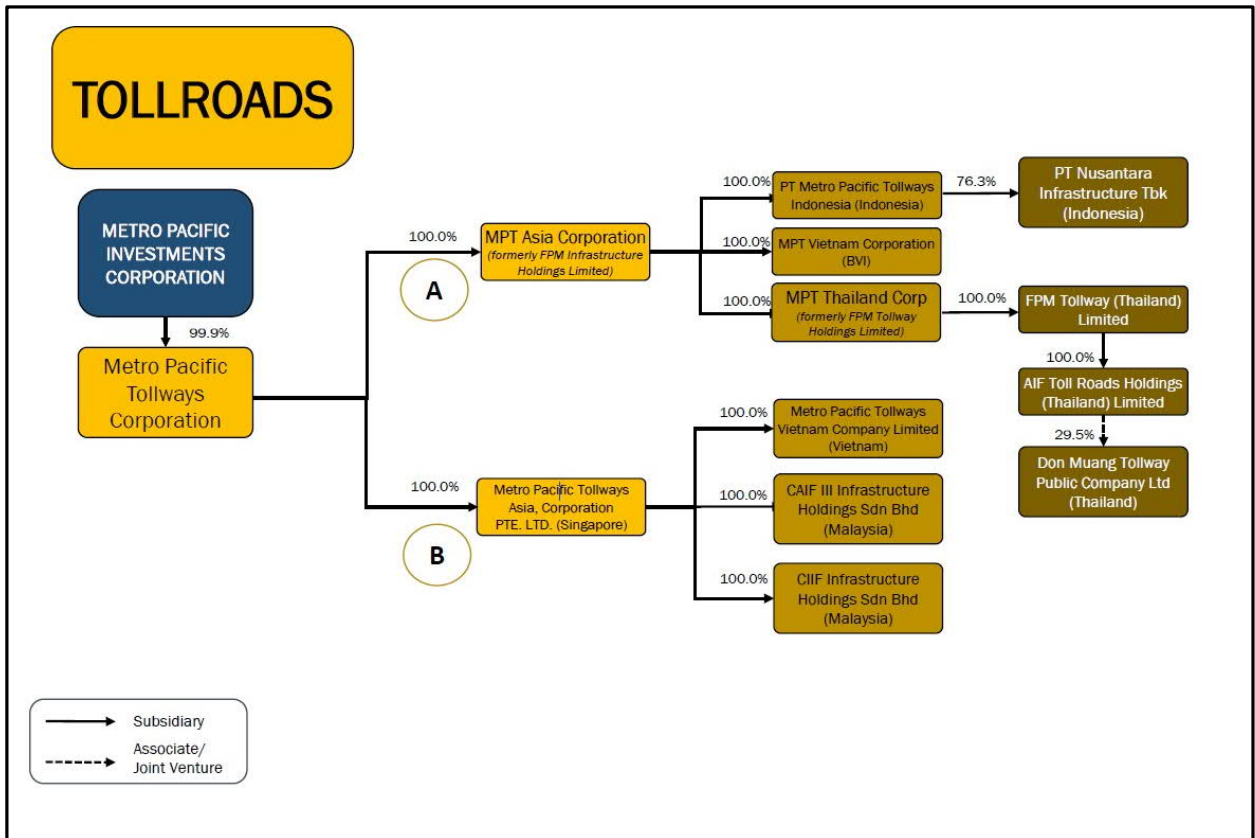
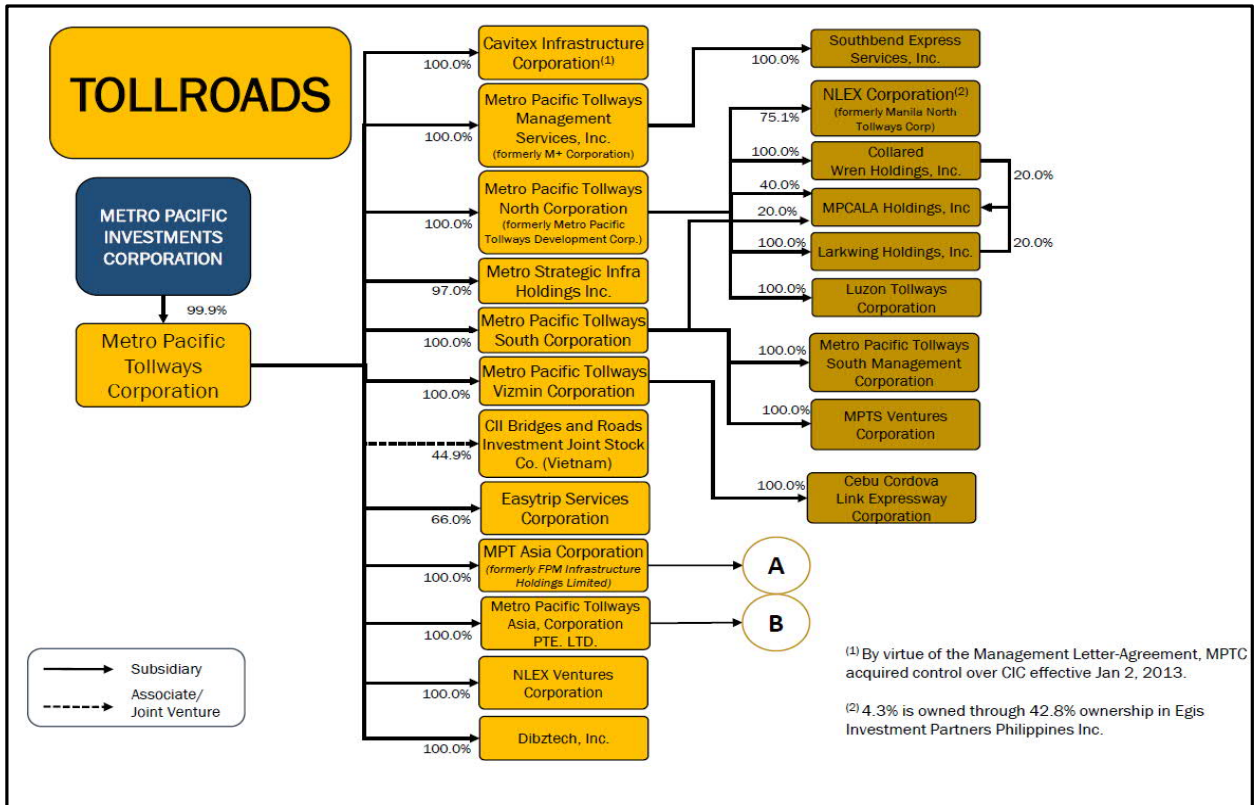
Subsidiary (S)

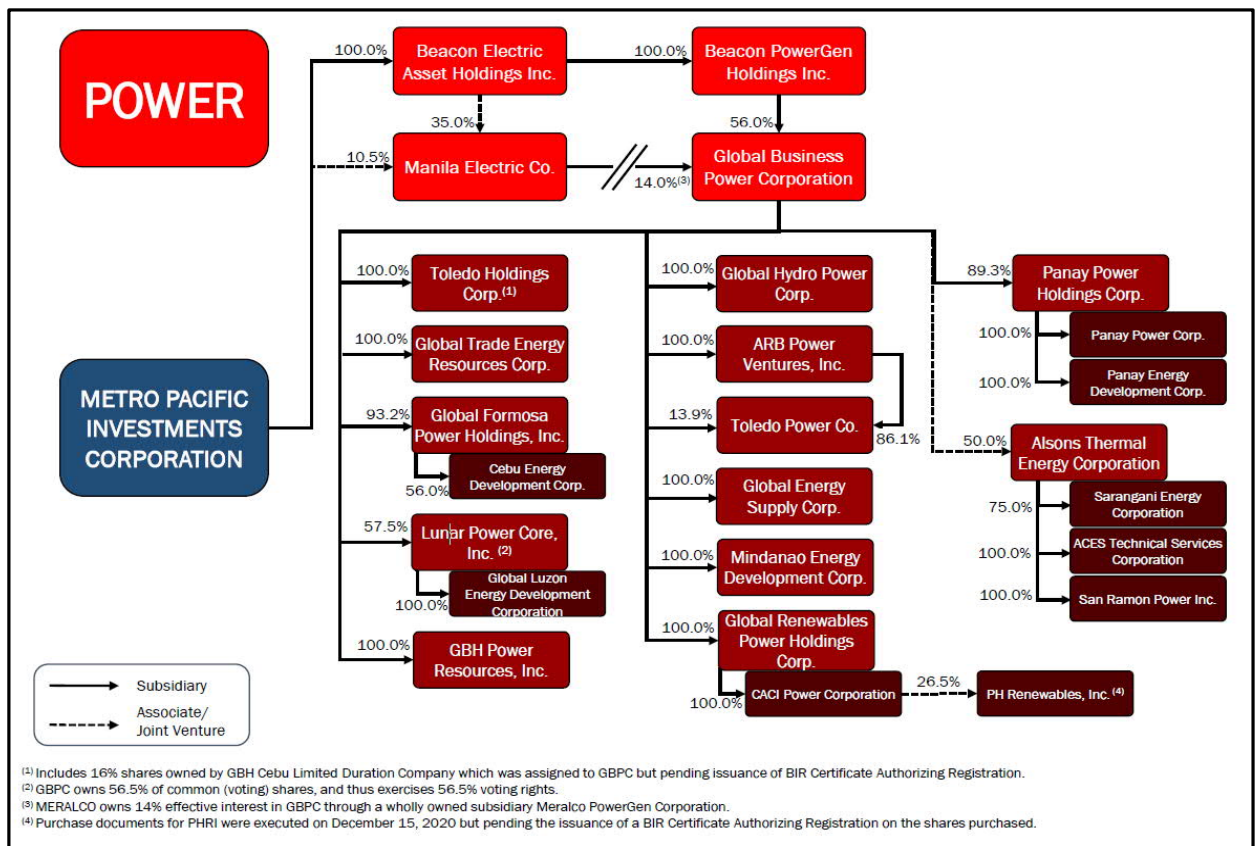
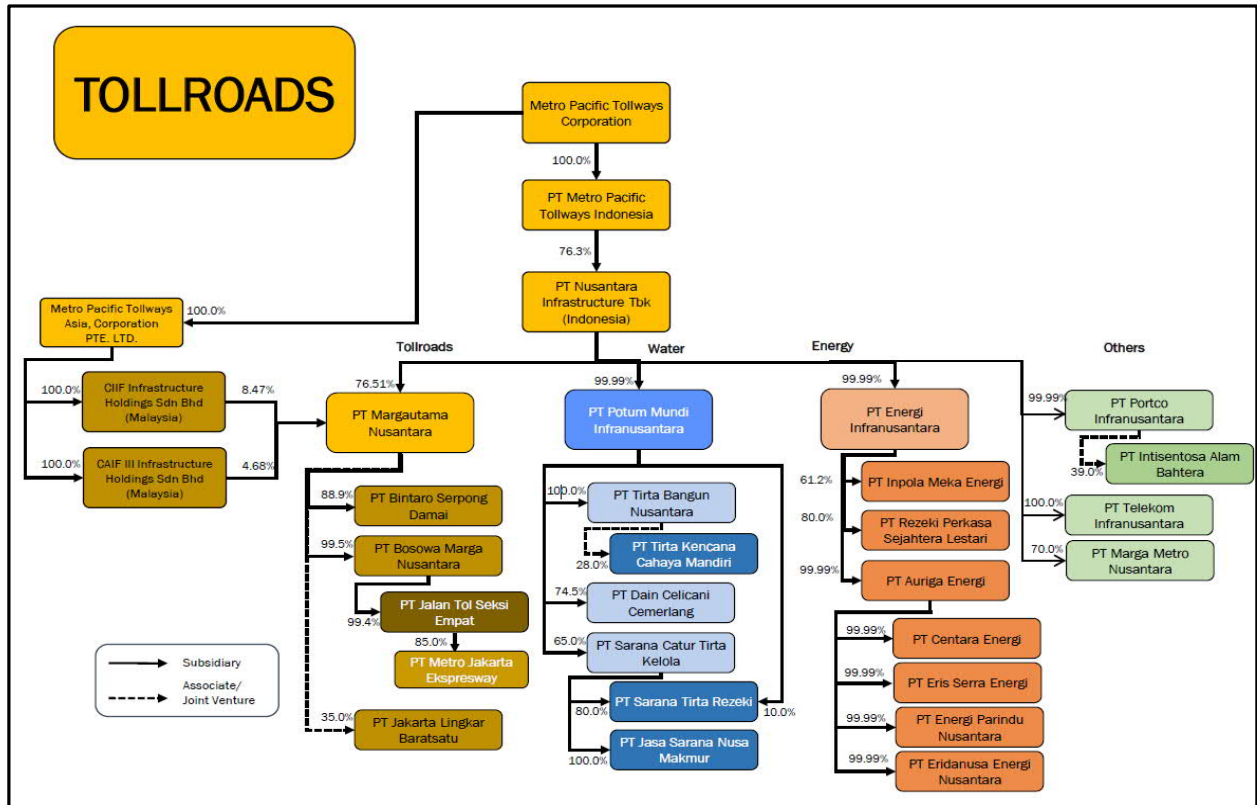
METRO PACIFIC INVESTMENTS CORPORATION

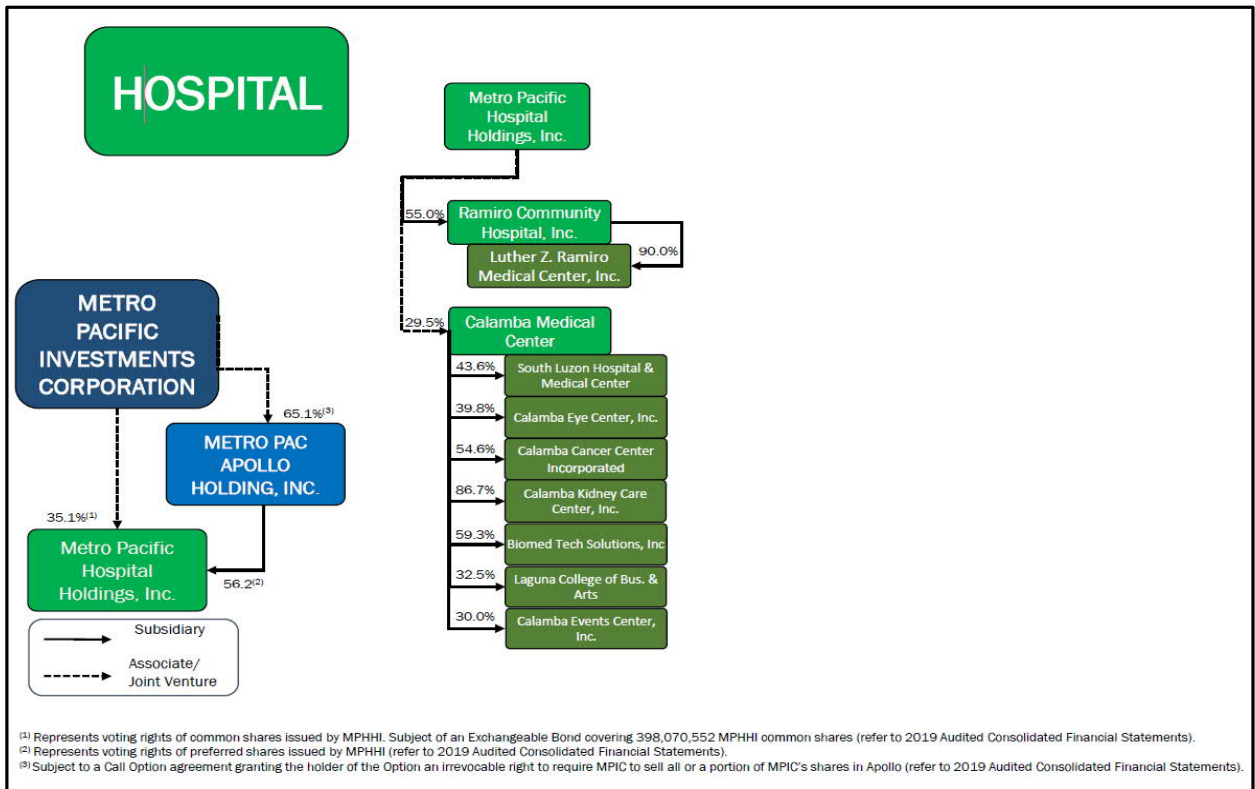
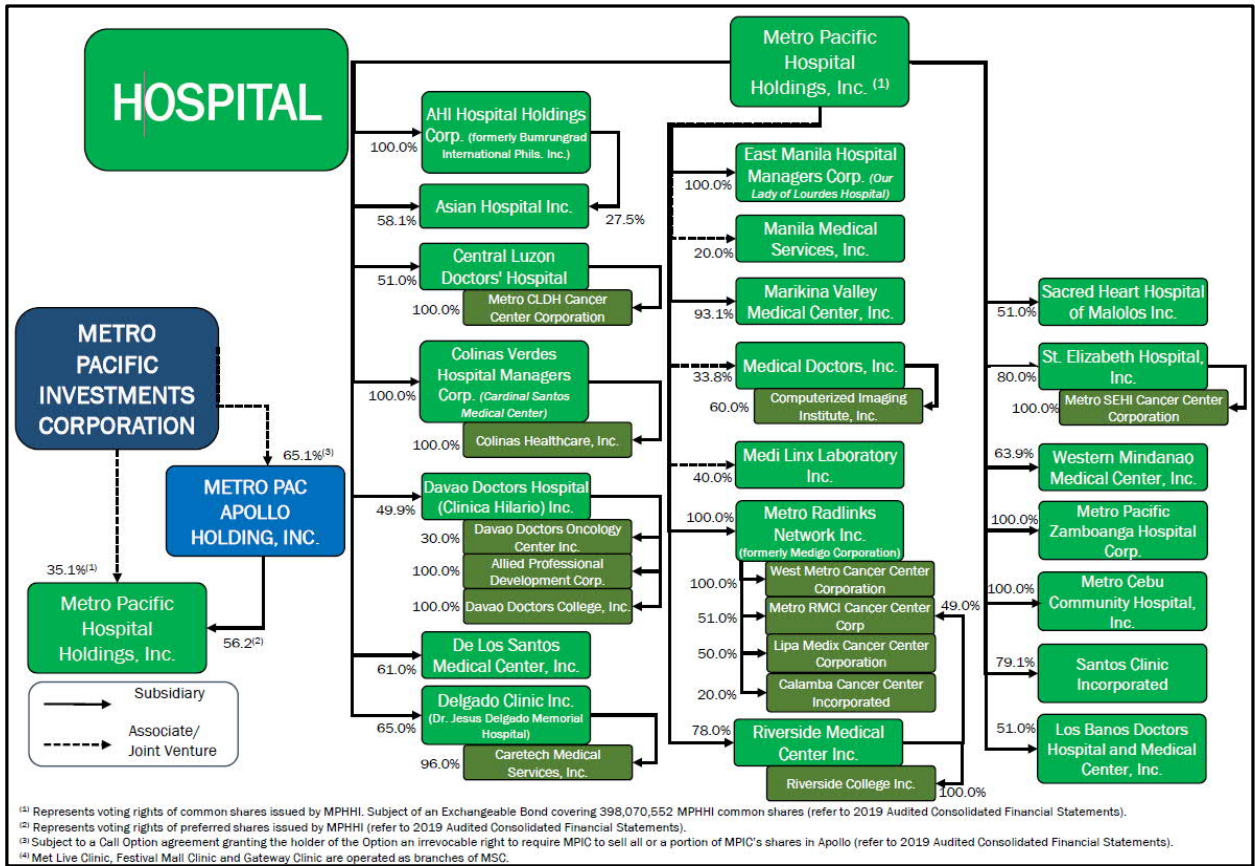
SUBSIDIARIES

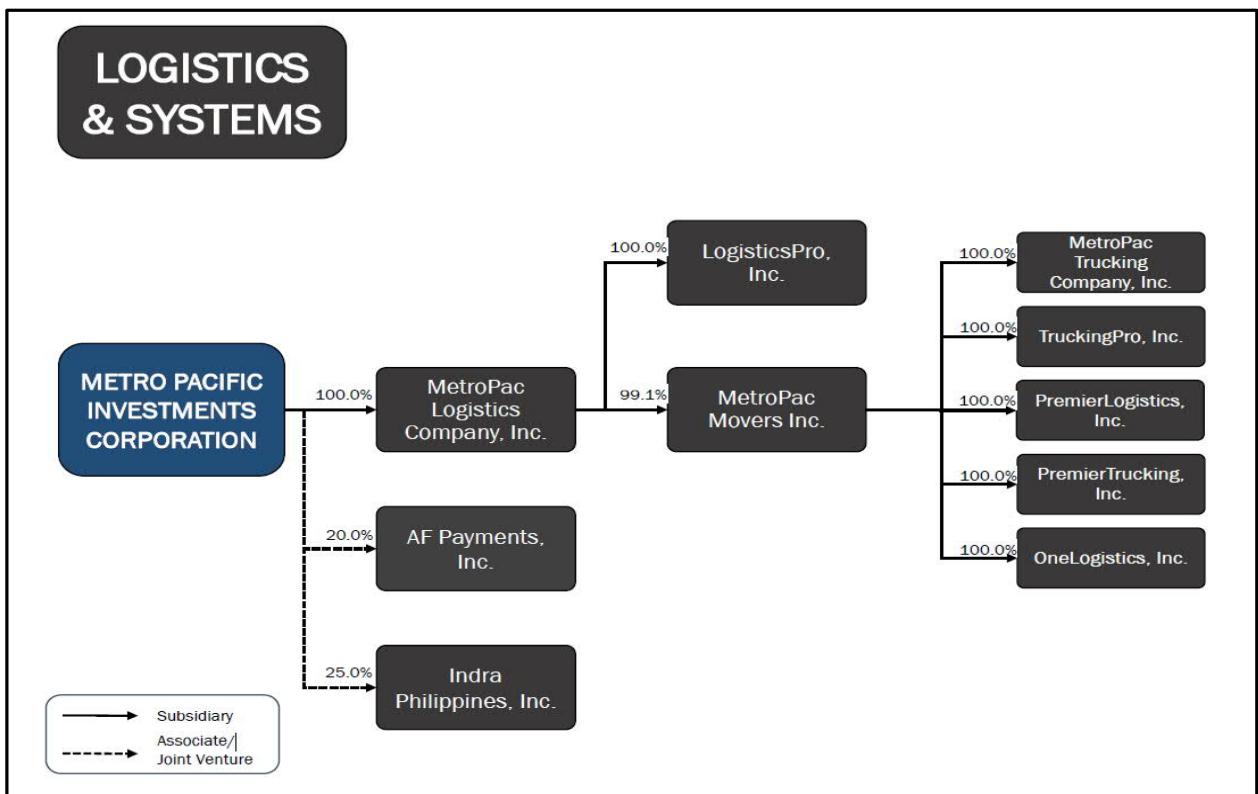
