

COVER SHEET

SEC Registration Number

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Company Name

D	.	M	.		W	E	N	C	E	S	L	A	O		&		A	S	S	O	C	I	A	T	E	S	,		
I	N	C	O	R	P	O	R	A	T	E	D																		

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

3	/	F		A	S	E	A	N	A	P	O	W	E	R	S	T	A	T	I	O	N		B	L	D	G	.		
D	.	M	A	C	A	P	A	G	A	L		B	L	V	D	.		C	O	R	.		B	R	A	D	C	O	
A	V	E	.	,		A	S	E	A	N	A		C	I	T	Y	,		P	A	R	A	N	A	Q	U	E		
C	I	T	Y																										

Form Type

1	7	-	Q	
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

iro@dmwai.com

Company's Telephone Number/s

8854 - 5711

Mobile Number

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No. of Stockholders

17

Annual Meeting
Month/Day

--

Fiscal Year
Month/Day

September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person

ATTY. HEHERSON M. ASIDDAO

Email Address

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Telephone Number/s

8854 - 5711

Mobile Number

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Contact Person's Address

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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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2020**
2. Commission identification number **26986**
3. BIR Tax Identification No **000-846-618-000**
4. Exact name of issuer as specified in its charter **D.M. Wenceslao & Associates, Incorporated**
5. Province, country or other jurisdiction of incorporation or organization **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal Code
3/F Aseana Powerstation Building D. Macapagal Blvd.
Cor. Bradco Ave., Aseana City, Parañaque City
8. Issuer's telephone number, including area code: **(632) 8854-5711**
9. Former name, former address and former fiscal year, if changed since last report: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of September 30, 2020

<u>Title of each class</u>	<u>Number of shares issued and outstanding and amount of debt outstanding</u>
Capital Stock, P1 par value	3,395,864,100

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

Yes [x] No []

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

Stock Exchange: **Philippine Stock Exchange**

Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

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

Yes [x] No []

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

Yes [x] No []

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(Amounts in Philippine Pesos)

	Notes	September 30 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	7	P 5,955,921,170	P 5,211,402,211
Receivables - net	8	2,047,212,799	2,176,743,945
Contract asset		-	54,191,980
Land and land development costs	10	2,071,115,188	2,012,493,650
Property development costs	9	963,732,778	1,168,060,707
Other current assets	11	1,080,840,043	2,886,384,807
		12,118,821,978	13,509,277,300
Total Current Assets			
NON-CURRENT ASSETS			
Receivables	8	3,670,794,192	3,209,017,185
Contract Asset		157,428,931	194,820,970
Investments in associates and joint ventures	12	104,984,848	61,871,150
Property and equipment - net	13	389,459,557	442,141,052
Investment properties - net	14	13,890,155,474	12,572,688,197
Deferred tax assets		181,743,788	170,935,989
Other non-current assets	16	1,394,053,627	1,106,046,366
		19,788,620,417	17,757,520,909
Total Non-current Assets			
TOTAL ASSETS		P 31,907,442,395	P 31,266,798,209

	Notes	September 30 2020 (UNAUDITED)	December 31, 2019 (AUDITED)
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Loans and borrowings	17	P 84,895,000	P 114,670,000
Trade and other payables	18	1,824,213,319	1,695,401,377
Contract liability		662,612,824	130,492,147
Advances from a co-joint venturer		-	1,000,000,000
Advances from related parties	23	4,328,059,051	4,351,734,322
Deposits and advances	19	526,138,562	1,097,274,022
Lease Liability		11,282,400	11,282,400
Total Current Liabilities		<u>7,437,201,156</u>	<u>8,400,854,268</u>
NON-CURRENT LIABILITIES			
Loans and borrowings	17	340,800,000	397,050,000
Contract Liability		424,242,984	424,242,984
Deposits and advances	19	465,387,424	452,607,619
Deferred tax liabilities		1,052,128,545	902,261,528
Lease Liability	15	153,950,613	153,101,312
Retirement benefit obligation		3,038,369	3,497,504
Total Non-current Liabilities		<u>2,439,547,935</u>	<u>2,332,760,947</u>
Total Liabilities		<u>9,876,749,091</u>	<u>10,733,615,215</u>
EQUITY			
Equity attributable to holders of the parent company			
Capital stock	26	3,395,864,100	3,395,864,100
Additional paid-in capital		6,964,649,807	6,964,649,807
Revaluation reserves - net		(8,143,620)	(8,143,620)
Other Reserves		(275,974,845)	(275,974,845)
Retained earnings		11,376,697,372	9,910,340,671
Total equity attributable to holders of the parent company		21,453,092,814	19,986,736,113
Noncontrolling interest		577,600,490	546,446,881
Total Equity		<u>22,030,693,304</u>	<u>20,533,182,994</u>
TOTAL LIABILITIES AND EQUITY		<u>P 31,907,442,395</u>	<u>P 31,266,798,209</u>

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	July 1 to September 30, 2020	January 1 to September 30, 2020	July 1 to September 30, 2019	January 1 to September 30, 2019
REVENUES					
Rentals:					
Land	14	P 237,415,508	P 733,236,103	P 239,305,525	P 736,750,507
Building	14	201,083,134	610,960,611	201,850,319	594,339,433
Other revenues		<u>39,535,630</u>	<u>124,056,344</u>	<u>48,736,782</u>	<u>142,175,967</u>
		478,034,272	1,468,253,058	489,892,626	1,473,265,907
Construction contracts		9,159,014	24,802,115	36,921,931	49,052,530
Sale of condominium units	9	<u>160,848,176</u>	<u>707,303,752</u>	<u>156,001,494</u>	<u>422,742,944</u>
		<u>648,041,462</u>	<u>2,200,358,925</u>	<u>682,816,051</u>	<u>1,945,061,381</u>
COSTS OF SERVICES AND SALES					
Rentals	20	60,874,836	177,950,651	69,218,853	197,889,865
Construction contracts	20	5,435,911	13,432,374	22,770,117	28,968,905
Sale of condominium units	9	<u>88,468,353</u>	<u>414,156,160</u>	<u>93,408,323</u>	<u>238,356,255</u>
		<u>154,779,100</u>	<u>605,539,185</u>	<u>185,397,293</u>	<u>465,215,025</u>
GROSS PROFIT		<u>493,262,362</u>	<u>1,594,819,740</u>	<u>497,418,758</u>	<u>1,479,846,356</u>
OTHER OPERATING INCOME (EXPENSES)					
General and administrative	22	(140,000,132)	(359,783,799)	(100,653,409)	(298,868,360)
Selling	22	(8,117,346)	(27,781,455)	(29,435,268)	(97,698,843)
Other Operating Income	21	<u>15,000,973</u>	<u>100,508,319</u>	<u>1,485,553</u>	<u>42,311,479</u>
		<u>(133,116,505)</u>	<u>(287,056,935)</u>	<u>(128,603,124)</u>	<u>(354,255,724)</u>
OPERATING PROFIT		<u>360,145,857</u>	<u>1,307,762,805</u>	<u>368,815,634</u>	<u>1,125,590,632</u>
OTHER INCOME (CHARGES)					
Finance costs	17, 21	(9,321,693)	(29,213,438)	(23,503,888)	(64,834,237)
Finance income	7, 21	17,038,426	60,294,898	57,862,699	203,227,808
Share in net losses of associates and joint ventures		21,539,490	43,113,699	5,665,910	12,469,079
Dividend Income		1,635,002	3,105,006	735,002	735,002
Other income	21	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>250,000,000</u>	<u>850,000,000</u>
		<u>1,030,891,225</u>	<u>1,077,300,165</u>	<u>290,759,723</u>	<u>1,001,597,652</u>
PROFIT BEFORE TAX		1,391,037,082	2,385,062,970	659,575,357	2,127,188,284
TAX EXPENSE		<u>273,846,312</u>	<u>527,553,127</u>	<u>123,160,051</u>	<u>459,944,100</u>
NET PROFIT		<u>P 1,117,190,770</u>	<u>P 1,857,509,843</u>	<u>P 536,415,306</u>	<u>P 1,667,244,184</u>
Net profit attributable to:					
Equity holders of the parent company		P 1,109,857,157	P 1,826,356,234	P 532,637,336	P 1,654,836,563
Noncontrolling interest		<u>7,333,613</u>	<u>31,153,609</u>	<u>3,777,970</u>	<u>12,407,621</u>
		<u>P 1,117,190,770</u>	<u>P 1,857,509,843</u>	<u>P 536,415,306</u>	<u>P 1,667,244,184</u>
Earnings Per Share - Basic and Diluted	25	<u>P 0.33</u>	<u>P 0.54</u>	<u>P 0.16</u>	<u>P 0.49</u>

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
 (A Subsidiary of Wendel Holdings Co., Inc.)
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
 (Amounts in Philippine Pesos)
 (UNAUDITED)

Note	Attributable to Owners of the Parent Company							Noncontrolling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Revaluation Reserves - Net	Other Reserves	Retained Earnings		Total		
					Unappropriated	Appropriated			
Balance at January 1, 2020	P 3,395,864,100	P 6,964,649,807	(P 8,143,620)	(P 275,974,845)	P 8,710,340,671	P 1,200,000,000	P 19,986,736,113	P 546,446,881	P 20,533,182,994
Cash dividends declared	-	-	-	-	(359,999,533)	-	(359,999,533)	-	(359,999,533)
Total comprehensive income for the period	-	-	-	-	1,826,356,234	-	1,826,356,234	31,153,609	1,857,509,843
Balance at September 30, 2020	P 3,395,864,100	P 6,964,649,807	(P 8,143,620)	(P 275,974,845)	P 10,176,697,372	P 1,200,000,000	P 21,453,092,814	P 577,600,490	P 22,030,693,304
Balance at January 1, 2019	3,395,864,100	6,964,649,807	- 28,524,335	- 275,974,845	6,941,450,177	1,200,000,000	18,197,464,904	668,513,475	18,865,978,379
Cash dividends declared	-	-	-	-	(119,999,650)	-	(119,999,650)	-	(P 119,999,650)
Total comprehensive income for the period	-	-	-	-	1,654,836,563	-	1,654,836,563	12,407,621	1,667,244,184
Balance at September 30, 2019	P 3,395,864,100	P 6,964,649,807	(P 28,524,335)	(P 275,974,845)	P 8,476,287,090	P 1,200,000,000	P 19,732,301,817	P 680,921,096	P 20,413,222,913

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 2,385,062,970	P 2,127,188,284
Adjustments for:			
Depreciation and amortization	13,14	144,358,925	127,648,109
Finance costs	21	25,122,276	64,736,868
Interest income	21	(60,294,898)	(203,580,146)
Share in net earnings of associates and joint ventures		(43,113,698)	(12,469,079)
Unrealized foreign currency loss (gain) - net		(1,091,607)	352,338
Other income		(1,000,000,000)	-
Operating profit before working capital changes		1,450,043,968	2,103,876,374
Increase in receivables		(313,275,198)	(514,512,554)
Decrease (increase) in contract asset		91,584,019	(422,509,836)
Decrease (increase) in land and land development costs		(58,621,538)	123,745,257
Decrease (increase) in property development costs		204,327,929	(109,222,988)
Decrease (increase) in other assets		1,372,537,503	775,471,041
Increase (decrease) in trade and other payables		(83,753,706)	8,264,636
Increase in contract liability		532,120,677	649,221,313
Increase (decrease) in deposits and advances		(558,355,655)	309,600,337
Decrease in retirement benefit obligation		(459,135)	(992,479)
Cash generated from operations		2,636,148,864	2,922,941,101
Cash paid for income taxes		(175,928,261)	(312,606,338)
Interest received		60,294,898	203,580,146
Net Cash From Operating Activities		<u>2,520,515,501</u>	<u>2,813,914,909</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturities (investments) in short-term placements	11	145,000,000	(835,000,000)
Construction in progress and development costs of investment properties	10, 14	(1,395,482,559)	(1,203,870,141)
Additional advances to related parties	23	(18,970,663)	(8,279,775)
Acquisitions of property and equipment	13	(10,837,175)	(148,567,110)
Net Cash From Investing Activities		<u>(1,280,290,397)</u>	<u>(2,195,717,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	24	(359,999,533)	(119,999,650)
Repayments of interest-bearing loans and borrowings	17	(86,025,000)	(48,525,000)
Repayments of lease liabilities	15	(8,461,800)	-
Finance costs paid	21	(18,636,148)	(64,736,868)
Repayments of advances from related parties	23	(23,675,271)	(20,711,918)
Net Cash From (Used in) Financing Activities		<u>(496,797,752)</u>	<u>(253,973,436)</u>
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents	21	<u>1,091,607</u>	<u>(352,338)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		744,518,959	363,872,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>5,211,402,211</u>	<u>7,549,219,648</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>P 5,955,921,170</u>	<u>P 7,913,091,757</u>

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(UNAUDITED)
(With Comparative Audited Figures as of December 31, 2019)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

D.M. Wenceslao & Associates, Incorporated (DMWAI or the Parent Company) was incorporated in the Philippines on April 7, 1965. DMWAI is presently engaged in the trade and business of general builders and contractors and related activities such as acting as specialty construction contractors, supervisors or managers in all cases of constructions, erections and works both public and private, real estate business and leasing.

On June 29, 2018, the Parent Company's shares of stock were listed at the Philippine Stock Exchange (PSE) (see Note 26).

DMWAI holds certain investments in entities that are either subsidiaries, associates or joint ventures and all are incorporated in the Philippines (see Notes 1.2 and 12).

DMWAI is a subsidiary of Wendel Holdings Co., Inc. (WHI or Ultimate Parent Company), a company incorporated and domiciled in the Philippines. WHI is presently engaged in raising investments either through borrowings, sale or lease of its capital assets. The effective percentage of ownership of WHI in DMWAI aggregates to 62.92% as of September 30, 2020 and December 31, 2019.

DMWAI's registered office is located at 3rd Floor Aseana Powerstation Building, D. Macapagal Blvd. cor. Bradco Ave. Aseana City, Parañaque City while its principal place of business is located at 15th and 16th Floor, Aseana 3 Bldg., D. Macapagal Blvd. cor. Asean Avenue, Aseana City, Parañaque City. The registered office of WHI, which is also its principal place of business, is at 306 E. Rodriguez Sr. Boulevard, Quezon City.

1.2 Subsidiaries, Associates and Joint Ventures

The Parent Company holds effective ownership interests in certain subsidiaries (together with the Parent Company, collectively hereinafter referred to as the "Group"), associates, and joint ventures, that are currently operating or are established to engage in businesses related to the main business of the Parent Company, in these consolidated financial statements.

As of September 30, 2020 and December 31, 2019, the following summarizes the effective percentage of ownership or interest of DMWAI over these entities:

<u>Name of Subsidiaries/Associates/Joint Ventures</u>	<u>Explanatory Notes</u>	<u>Effective Percentage of Ownership</u>	
		<u>September 30, 2020</u>	<u>December 31, 2019</u>
Subsidiaries:			
<i>Direct:</i>			
Aseana Residential Holdings Corp. (ARHC),	(a)	100.00%	100.00%
Aseana Holdings, Inc. (AHI)	(b)	99.98%	99.98%
Fabricom, Inc. (FI),	(c)	99.98%	99.98%
Fabricom Realty Development Corporation (FRDC)	(d)	62.20%	62.20%
R-1 Consortium, Inc. (R-1)	(e)	55.45%	55.45%
Alphaland Bay City Corporation (ABCC)	(f)	100.00%	100.00%
<i>Direct and Indirect:</i>			
Portal Holdings, Inc. (PHI)	(g)	100.00%	100.00%
Mandaue Land Consortium, Inc. (MLCI)	(h)	81.00%	81.00%
Aseana I.T. Plaza, Inc. (AITPI)	(i)	66.97%	66.97%
SHLP BBP Realty, Inc. (SBRI)	(j)	55.96%	55.96%
<i>Indirect:</i>			
58 Jupiter, Inc. (formerly Reine, Inc.) (58 Jupiter) – <i>Accounted for as Asset Acquisition</i>	(k)	100.00%	100.00%
Boracay International Airport & Dev't Corp. (BIADC)	(l)	99.98%	99.98%
U-City Technologies Philippines, Inc. (UCTPI)	(m)	99.98%	99.98%
Aseana City Transport & Travel Corp. (ACTTC)	(n)	99.98%	99.98%
Aseana Gas Energy Corp. (AGEC)	(o)	99.98%	99.98%
Aseana Real Estate Services Management Corp. (ARESM)	(p)	95.98%	95.98%
Bay Area Holdings, Inc. (BAHI)	(q)	59.98%	59.98%
Aseana Resi Rent Corp. (ARRC)	(r)	99.98%	-
Associates:			
Alphaland Heavy Equipment, Corp. (AHEC)	(s)	50.00%	50.00%
European Resources and Technology, Inc. (ERTI)	(t)	42.00%	42.00%
Aseana CL, Beach and Marina Development Corporation (ACBMDC)	(u)	36.00%	36.00%
Aseana Ground Floor Holdings Corp. (formerly Aseana Infra, Inc.) (AGFHC)		29.92%	29.92%
Joint venture:			
Bay Resources and Development Corporation (BRADCO)	(v)	50.00%	50.00%

Notes:

- (a) Established to purchase, acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of, subject to limitations imposed by law, real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.
- (b) Established to engage in the business of owning, holding, exchanging, or otherwise disposing such items as real and personal properties, and securities such as stocks, bonds and to take part and assist in any legal matter for the purchase and sale of any securities as may be allowed by law without acting as or engaging in the business of an investment house, mutual fund or broker or dealer in securities.
- (c) Established to engage in the business of importation and marketing of heavy equipment, industrial equipment or any commercial products, which may be the object of commerce for the attainment of corporate objectives.
- (d) Established to engage in housing and real estate development and selling and engaging in other related activities.
- (e) Established to engage in general construction and other allied businesses including constructing, enlarging, repairing, removing, developing, or otherwise engaging in any work upon building roads, highways, manufacturing plants, bridges, airfields, piers, docks, mines, masonry and earth construction, and to make, execute, bid for and take or receive any contracts or assignment of contracts in relation thereto.
- (f) ABCC was established to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures.
- (g) DMWAI's effective interest is derived from its 40.00% direct ownership and 60.00% indirect holdings through ARHC. PHI was established to purchase, subscribe for, or otherwise acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.
- (h) DMWAI's effective interest is derived from its 40.00% direct ownership and 41.00% indirect holdings through AHI and R-1 which own 30.00% and 20.00%, respectively. MLCI was established to engage in general realty and other allied businesses including owning, improving, subdividing, developing, reclaiming, enlarging, repairing, constructing, exchanging, leasing and holding investment or otherwise, real estate and lands of all kinds and any buildings, houses and other structures.
- (i) DMWAI's effective ownership interest is derived from its 41.98% direct ownership and 24.99% indirect holdings through PHI. AITPI was established to engage in the business of owning, using, improving, developing, selling, exchanging, leasing, and holding for investment or otherwise, real estate of all kinds, including building houses, apartments and other structures, and related activities.
- (j) DMWAI's effective ownership is derived from its 29.98% direct ownership and 25.98% indirect holdings through AHI, BAHI and PHI which each owns 9.99% of SBRI. SBRI was established to engage in real estate development and engaging in other related activities.
- (k) 58 Jupiter was acquired in 2017 and indirectly owned through AHI; established to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.
- (l) Indirectly owned through AHI; established to build an international airport in Boracay, Municipality of Malay and/ or Carabao Island, San Jose, Romblon, Philippines.
- (m) Indirectly owned through AHI; established to install and provide electronic security apparatus and products to industrial, commercial and other establishments whether public or private for the purpose of securing or protecting properties and other related services. In 2016, AHI acquired through cash consideration the entire 40.00% minority interest of the other stockholder resulting in 100.00% direct ownership by AHI in UCTPI,
- (n) Indirectly owned through AHI; established to engage in the business of transportation of passengers by means of public utility vehicles for the general public and to lease out or rent its public utility vehicles for special trips.
- (o) Indirectly owned through AHI; established to engage in, conduct and carry on the business of buying, selling, distributing, marketing of liquefied petroleum gas and other fuel products at wholesale or retail and to construct a reticulation network in strategically located tank to enable safe and sufficient distribution of piped gas to end users in Aseana Business Park.
- (p) Indirectly owned through AHI; established to acquire and manage properties such as commercial, residential, office condominium and industrial real estate.
- (q) Indirectly owned through FI; established to purchase, acquire, or otherwise own and hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, real and personal property, including land, buildings, condominiums and engaging in other related activities.
- (r) Established to engage in realty business