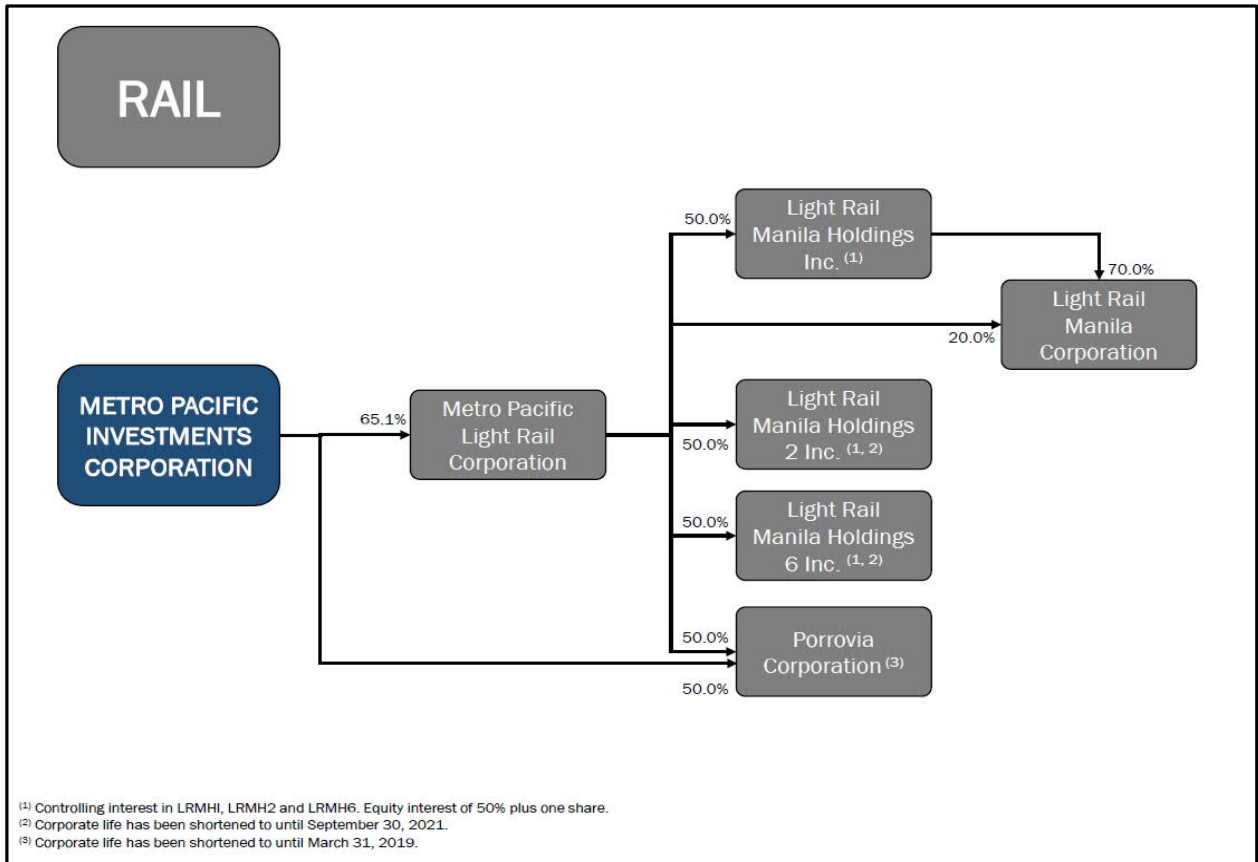
AS OF DECEMBER 31, 2020

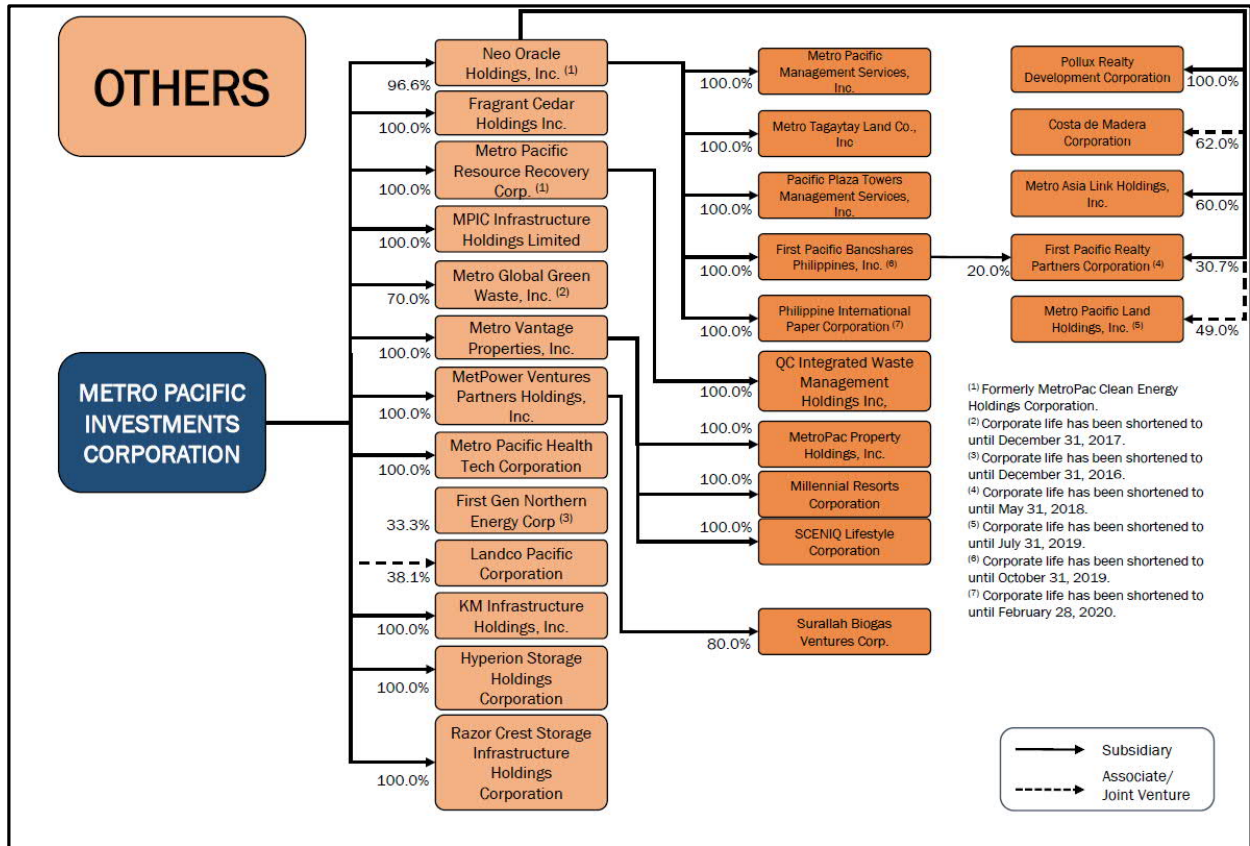












INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Avenue corner H.V. Dela Costa St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GT Capital Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 22, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Vicky Lee Salas