- (s) Indirectly owned through FI; established to purchase, import, or otherwise acquire, lease, sell, distribute, market, convey or otherwise dispose heavy equipment, machinery and related implements. As of September 30, 2020, AHEC is currently in the process of liquidation.
- (t) Established to engage in collecting, segregating, recycling, composting, filling, disposing, treating or otherwise managing household, industrial and other kinds of garbage for local, or other government units and private persons and firms as well as extended guidance and education for proper waste management.
- (u) DMWAP's effective interest is derived from its 10.00% direct ownership and 26.00% indirect holdings through AHI. ACBMDC was established to engage in real estate business with marinas, cruise liner facilities and beach resorts in all its aspects; to acquire, rent or otherwise deal in and dispose of all kinds of real estate objects, involving commercial, industrial, urban, residential or other kinds of real property.
- (v) BRADCO was established to acquire, develop and market real estate properties.

As of September 30, 2020, FRDC, R-1, MLCI, AITPI, SBRI, BIADC, AGECE, ACBMDC, ARRC, AGFHC and ABCC have not yet started commercial operations.

1.3 Approval of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements of the Group as of and for the nine months ended September 30, 2020 (including the comparatives as of December 31, 2019 and for the nine months ended September 30, 2020) were approved and authorized for issue by the Parent Company's Chief Executive Officer (CEO) on November 5, 2020.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation of Interim Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as of and for the year ended December 31, 2019, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The condensed consolidated interim financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

The Group's accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2019 and the corresponding interim reporting period, except for the following amendments which the Company has adopted starting January 1, 2020. These new PFRSs and amendments did not have significant impact on the Group's condensed consolidated interim financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of ‘material’ in PAS 1 by including the concept of ‘obscuring’ material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity’s own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term ‘material’ to ensure consistency.
- (ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

- (iii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor’s financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor’s interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Group's last annual consolidated financial statements as of and for the year ended December 31, 2019.

4. SEGMENT REPORTING

4.1 *Business Segments*

The Group's operating businesses are recognized and managed separately according to the nature of services provided (primary segments) and the different markets served (secondary segments) with a segment representing a strategic business unit. The Group's business segments follow:

- (a) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.
- (b) *Sale of Land and Condominium Units* – involves the development and sale of industrial and other parcels of land and residential condominium units.
- (c) *Rentals* – refers to leasing of real estate properties, including land and building and other structures.

The Group has not identified any segment based on geographical location (see Note 4.4).

4.2 *Segment Assets and Liabilities*

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, contract asset, land and land development cost, property development costs, property and equipment, and investment properties. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of loans and borrowings, trade and other payables, contract liability and deposits and advances. Segment assets and liabilities do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information is analyzed as follows for the nine months ended September 30, 2020 and 2019 (in thousands):

	<u>Rentals</u>		<u>Construction</u>		<u>Sale of Land and Condominium Units</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
REVENUES								
Sales to external customers	P 1,468,252	P 1,473,266	P 24,802	P 49,052	P 707,304	P 422,743	P 2,200,359	P 1,945,061
Intersegment sales	<u>137,466</u>	<u>140,288</u>	<u>563,991</u>	<u>258,502</u>	<u>-</u>	<u>-</u>	<u>701,457</u>	<u>398,790</u>
Total revenues	<u>1,605,718</u>	<u>1,613,554</u>	<u>588,793</u>	<u>307,554</u>	<u>707,304</u>	<u>422,743</u>	<u>2,901,816</u>	<u>2,343,851</u>
COSTS AND OTHER OPERATING EXPENSES								
Cost of sales and services excluding depreciation and amortization	97,825	115,710	13,400	27,794	415,312	238,356	526,536	381,860
Depreciation and amortization	80,083	82,180	33	1,175	-	-	80,117	83,355
Other expenses	<u>87,679</u>	<u>127,521</u>	<u>2,225</u>	<u>3,939</u>	<u>73,703</u>	<u>66,218</u>	<u>163,006</u>	<u>197,678</u>
	<u>265,587</u>	<u>325,411</u>	<u>15,658</u>	<u>32,908</u>	<u>489,014</u>	<u>304,574</u>	<u>770,259</u>	<u>662,893</u>
SEGMENT OPERATING PROFIT (LOSS)	<u>P 1,340,131</u>	<u>P 1,288,143</u>	<u>P 573,136</u>	<u>P 274,64</u>	<u>P 218,289</u>	<u>P 118,169</u>	<u>P 2,131,557</u>	<u>P 1,680,958</u>

Segment assets and liabilities are allocated to each segment as follows (in thousands):

	<u>Rentals</u>		<u>Construction</u>		<u>Sale of Land and Condominium Units</u>		<u>Total</u>	
	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Assets</u>	<u>Total Liabilities</u>
September 30, 2020	P 24,206,284	P 12,159,482	P 6,085,049	P 979,747	P 6,311,945	P 3,474,833	P 36,603,278	P 16,614,062
December 31, 2019	22,757,082	10,097,799	4,333,560	665,661	5,963,834	2,966,258	33,054,476	13,729,718

Currently, the Group's operation is concentrated in one location; hence, it has no geographical segment (see Note 4.1).

Rental revenues from a single lessee account for 36.74% and 29.10% of the consolidated revenues for the nine months ended September 30, 2020 and 2019, respectively.

Rentals segment assets include certain real estate assets (i.e., parcels of land) held as investment properties for capital appreciation or future lease.

4.5 Reconciliations

The total segment balances presented for the Group's operating segments reconciled to the Group's consolidated balances as presented in the condensed interim consolidated financial statements are as follows (in thousands):

	September 30, 2020	September 30, 2019
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenues		
Total segment revenues	P 2,901,816	P 2,343,851
Elimination of intersegment revenues	<u>(701,457)</u>	<u>(398,790)</u>
Revenues as reported in the condensed consolidated statements of comprehensive income	<u>P 2,200,359</u>	<u>P 1,945,061</u>
Profit or loss		
Segment operating profit	P 2,131,557	P 1,680,958
Elimination of intersegment revenues	<u>(701,457)</u>	<u>(398,790)</u>
Other unallocated expenses	<u>(122,338)</u>	<u>(156,577)</u>
Operating profit as reported in the condensed consolidated statements of comprehensive income	P 1,307,762	P 1,125,591
Finance costs	<u>(29,213)</u>	<u>(64,834)</u>
Finance income	60,295	203,228
Share in net income of associates and joint ventures	43,114	12,469
Dividend income	3,105	735
Other unallocated income	<u>1,000,000</u>	<u>850,000</u>
Profit before tax as reported in the condensed consolidated statements of comprehensive income	<u>P 2,385,063</u>	<u>P 2,127,189</u>

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Assets		
Segment assets	P 36,603,279	P 33,054,476
Deferred tax assets – net	181,744	170,936
Other unallocated assets**	8,362,047	8,381,596
Elimination of intercompany accounts	(13,239,628)	(10,340,210)
 Total assets reported in the condensed consolidated statements of financial position	 <u>P 31,907,442</u>	 <u>P 31,266,798</u>
Liabilities		
Segment liabilities	P 16,614,062	P 13,729,718
Deferred tax liabilities - net	1,052,129	902,262
Other unallocated liabilities**	515,640	1,434,478
Elimination of intercompany accounts	(8,305,082)	(5,332,843)
 Total liabilities as reported in the condensed consolidated statements of financial position	 <u>P 9,876,749</u>	 <u>P 10,733,615</u>

***Other unallocated assets and liabilities mostly pertain to intercompany advances to and/ or from related parties not eliminated in the consolidation.*

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to risk in relation to its operating, investing, and financial activities, and the business environment in which it operates. Generally, the Group's objectives in risk management are to ensure that it identifies, measures, monitors, and controls the various risks that arise from its business activities and that it adheres strictly to the policies, procedures, and control systems which are established to address these risks. In managing financial instruments, the Group is exposed to financial risk such as market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; hence, they should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2019.

There have been no significant changes in the risk management structure of the Group or in any risk management policies since the previous annual period.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 *Fair Value Hierarchy*

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

6.2 *Financial Instruments Measurement at Fair Value*

The Group's financial assets at fair value through other comprehensive income (FVOCI) include proprietary golf club shares, which are categorized within Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, equity security held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured using the market approach by reference to the fair value of a comparable instrument adjusted for inputs (i.e., financial forecast of cash flows or profit or loss) internally developed by management to consider the differences in corporate profile and historical performance of the entity. As of September 30, 2020 and December 31, 2019, the Group's financial assets measured at FVOCI amounted to P75.9 million (see Note 16).

The Group has no financial liabilities measured at fair value as of September 30, 2020 and December 31, 2019.

There were neither transfers between Levels 1, 2 and 3 instruments in both periods.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the condensed consolidated statements of financial position but for which fair value is required to be disclosed.

		September 30, 2020 (Unaudited)			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and					
		P 5,955,921,170	P -	P -	P 5,955,921,170
		-	-	5,650,025,783	5,569,216,980
		-	-	37,906,749	37,906,749
		P 5,955,921,170	P -	P 5,687,932,532	P 11,643,853,702
Financial Liabilities					
		P -	P -	P 394,487,283	P 394,487,283
		-	-	977,043,895	977,043,895
		-	-	4,328,059,051	4,328,059,051
		-	-	251,785,377	251,785,377
		-	-	49,531,655	49,531,655
		P -	P -	P 6,000,907,261	P 6,000,907,261
		December 31, 2019 (Audited)			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and					
		P 5,211,402,211	P -	P -	P 5,211,402,211
		2,060,000,000	-	-	2,060,000,000
		-	-	5,276,558,087	5,276,558,087
	10	-	-	249,012,950	249,012,950
		-	-	47,362,548	47,362,548
		P 7,271,402,211	P -	P 5,572,933,585	P 12,844,335,796
Financial Liabilities					
	18	P -	P -	P 455,729,822	P 455,729,822
	19	-	-	680,247,107	680,247,107
	26.2	-	-	4,351,734,322	4,351,734,322
	13.2	-	-	1,000,000,000	1,000,000,000
	20	-	-	263,430,553	263,430,553
	20	-	-	51,053,388	51,053,388
		P -	P -	P 6,802,195,192	P 6,802,195,192

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

6.4 Fair Value Disclosures for Investment Properties Carried at Cost

The table below shows the levels within the hierarchy of non-financial assets that are not measured at fair value but for which fair values are disclosed as of September 30, 2020 and December 31, 2019.

	Note	Level 1	Level 2	Level 3	Total
<u>September 30, 2020 and December 31, 2019</u>					
Land	P	-	P119,127,072,049	P -	P119,127,072,049
Buildings and improvements		-	-	4,352,561,244	4,352,561,244
Construction in progress		-	-	1,270,510,090	1,270,510,090
	14	<u>P -</u>	<u>P119,127,072,049</u>	<u>P 5,623,071,334</u>	<u>P124,750,143,383</u>

The above fair value information is determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment properties is their current use.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Cash on hand and in banks	P 3,126,389,305	P 4,296,870,346
Short-term placements	<u>2,829,531,865</u>	<u>914,531,865</u>
	<u>P 5,955,921,170</u>	<u>P 5,211,402,211</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of between 30 to 90 days and earn effective interest ranging from 1.00% to 4.08% during the nine months ended September 30, 2020 and 3.375% to 6.75% during the nine months ended September 30, 2019. Interest income from cash in banks and short-term placements amounting to P60.3 million and P203.6 million in 2020 and 2019 respectively, are presented as Finance Income in the consolidated statements of profit or loss.

8. RECEIVABLES

This account is composed of the following:

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current:			
Rental receivables		P 406,830,297	P 541,494,152
Advances to:			
Related parties	23.1	763,622,017	744,651,354
Suppliers		67,981,208	109,203,043
Officers and employees		10,215,769	9,350,613
Contracts receivables		676,988,488	696,339,500
Retention receivables		105,456,794	107,793,640
Others		<u>111,622,390</u>	<u>63,415,807</u>
		<u>2,142,716,963</u>	<u>2,272,248,109</u>
Allowance for impairment		<u>(95,504,164)</u>	<u>(95,504,164)</u>
		<u>2,047,212,799</u>	<u>2,176,743,945</u>
Non-current:			
Rental receivables		<u>3,670,79,192</u>	<u>3,209,017,185</u>
		<u>P 5,718,006,991</u>	<u>P 5,385,761,130</u>

Receivables that are past due but not impaired as at the end of the nine months reporting period are shown below:

	September 30, 2020	December 31, 2019
Not more than three months	P 63,995,206	P 74,597,617
More than three months but not more than one year	61,883,604	10,541,072
More than one year	<u>648,139,300</u>	<u>649,411,952</u>
	<u>P 774,018,110</u>	<u>P 734,550,640</u>

9. PROPERTY DEVELOPMENT COSTS AND REAL ESTATE TRANSACTIONS

The Group capitalized certain costs as property development costs representing properties under development and construction. Costs incurred comprise of actual costs of land, construction and related engineering, architectural and other consultancy fees related to the development of its residential condominium projects, “Pixel Residences”, “One Parq Suites” and “MidPark Towers”, all located in Aseana City, 1702 Parañaque City, Metro Manila. It also includes certain parcels of land which will be developed for the Group’s other residential projects.

The accumulated balance of Property Development Costs as presented in the condensed consolidated statements of financial position amounted to as follows:

	September 30, 2020	December 31, 2019
	<u> </u>	<u> </u>
MidPark Residences	P 541,975,546	P 525,006,783
Pixel Residences	16,528,617	245,222,630
One Parq Suites	7,397,321	-
Raw Land	397,831,294	397,831,294
	<u>P 963,732,778</u>	<u>P 1,168,060,707</u>

Cost of condominium units sold amounted to P414.2 million and P238.4 million for the nine months ended September 30, 2020 and 2019, respectively (see Note 20.3).

Percentage of completion of Pixel Residences as at September 30, 2020 and 2019 is 91.8% and 68.5%, respectively. Percentage of completion of MidPark Residences as at September 30, 2020 and 2019 is 14.3% and 12.3%, respectively.

10. LAND AND LAND DEVELOPMENT COSTS

This account pertains to the cost of land available for sale located in Aseana City, Parañaque City; Ciudad Nuevo Park, Cavite City; and Lunzuran Heights Subdivision, Zamboanga City with a total lot area of 238,009 square meters as of September 30, 2020 and December 31, 2019.

The analysis of the movements of the balance of Land and Land Development Costs is as follows:

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
	<u> </u>	<u> </u>
Balance at beginning of period	P 2,012,493,650	P 2,162,209,345
Capitalized costs during the year	58,621,538	148,600,941
Reclassification	-	(231,572,755)
Sales during the period	<u>-</u>	<u>(66,743,881)</u>
Balance at end of period	<u>P 2,071,115,188</u>	<u>P 2,012,493,650</u>

Management has estimated that the net realizable value of Land and Land Development Costs is higher than its carrying value as of September 30, 2020 and December 31, 2019. As of September 30, 2020 and December 31, 2019, certain portion of the parcels of land owned by the Group with a total lot area of 2,777 and carrying amounts of P44.2 million, is used as collateral to secure certain peso denominated interest-bearing loans (see Note 17). The loans do not contain any restriction on the sale of the land except that the mortgage is annotated in the titles of the said properties.

11. OTHER CURRENT ASSETS

This account consists of the following:

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Deferred input value-added tax (VAT)	P 587,352,373	P 403,429,605
Input VAT	325,819,008	218,067,900
Prepayments	65,283,856	114,751,348
Financial assets at FVTPL	48,206,870	48,206,870
Contract acquisition costs	37,499,062	32,934,611
Creditable withholding tax	16,678,874	8,994,473
Short-term placement	-	2,060,000,000
	<u>P 1,080,840,043</u>	<u>P 2,886,384,807</u>

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

This account consists of the following:

	<u>Notes</u>	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Investments in:			
Associates	12.1	P 48,910,478	P 49,043,168
Joint venture	12.2	<u>56,074,370</u>	<u>12,827,982</u>
		<u>P 104,984,848</u>	<u>P 61,871,150</u>

12.1 Investments in Associates

The movements in the carrying amount of investments in associates, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Acquisition costs	P 56,913,213	P 56,913,213
Accumulated share in net losses:		
Balance at beginning of period	(7,870,045)	(7,744,653)
Share in net losses	<u>(132,690)</u>	<u>(125,392)</u>
Balance at end of period	<u>(8,002,735)</u>	<u>(7,870,045)</u>
	<u>P 48,910,478</u>	<u>P 49,043,168</u>

12.2 Investment in Joint Venture

The Group's joint venture pertains to investment in BRADCO. The movements in the carrying amount of investment in joint venture, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Acquisition costs	P 2,000,000	P 2,000,000
Accumulated share in net losses:		
Balance at beginning of period	10,827,982	4,665,905
Share in net gains (losses)	<u>43,246,388</u>	<u>6,162,077</u>
 Balance at end of period	 <u>54,074,370</u>	 <u>10,827,982</u>
	<u>P 56,074,370</u>	<u>P 12,827,982</u>

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation and amortization of property and equipment at the beginning and end of the nine months ended September 30, 2020 and the year ended December 31, 2019 are shown below.