Partner

CPA Certificate No. 86838
SEC Accreditation No. 0115-AR-5 (Group A),
April 16, 2019, valid until April 15, 2022
Tax Identification No. 129-434-735
BIR Accreditation No. 08-001998-053-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534310, January 4, 2021, Makati City

March 22, 2021



GT CAPITAL HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS****AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020, 2019 AND 2018**

| | 2020 | 2019 | 2018 |
|---|----------|----------|----------|
| Liquidity Ratio | | | |
| Current ratio | 1.76 | 2.13 | 2.43 |
| Current assets | ₱133,156 | ₱118,122 | ₱126,926 |
| Current liabilities | 75,541 | 55,581 | 52,337 |
| Solvency Ratio | | | |
| Total liabilities to total equity ratio | 1.00 | 0.89 | 0.98 |
| Total liabilities | ₱192,795 | ₱168,334 | ₱176,838 |
| Total equity | 192,185 | 189,320 | 180,828 |
| Debt to equity ratio | 0.76 | 0.67 | 0.72 |
| Total debt | ₱146,763 | ₱127,736 | ₱130,869 |
| Total equity | 192,185 | 189,320 | 180,828 |
| Asset to Equity Ratio | | | |
| Asset to equity ratio | 2.00 | 1.89 | 1.98 |
| Total assets | ₱384,980 | ₱357,654 | ₱357,666 |
| Total equity | 192,185 | 189,320 | 180,828 |
| Interest Rate Coverage Ratio* | | | |
| Interest rate coverage ratio** | 2.31 | 4.93 | 4.24 |
| Earnings before interest and taxes (EBIT)** | ₱14,623 | ₱33,180 | ₱25,615 |
| Interest expense** | 6,323 | 6,737 | 6,041 |
| Profitability Ratio | | | |
| Return on average assets | 1.76% | 5.68% | 3.96% |
| Net income attributable to Parent Company | ₱6,546 | ₱20,309 | ₱13,156 |
| Average assets | 371,317 | 357,660 | 331,847 |
| Return on Average Equity | 3.63% | 12.18% | 8.74% |
| Net income attributable to Parent Company | ₱6,546 | ₱20,309 | ₱13,156 |
| Average equity attributable to Parent Company | 180,385 | 166,805 | 150,576 |
| Income before income tax** | ₱10,323 | ₱28,952 | ₱21,656 |
| Interest expense** | 6,323 | 6,737 | 6,041 |
| Interest income** | 2,023 | 2,509 | 2,082 |
| EBIT** | 14,623 | 33,180 | 25,615 |

* computed as EBIT/Interest Expense

** 2019 and 2018 consist of continuing and discontinued operations