	<u>Land</u>	<u>Land Improvements</u>	<u>Leasehold Improvements</u>	<u>Machinery and Construction Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Office Equipment</u>	<u>Other Equipment</u>	<u>Building and Improvements</u>	<u>Total</u>
September 30, 2020									
Cost	P 9,291,800	P 4,034,354	P 37,831,686	P 472,832,081	P 52,052,629	P 158,790,167	P 14,244,402	P 239,649,209	P 988,726,328
Accumulated depreciation and amortization	<u>-</u>	<u>(3,104,892)</u>	<u>(30,454,316)</u>	<u>(419,265,773)</u>	<u>(39,508,334)</u>	<u>(70,904,371)</u>	<u>(14,060,405)</u>	<u>(21,968,680)</u>	<u>(599,266,771)</u>
Net carrying amount	<u>P 9,291,800</u>	<u>P 929,462</u>	<u>P 7,377,370</u>	<u>P 53,566,308</u>	<u>P 12,544,295</u>	<u>P 87,885,796</u>	<u>P 183,997</u>	<u>P 217,680,529</u>	<u>P 389,459,557</u>
December 31, 2019									
Cost	P 9,291,800	P 4,034,354	P 37,831,686	P 467,104,401	P 48,127,629	P 157,605,672	P 14,244,402	P 239,649,209	P 977,889,153
Accumulated depreciation and amortization	<u>-</u>	<u>(2,906,319)</u>	<u>(26,344,443)</u>	<u>(389,301,114)</u>	<u>(37,472,421)</u>	<u>(49,708,981)</u>	<u>(14,038,209)</u>	<u>(15,976,614)</u>	<u>(535,748,101)</u>
Net carrying amount	<u>P 9,291,800</u>	<u>P 1,128,035</u>	<u>P 11,487,243</u>	<u>P 77,803,287</u>	<u>P 10,655,208</u>	<u>P 107,896,691</u>	<u>P 206,193</u>	<u>P 223,672,595</u>	<u>P 442,141,052</u>
January 1, 2019									
Cost	P 9,291,800	P 4,034,354	P 36,447,238	P 437,985,422	P 44,372,629	P 37,711,745	P 14,244,402	P -	P 584,087,590
Accumulated depreciation and amortization	<u>-</u>	<u>(2,641,557)</u>	<u>(20,668,782)</u>	<u>(351,706,232)</u>	<u>(34,804,802)</u>	<u>(29,736,852)</u>	<u>(13,871,780)</u>	<u>-</u>	<u>(453,430,005)</u>
Net carrying amount	<u>P 9,291,800</u>	<u>P 1,392,797</u>	<u>P 15,778,456</u>	<u>P 86,279,190</u>	<u>P 9,567,827</u>	<u>P 7,974,893</u>	<u>P 372,622</u>	<u>P -</u>	<u>P 130,657,585</u>

A reconciliation of the carrying amounts at the beginning and end of the six months ended September 30, 2020 and the year ended December 31, 2019 of property and equipment is shown below.

	<u>Land</u>	<u>Land Improvements</u>	<u>Leasehold Improvements</u>	<u>Machinery and Construction Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Office Equipment</u>	<u>Other Equipment</u>	<u>Building and Improvements</u>	<u>Total</u>
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 9,291,800	P 1,128,035	P 11,487,243	P 77,803,287	P 10,655,208	P 107,896,691	P 206,193	P 223,672,595	P 442,141,052
Additions	-	-	-	5,727,680	3,925,000	1,184,495	-	-	10,837,175
Depreciation and amortization charges for the year	-	(198,573)	(4,109,873)	(29,964,659)	(2,035,913)	(21,195,390)	(22,196)	(5,992,066)	(63,518,670)
Balance at September 30, 2020, net of accumulated depreciation and amortization	<u>P 9,291,800</u>	<u>P 929,462</u>	<u>P 7,377,370</u>	<u>P 53,566,308</u>	<u>P 12,544,295</u>	<u>P 87,885,796</u>	<u>P 183,997</u>	<u>P 217,680,529</u>	<u>P 389,459,557</u>
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 9,291,800	P 1,392,797	P 15,778,456	P 86,279,190	P 9,567,827	P 7,974,893	P 372,622	P -	P 130,657,585
Additions	-	-	1,384,449	29,118,979	3,755,000	119,893,927	-	-	154,152,354
Reclassification from investment properties [see Notes 3.1(e) and 14]	-	-	-	-	-	-	-	239,649,209	239,649,209
Depreciation and amortization charges for the year	-	(264,762)	(5,675,662)	(37,594,882)	(2,667,619)	(19,972,129)	(166,429)	(15,976,614)	(82,318,096)
Balance at December 31, 2019, net of accumulated depreciation and amortization	<u>P 9,291,800</u>	<u>P 1,128,035</u>	<u>P 11,487,243</u>	<u>P 77,803,287</u>	<u>P 10,655,208</u>	<u>P 107,896,691</u>	<u>P 206,193</u>	<u>P 223,672,595</u>	<u>P 442,141,052</u>

The amount of depreciation and amortization is allocated as follows:

	<u>Notes</u>	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Capitalized as part of land and land development costs		P 27,080,635	P 36,145,587
Cost of construction contracts	20.1	2,875,939	1,407,880
General and administrative expense	22	<u>33,562,096</u>	<u>36,776,322</u>
		<u>P 63,518,670</u>	<u>P 74,329,789</u>

14. INVESTMENT PROPERTIES

The carrying amount of this account is composed of the following:

	<u>Notes</u>	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Investment properties – net		P 13,736,194,455	P 12,414,489,719
Right-of-use asset – net	15.1	<u>153,961,019</u>	<u>158,198,478</u>
		<u>P 13,890,155,474</u>	<u>P 12,572,688,197</u>

The gross amounts and the accumulated depreciation of investment properties at the beginning and end of the nine months ended September 30, 2020 and the year ended December 31, 2019 are shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Condominium Units</u>	<u>Construction in Progress</u>	<u>Total</u>
September 30, 2020					
Cost	P 9,052,262,481	P 2,797,681,966	P 25,228,650	P 2,483,894,801	P 14,359,067,898
Accumulated depreciation	-	(617,599,999)	(5,273,444)	-	(622,873,443)
Net carrying amount	<u>P 9,052,262,481</u>	<u>P 2,180,081,967</u>	<u>P 19,955,206</u>	<u>P 2,483,894,801</u>	<u>P 13,736,194,455</u>
December 31, 2019					
Cost	P 8,867,542,310	P 2,797,479,316	P 25,228,650	P 1,270,510,090	P 12,960,760,366
Accumulated depreciation	-	(541,754,063)	(4,516,584)	-	(546,270,647)
Net carrying amount	<u>P 8,867,542,310</u>	<u>P 2,255,725,253</u>	<u>P 20,712,066</u>	<u>P 1,270,510,090</u>	<u>P 12,414,489,719</u>
January 1, 2019					
Cost	P 8,720,243,460	P 2,989,677,001	P 25,228,650	P 162,085,268	P 11,897,234,379
Accumulated depreciation	-	(445,344,411)	(3,507,438)	-	(448,851,849)
Net carrying amount	<u>P 8,720,243,460</u>	<u>P 2,544,332,590</u>	<u>P 21,721,212</u>	<u>P 162,085,268</u>	<u>P 11,448,382,530</u>

The reconciliation of the carrying amounts of investment properties at the beginning and end of the nine months ended September 30, 2020 and the year ended December 31, 2019 is shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Condominium Units</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2020, net of accumulated depreciation	P 8,867,542,310	P 2,255,725,253	P 20,712,066	P 1,270,510,090	P 12,414,489,719
Additions	184,720,171	202,650	-	1,213,384,711	1,398,307,532
Depreciation charges for the period	-	(75,845,936)	(756,860)	-	(76,602,796)
Balance at September 30, 2020, net of accumulated depreciation	<u>P 9,052,262,481</u>	<u>P 2,180,081,967</u>	<u>P 19,955,206</u>	<u>P 2,483,894,801</u>	<u>P 13,736,194,455</u>
Balance at January 1, 2019, net of accumulated depreciation	P 8,720,243,460	P 2,544,332,590	P 21,721,212	P 162,085,268	P 11,448,382,530
Additions	150,263,640	3,274,693	-	1,152,601,653	1,306,139,986
Reclassification to property and equipment (see Note 13)	-	(231,660,902)	-	-	(231,660,902)
Reclassification of land to property development costs	(397,831,294)	-	-	-	(397,831,294)
Reclassification from raw land	231,572,755	-	-	-	231,572,755
Reclassification of land from investment in JV held for termination to investment property	163,293,749	-	-	-	163,293,749
Reclassification from CIP to building and improvements	-	44,176,831	-	(44,176,831)	-
Depreciation charges for the year	-	(104,397,959)	(1,009,146)	-	(105,407,105)
Balance at December 31, 2019, net of accumulated depreciation	<u>P 8,867,542,310</u>	<u>P 2,255,725,253</u>	<u>P 20,712,066</u>	<u>P 1,270,510,090</u>	<u>P 12,414,489,719</u>

The amount of depreciation is allocated as follows:

	<u>Notes</u>	<u>September 30, 2020 (Unaudited)</u>	<u>December 31, 2019 (Audited)</u>
Cost of rentals	20.2	P 75,845,937	P 102,187,258
General and administrative expense	22	<u>756,859</u>	<u>3,219,847</u>
		<u>P 76,602,796</u>	<u>P 105,407,105</u>

Land and building rental revenues recognized from investment properties amounted to P1,344.2 million and P1,331.1 million for the nine months ended September 30, 2020 and 2019, respectively, and are shown as Rentals under Revenues account in the condensed consolidated statements of comprehensive income. Costs incurred related to investment properties, including the depreciation, are presented as Rentals under Costs of Services and Sales account in the condensed consolidated statements of comprehensive income (see Note 20.2).

Management believes that the carrying amounts of investment properties are recoverable in full; hence, no impairment loss is recognized in 2020 and 2019.

Certain investment properties with carrying amount of P301.5 million as of September 30, 2020 and December 31, 2019, are used as collateral for certain loans with local banks (see Note 17).

15. LEASES

The Group leases certain parcels of land from WHI (see Note 23). Such lease has original term of 15 years and subject to escalation rate of 3% and enforceable renewal/extension options. The lease with WHI is reflected on the 2019 consolidated statement of financial position as a right-of-use asset under Investment Properties (see Note 14) and a lease liability.

15.1 Right-of-use Asset

The carrying amount of the Group's right-of-use asset as at September 30, 2020 and December 31, 2019 and the movements during the period are shown below.

	<u>Notes</u>	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period		P 158,198,478	P 163,848,424
Depreciation and amortization	20.2	(4,237,459)	(5,649,946)
Balance at end of period	14	<u>P 153,961,019</u>	<u>P 158,198,478</u>

Depreciation of the Group's right-of-use asset is presented as part of Cost of Rentals in the consolidated statements of profit or loss (see Note 20.2).

15.2 Lease Liability

Lease liability is presented in the consolidated statement of financial position as at September 30, 2020 and December 31, 2019 as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current	P 11,282,400	P 11,282,400
Non-Current	<u>153,950,613</u>	<u>153,101,312</u>
	<u>P 165,233,013</u>	<u>P 164,383,712</u>

Interest expense is presented as part of Finance Costs in the consolidated statements of comprehensive income (see Note 21.1).

As of September 30, 2020, the Group has no commitments for leases (as lessee) entered into but which had not commenced.

16. OTHER NON-CURRENT ASSETS

This account includes the following:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Advances to suppliers	P 1,095,173,818	P 814,408,025
Project advances	121,887,603	106,181,626
Financial assets at FVOCI	75,876,143	75,876,143
Deposits for future investment	54,026,935	54,026,935
Refundable deposits	37,906,749	47,362,548
Contract acquisition costs	5,503,473	5,503,473
Others	<u>3,678,906</u>	<u>2,687,616</u>
	<u>P 1,394,053,627</u>	<u>P 1,106,046,366</u>

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	P 75,876,143	P 74,755,905
Unrealized fair value gain	<u>-</u>	<u>1,120,238</u>
Balance at end of period	<u>P 75,876,143</u>	<u>P 75,876,143</u>

Financial assets at FVOCI consist of investment in golf club shares and certain unquoted equity securities. The Group used Level 2 and 3 in determining the fair value of financial assets at FVOCI.

17. LOANS AND BORROWINGS

The Group's short-term and long-term loans and borrowings are classified in the condensed consolidated statements of financial position as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current	P 84,895,000	P 114,670,000
Non-current	<u>340,800,000</u>	<u>397,050,000</u>
	<u>P 425,695,000</u>	<u>P 511,720,000</u>

Bank loans represent partially secured and unsecured loans from local commercial banks. These loans bear annual interest rates ranging from 4.75% to 5.75% per annum in 2020 and 3.60% to 6.25% per annum in 2019 and are subject to monthly repricing based on prevailing market rate.

In 2020 and 2019, interest costs related to bank loans amounted to P18.6 million and P64.7 million, respectively, and were recognized as part of Finance costs under Other Operating and Non-Operating Income (Charges) account in the condensed consolidated statements of comprehensive income (see Note 21.1).

As of September 30, 2020 and December 31, 2019, bank loans are partially secured by certain assets as follows:

	Notes	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Investment properties	14	P 301,525,742	P 301,525,742
Land and land development costs	10	<u>44,230,441</u>	<u>44,230,441</u>
		<u>P 345,756,183</u>	<u>P 345,756,183</u>

18. TRADE AND OTHER PAYABLES

This account consists of the following:

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
Trade payables	P 431,150,290	P 204,421,304
Deferred output VAT payable	634,645,557	515,329,381
Retention payable	219,610,271	159,328,216
Income tax payable	212,523,867	499,824,889
Accrued expenses	186,011,831	229,829,333
Other payables	<u>140,271,503</u>	<u>86,668,254</u>
	<u>P 1,824,213,319</u>	<u>P 1,695,401,377</u>

19. DEPOSITS AND ADVANCES

This account consists of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current:		
Advance rentals	P 226,617,257	P 386,094,175
Reservation deposits	175,764,851	598,874,586
Construction bond	49,531,655	51,053,388
Rental deposits	46,022,341	46,376,641
Unearned rent income	23,991,263	8,484,087
Buyers' deposits	1,009,196	1,009,196
Others	<u>3,201,999</u>	<u>5,381,949</u>
	<u>526,138,562</u>	<u>1,097,274,022</u>
Non-current:		
Rental deposits	205,763,036	217,053,912
Retention payable	130,072,000	97,644,206
Unearned rent income	65,758,541	65,758,541
Advance rentals	57,966,014	66,323,127
Buyers' deposits	<u>5,827,833</u>	<u>5,827,833</u>
	<u>465,387,424</u>	<u>452,607,619</u>
	<u>P 991,525,986</u>	<u>P 1,549,881,641</u>

20. COSTS OF SERVICES

20.1 Cost of Construction Contracts

The details of cost of construction contracts are shown below.

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Subcontract		P 9,806,523	P 11,684,520
Depreciation and amortization	13	2,875,939	P 1,175,730
Gasoline and oil		498,561	548,205
Salaries and employee benefits		201,806	395,151
Construction materials		<u>49,546</u>	<u>15,165,299</u>
	22	<u>P 13,432,374</u>	<u>P 28,968,905</u>

20.2 Cost of Rentals

The following are the details of direct costs and expenses of rentals, including common usage and service area charges:

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Depreciation	14, 15.1	P 80,083,396	P 82,179,501
Outside services		19,674,665	24,723,290
Taxes and licenses		32,634,643	18,867,394
Utilities		17,215,846	20,765,183
Office supplies		8,346,556	11,721,141
Professional fees		7,230,174	7,496,172
Repairs and maintenance		5,797,366	23,417,481
Others		<u>6,968,005</u>	<u>8,719,703</u>
	22	<u>P 177,950,651</u>	<u>P 197,889,865</u>

20.3 Cost of Sale of Condominium Units

The following are the details of direct costs and expenses of condominium units sold:

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Development costs		P 353,664,592	P 195,800,917
Land cost		45,378,826	25,511,001
Others		<u>15,112,742</u>	<u>17,044,337</u>
	22	<u>P 414,156,160</u>	<u>P 238,356,255</u>

21. OTHER OPERATING AND NON-OPERATING INCOME (CHARGES)

21.1 Finance Costs

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Interest expense on:			
Bank loans	17	P 18,636,148	P 64,736,868
Lease liabilities	15.2	9,311,101	-
Foreign currency losses - net		1,091,607	-
Others		<u>174,582</u>	<u>97,369</u>
		<u>P 29,213,438</u>	<u>P 64,834,237</u>

21.2 Other Operating Income

	<u>2020</u>	<u>2019</u>
Income from rendering of administrative and other services	P 26,242,406	P 31,978,371
Others	<u>74,265,913</u>	<u>10,333,108</u>
	<u>P 100,508,319</u>	<u>P 42,311,479</u>

21.3 Other Income

In January 2018, prior to the termination of the JV Agreements, the Parent Company, together with the Ultimate Parent Company entered into a Memorandum of Agreement with a third party whereby the Parent Company and the Ultimate Parent Company transfer their rights provided for under the JV Agreements, including giving their consent in favor of the third party to be able to buy from ADI certain parcels of land contributed to the joint arrangement. Subject to certain terms and conditions governing the transfer of such rights to the third party, the Parent Company is entitled to consideration totaling P2,050.0 million over two years, of which a non-refundable portion amounting to P850.0 million was received by the Parent Company during the nine months ended September 30, 2019. In 2020, the Company recognized other income amounting to P1,000 million as a result of a release from its long-term liability to its co-venturer.

In connection with the termination of the JV Agreement and performance of all the conditions as set forth in the Memorandum of Agreement, in September 2020, the Parent Company recognized the advances made by its co-joint venturer amounting to P1,000 million as other income. The advances from co-joint venturer is previously presented as part of current liabilities in the statement of financial position as of December 31, 2019.

22. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Development costs		P 353,664,592	P 195,800,917
Taxes and licenses		143,023,050	91,988,425
Depreciation and amortization	13, 14, 15.1	117,278,290	101,147,974
Salaries and employee benefits		108,577,528	88,806,957
Land Cost		45,378,826	25,511,001
Association dues		26,006,419	25,508,675
Outside services		25,541,532	29,497,710
Commission		24,691,854	90,627,781
Representation and entertainment		20,283,682	20,681,521
Professional fees		19,306,278	20,222,801
Utilities		18,333,448	29,408,570
Office supplies		15,877,040	19,229,759
Bond and insurance		9,818,981	3,039,713
Subcontract		9,806,523	11,684,520
Repairs and maintenance		9,165,331	26,571,983
Others		46,351,065	82,053,921
		<u>P 993,104,439</u>	<u>P 861,782,228</u>

These expenses are classified in the condensed consolidated statements of comprehensive income as follows:

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cost of sale of condominium units	20.3	P 414,156,160	P 238,356,255
Cost of rentals	20.2	177,950,651	197,889,865
Cost of construction contracts	20.1	13,423,374	28,968,905
General and administrative expenses		359,783,799	298,868,360
Selling expenses		27,781,455	97,698,843
		<u>P 993,104,439</u>	<u>P 861,782,228</u>

The details of general and administrative expenses are shown below.

	Notes	2020	2019
Taxes and licenses		P 110,388,407	P 73,121,031
Salaries and employee benefits		108,375,722	88,411,806
Depreciation and amortization	13, 14	34,318,955	17,792,743
Association dues		26,006,419	25,508,675
Representation and entertainment		20,283,682	20,681,521
Professional fees		12,076,104	12,726,629
Office supplies		7,530,484	7,508,618
Repairs and maintenance		3,367,965	3,154,502
Outside services		2,866,867	4,774,420
Bond and insurance		2,850,976	3,039,713
Transportation and travel		2,213,542	7,439,783
Others		29,504,676	34,708,919
		<u>P 359,783,799</u>	<u>P 298,868,360</u>

23. RELATED PARTY TRANSACTIONS

The Group's related parties include its Ultimate Parent Company, associates, joint ventures, related parties under common ownership and management, stockholders and key management personnel as described below.

The summary of the Group's significant transactions in 2020 and 2019 with its related parties and the outstanding balances as of September 30, 2020 and December 31, 2019 are presented below.

Related Party Category	Note	Outstanding Balances		Amount of Transactions	
		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)	2020	2019
Ultimate parent company:					
Cash advances granted	23.1	P 439,749,011	P 436,680,854	P 3,068,157	P 2,505,688
Advances from purchase of land		(4,290,125,076)	(4,320,125,076)	30,000,000	-
Purchase of parcels of land		-	-	-	(128,688,400)
Right-of-use assets		153,961,020	158,198,478	(4,237,458)	-
Lease liability		(165,233,013)	(164,383,712)	(849,301)	-
Depreciation		-	-	4,237,459	-
Interest expense		-	-	9,311,101	-
Associates:					
Cash advances granted	23.1	7,554,928	7,352,828	202,100	137,748
Joint ventures:					
Cash advances granted	23.1	44,999,065	44,999,065	-	734,979
Construction contracts		42,946,485	55,570,424	(12,623,939)	-
Related parties under common ownership and management:					
Cash advances granted (collected)	23.1	179,283,839	171,615,533	7,668,306	647,096
Cash advances paid (obtained)	23.2	(37,933,975)	(31,609,246)	(6,324,729)	(400,542)
Association dues		33,996,344	17,428,870	24,702,209	8,154,675
Contracts of services		-	-	2,439,097	6,520,500
Other income		-	-	10,800,000	3,600,000
Rentals		-	-	-	34,905
Stockholders:					
Cash advances granted (collected)	23.1	92,035,174	84,003,075	8,032,099	2,566,043
Key management personnel –					
Compensation		-	-	42,984,339	13,582,258
Retirement Fund		53,419,139	53,419,139	-	-

23.1 Advances to Related Parties

In the normal course of business, the Group grants unsecured and noninterest-bearing cash advances to related parties for working capital requirements and other purposes. The advances have no fixed repayment terms and collectible upon demand.

Certain advances to related parties are secured by an undertaking of another related party to pay in case of default. These advances are presented as Advances to related parties under Receivables account in the condensed consolidated statements of financial position (see Note 8).

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Ultimate parent company	P 439,749,011	P 436,680,854
Related parties under common ownership and management	179,283,839	171,615,532
Stockholders	92,035,174	84,003,075
Joint ventures	44,999,065	44,999,065
Associates	<u>7,554,928</u>	<u>7,352,828</u>
	<u>P 763,622,017</u>	<u>P 744,651,354</u>

23.2 Advances from Related Parties and Due to Ultimate Parent Company

The Group has outstanding amount due to the Ultimate Parent Company representing a payable for certain land acquired in prior years. The Group also obtains cash advances from other related parties to assist its daily operational and other requirements.

Advances from and due to related parties, which is presented as current liabilities

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Ultimate parent company	P 4,290,125,076	P 4,320,125,076
Related party under common ownership and management	<u>37,933,975</u>	<u>31,609,246</u>
	<u>P 4,328,059,051</u>	<u>P 4,351,734,322</u>

24. CASH DIVIDENDS

The details of the Company's cash dividend declarations are as follows:

Declaration date/ date of approval of BOD	April 24, 2020
Date of record	May 11, 2020
Date of payment	June 4, 2020
Dividend per share	0.047116
Amount paid	P159,999,532.94

25. EARNINGS PER SHARE

Basic and diluted earnings per share were computed as follows:

	<u>2020</u> <u>(Unaudited)</u>	<u>2019</u> <u>(Unaudited)</u>
Net profit attributable to the equity holders of the Parent Company	P 1,826,356,234	P 1,654,836,563
Divided by weighted average number of outstanding common shares*	<u>3,395,864,100</u>	<u>3,395,864,100</u>
Basic and diluted earnings per share	<u>P 0.54</u>	<u>P 0.49</u>

*The Group has no potential dilutive common shares as of September 30, 2020 and December 31, 2019.

26. CAPITAL STOCK

The Parent Company has authorized capital stock of P4,000.0 million common stock with par value of P1.00 per share.

As of September 30, 2020 and December 31, 2019, total issued and outstanding shares are 3,395,864,100 common shares.

On March 6, 2018, the Parent Company filed its application with the PSE for the listing of its common shares, which was approved by the PSE on May 23, 2018. Also on March 6, 2018, the Parent Company filed a Registration Statement covering the Initial Public Offering (IPO) of its common shares with the PSE, in accordance with the provisions of the SEC's Securities Regulation Code. Pursuant to its filing with the PSE, on June 29, 2018, the Parent Company issued through the IPO the additional 679,172,800 common shares at P12.00 price per share generating offering proceeds of P8,150.1 million. The related additional paid-in capital arising from the IPO, after deducting transaction costs associated with the issuance of shares, amounted to P6,964.6 million. The common share price closed at P5.2 per share as of September 30, 2020.

As of September 30, 2020 and December 31, 2019, there are 17 and 11 holders, respectively, of the listed common shares owning at least one board lot of 100 shares.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

27.1 Operating Leases – Group as a Lessor

The Group is a lessor under operating leases covering certain real estate properties presented in the consolidated statements of financial position as Investment Properties. The lease agreements have a term of one year, subject to annual renewal and monthly payment of minimum rental plus additional rental based on certain percentage of the lessee's gross sales. Lease agreements with large tenants have terms ranging from five to 45 years with monthly rental payment on certain rate per square meter of leased area subject to annual escalation rates of 5.00% to 10.00% per annum.

The future minimum lease collections under these operating leases as of the end of the reporting period is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Within one year	P 1,230,255,617	P 1,188,416,411
After one year but not more than five years	3,312,128,878	3,656,184,342
More than five years	<u>32,040,551,061</u>	<u>32,319,145,099</u>
	<u>P36,582,935,556</u>	<u>P 37,163,745,852</u>

27.2 Legal Claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of its business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

27.3 Deficiency Tax Assessments

The Group has certain final deficiency tax assessment and has received letters of authority from the Bureau of Internal Revenue (BIR), pursuant to which the BIR has sought to investigate certain tax periods of the Group and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. There are final deficiency tax assessments in the ordinary course of business against the Parent Company that are pending with the BIR covering taxable years 2015, 2013 and 2009. Pursuant to the Group's policy of addressing such actions in line with prudent business practice, the Group has engaged tax counsels and advisors in relation to these matters.

As of September 30, 2020, the final deficiency tax assessments are still under protest. Management believes that the Group has enough basis in law, Supreme Court and Court of Tax Appeals decisions, and evidence to support their claim; hence, no provisions were recognized in the consolidated financial statements.

27.4 Reclaimed Land and Others

The Group's existing land holdings in Aseana City, which were obtained pursuant to certain series of agreements involving reclamation and related projects with the Philippine Government, are entirely located on reclaimed foreshore land. Although the Group holds registered titles to these land holdings, Philippine law provides that issuance of titles does not create or vest title, but only constitutes evidence of ownership over such properties. In view of this, the Group's ownership, registration, and possession of titles and actual possession of these land holdings do not negate the possibility that the Philippine Government or third parties may at any time, file lawsuits to challenge the Group's rights to these land holdings. While the PRA and the Philippine Office of the Government Corporate Counsel (OGCC) are of the opinion that the Group's titles can no longer be invalidated, there is no assurance that the Philippine Government or third parties will not challenge the Group's rights to such reclaimed lands in the future. Notwithstanding the foregoing, the Group is not aware of the validity of the Group's titles being questioned, impugned, challenged or invalidated by the Philippine Government or any other third party since the time the Group acquired ownership over these land holdings in Aseana City and up to the audit report date. In addition to the opinions of the PRA and OGCC, management believes that the Group has enough basis in law and in the decisions of the relevant courts, to support the validity of its titles and ownership over these subject properties.

There are other commitments, litigations and contingencies that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of September 30, 2020, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions primarily those current and expected future events that affect or likely to affect the real estate and leasing sector. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by measuring the ratio of loans and borrowings to total capital and net loans and borrowings to total capital. Loans include all short-term and long-term borrowings while net interest-bearing loans include all short-term and long-term loans net of cash and cash equivalents.

As of September 30, 2020 and December 31, 2019, the Group's ratios of net interest-bearing loans to total capital are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Total loans and borrowings	P 425,695,000	P 511,720,000
Less: Cash and cash equivalents and short-term placements	(5,955,921,170)	(7,271,402,211)
Net loans and borrowings (a)	(5,530,226,170)	(6,759,682,211)
Total equity	<u>22,030,693,304</u>	<u>20,533,182,994</u>
Net loans and borrowings and equity (b)	<u>16,500,467,134</u>	<u>P 13,773,500,783</u>
Gearing ratio (a/b)	(<u>34%</u>)	(<u>49%</u>)

29. IMPACT OF COVID-19

The Group and other Philippine businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19, which the Group's management has determined to adversely affect the health, safety, logistics and productivity of its employees, and may affect the operations of the Group, particularly on the leases of land and commercial buildings. However, the Group believes that the downside risks caused by the COVID-19 to its operations are modest since its recurring leasing business is stable with diversified large and long-term leases across several industries. As of the report date, the COVID-19 has no material financial impact in the Group's operations, and ultimately in its consolidated financial statements. Relative to this, the Group has implemented strict measures (including protocols mandated by the Philippine Government, and business continuity initiatives for its supply chain and construction projects) to mitigate the risks involved and alleviate the impact of COVID-19 to the Group's financial condition and status of operations.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
Schedule of Financial Indicators
As required under SRC Rule 68, as amended
For the Period Ended September 30, 2020 and 2019
(Amounts in Philippine Pesos)

	September 30, 2020	December 31, 2019
I. Current/liquidity ratios		
a. Current Ratio		
$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	1.63	1.61
b. Quick Ratio		
$\frac{[\text{Cash and Cash Equivalents} + \text{Receivables} - \text{net}]}{\text{Total Current Liabilities}}$	1.08	0.88
II. Solvency ratios		
a. Solvency Ratio (Annualized)		
$\frac{\text{Earnings Before Interest and Taxes}}{\text{Total Liabilities}}$	33%	29%
b. Debt Ratio		
$\frac{\text{Total Loans and Borrowings}}{\text{Total Assets}}$	1%	2%
c. Debt-to-Equity Ratio		
$\frac{\text{Total Loans and Borrowings}}{\text{Total Equity Attributable to Owners of Parent Company}}$	2%	3%
III. Asset-to-equity ratio		
$\frac{\text{Total Assets}}{\text{Total Equity Attributable to Owners of Parent Company}}$	1.49	1.56
	September 30, 2020	September 30, 2019
IV. Interest Coverage Ratio		
$\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Costs*}}$	126.3	33.8
V. Profitability Ratios		
a. Net Profit Margin		
$\frac{\text{Net profit Attributable to Owners of the Parent Company}}{\text{Revenues}}$	84.4%	85.7%
b. Gross Profit Margin		
$\frac{\text{Gross Profit}}{\text{Revenues}}$	72.5%	76.1%
c. Return on Equity (Annualized)		
$\frac{\text{Net profit Attributable to Owners of the Parent Company}}{\text{Average Equity Attributable to Owners of the Parent Company}}$	12.2%	12.2%
d. Return on Assets (Annualized)		
$\frac{\text{Net profit Attributable to Owners of the Parent Company}}{\text{Average Total Assets}}$	8.1%	6.7%
e. Recurring income		
$\frac{\text{Rental revenue}}{\text{Total revenue}}$	66.7%	75.7%

D. M. WENCESLAO & ASSOCIATES, INCORPORATED
3rd Floor, Aseana Powerstation Building
D. Macapagal Avenue cor Bradco Ave., Aseana City, Paranaque City

Reconciliation of Retained Earnings Available for Dividend Declaration
As of September 30, 2020

Unappropriated Retained Earnings Available for Dividend

Declaration at Beginning of Year P 7,130,987,602

Prior Year's Outstanding Reconciling Items

Rent income based on

Philippine Accounting Standard (PAS) 17, *Leases* (3,425,062,718)

Deferred tax income from deferred tax assets (213,115,321)

Revaluation increment on land (19,047,893)

(3,657,225,932)

Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted

3,473,761,670

Net Profit Realized During the Year

Net profit per audited financial statements 1,857,509,843

Non-actual/unrealized income

Accrued rent income based on PAS 17, *Leases* (387,443,573)

Deferred tax income from deferred tax assets (172,612,217)

1,297,454,054

Unappropriated Retained Earnings Available for Dividend Declaration at End of Period

P 4,771,215,724

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DMW's Net Income rises 11% to P1.86 billion in nine months ended September 30, 2020

Financial and Operational Highlights

(In Millions Pesos, except for financial ratios and percentages)

	Nine months ended September 30 (UNAUDITED)				
	2020	% to Revenues	2019	% to Revenues	% Change
Profit & Loss Data					
Revenues	2,200	100%	1,945	100%	13%
Cost of services and sales	605	28%	465	24%	30%
Gross profit	1,595	73%	1,480	76%	8%
Other operating expenses – net	287	13%	354	18%	- 19%
Other income – net	1,077	49%	1,002	52%	7%
Net income	1,858	84%	1,667	86%	11%
Net income attributable to owners of the Parent company	1,826	83%	1,655	85%	10%
	Sep 30 2020	% to Total Assets	Dec 31 2019	% to Total Assets	% Change
	(UNAUDITED)		(AUDITED)		
Balance Sheet Data					
Total Assets	31,907	100%	31,267	100%	2%
Total Liabilities	9,877	31%	10,734	34%	-8%
Total Equity attributable to owners of the Parent company	21,453	67%	19,987	64%	7%
	As of the period ended				
Other Key Financial Ratios	September 30, 2020	December 31, 2019			
Current Ratio	1.63	1.61			
Debt to Equity	2%	3%			
	September 30, 2020	September 30, 2019			
Return on Equity	12%	12%			
*Net income ratio	84%	86%			
Recurring Income Contribution	67%	76%			

**Attributable to parent*

Revenue

Total consolidated revenue increased by P255.3 million, or 13%, from P1,945.1 million for the nine months ended September 30, 2019 to P2,200.4 million for the same period in 2020, primarily due to the following:

Rentals

Our total rental revenue decreased by P5.0 million from P1,473.3 million for the nine months ended September 30, 2019 to P1,468.3 million for the same period in 2020.

- Rentals of Building. Rentals of building increased by P16.7 million, or 3%, from P594.3 million in 2019 to P611.0 million in 2020. The increase was primarily attributable to the renewal tenants of their contract of lease in Aseana One and Aseana Two with increase in rental rates. Our total leased floor area is 89,914 sq.m. as of September 30, 2020 and 2019.
- Other revenue. Other revenue decreased by P18.1 million, or 13%, from P142.2 million in 2019 to P124.1 million in 2020. The decrease was primarily attributable to the decrease in parking fee collections due to the COVID-19 situation.

Construction contracts

Total construction revenue decreased by P24.3 million, or 49%, from P49.1 million for the nine months ended September 30, 2019 to P24.8 million for the same period in 2020 primarily due to decrease in construction activities rendered to external customers. In 2020, the Group focused its construction resources to completing its on-going internal projects.

Sale of Condominium Units

The revenue from sale of condominium units increased by P284.6 million, or 67%, from P422.7 million for the nine months ended September 30, 2019 to P707.3 million for the same period in 2020. This increase was attributable primarily to the increase in the number of units that are qualified for revenue recognition in 2020 compared to units for the same period in 2019. Furthermore, incremental percentage of completion in 2020 increased compared to the incremental percentage of completion for the same period in 2019.

Cost of Services and Sales

Our consolidated cost of services and sales increased by P140.3 million, or 30%, from P465.2 million for the nine months ended September 30, 2019 to P605.5 million for the same period in 2020 due primarily due to the following:

Construction Contracts

Costs of construction contracts decreased by P15.6 million, or 54%, from P29.0 million for the nine months ended September 30, 2019 to P13.4 million in 2020. As discussed in a previous paragraph, the decrease in cost was primarily due to decrease in construction activities rendered to external parties.

Sale of Condominium Units

Cost of sale of condominium units increased by P175.8 million, or 74%, from P238.4 million for the six months ended September 30, 2019 to P414.2 million for the same period in 2020. As discussed in a previous paragraph, the increase was attributable primarily due to the increase in the number of units that are qualified for revenue recognition and incremental percentage of completion in 2020 compared for the same period in 2019.

Other Operating expenses - net

Other operating expenses - net decreased by P67.2 million, or 19%, from P354.3 million for the nine months ended September 30, 2019 to P287.1 million for the same period in 2020. The decrease was primarily attributable to the decrease in commission for sales agents.

Other Income (net of charges)

Other income increased by P75.7 million, or 8% from P1,001.6 million (net of charges) for the six months ended September 30, 2019 to P1,007.3 million (net of charges) for the same period in 2020 primarily due to the following:

Finance Income

Finance income decreased by P142.9 million, or 70%, from P203.2 million in 2019 to P60.3 million in 2020. The decrease was primarily attributable to the decrease in the amount of short-term placements and effective interest income rate.

Share in Net Income(Losses) of Associates and Joint Venture

Share in Net Income(Losses) of Associates and Joint Ventures increased by P30.6 million, or 245%, from P12.5 million in 2019 to P43.1 million in 2020 due to the increase in the net income as a result of operations of the joint venture.

Other Income

Other Income pertains to the non-refundable consideration received in relation to the Company's giving of its consent in favor of a third party to be able to buy from another party certain parcels of land contributed to a joint arrangement (see Note 21 to the condensed consolidated financial statements). Subject to certain terms and conditions governing the transfer of such rights to the third party, the Company is entitled to consideration totaling P2,050.0 million over two years, of which a non-refundable portion amounting to P850.0 million was received by the Company for the nine months ended September 30, 2019.

In connection with the termination of the JV Agreement and performance of all the conditions as set forth in the Memorandum of Agreement, in September 2020, the Parent Company recognized the advances made by its co-joint venturer amounting to P1,000 million as other income. The advances from co-joint venturer is previously presented as part of current liabilities in the statement of financial position as of December 31, 2019.

Net Profit Attributable to Parent

Net profit attributable to parent company increased by P171.6 million, or 10%, from P1,654.8 million in 2019 to P1,826.4 million in 2020.

Balance Sheet Accounts

Total Assets

The Company's total assets increased by P640.6 million, or 2%, from P31,266.8 million as of December 31, 2019 to P31,907.4 million as of September 30, 2020 due to the following:

- Cash and cash equivalents increased by P744.5 million, or 14%, from P5,211.4 million to P5,955.9 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to the collection from lease, construction and collection from sale of condominium units.
- Receivables increased by P332.2 million, or 6%, from P5,385.8 million to P5,718.0 million as of December 31, 2019 and June 30, 2020, respectively, primarily due to the recognition of rental receivable based on PAS17.
- Contract asset decreased by P91.6 million, or 40%, from P249.0 million to P157.4 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to the collection from sale of condominium units which already exceeds the cumulative sales based on percentage of completion.
- Property development costs decreased by P204.4 million, or 17%, from P1,168.1 million to P963.7 million as of December 31, 2019 and September 30, 2020, respectively, mainly due to the recognized cost of sale from condominium units. As of

September 30, 2020, the percentages of completion for Pixel Residences and MidPark Towers are 91.8% and 14.3%, respectively.

- Investment properties - net increased by P1,317.5 million, or 10%, from P12,572.7 million to P13,890.2 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to the cost incurred for 8912 Asean Ave., Parqal, Aseana Plaza and 58 Jupiter.
- Other non-current asset increased by P287.1 million, or 26%, from P1,106.0 million to P1,394.1 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to payment of downpayment to subcontractors.

Total Liabilities

Total liabilities decreased by P856.9 million, or 8%, from P10,733.6 million to P9,876.7 million from December 31, 2019 to September 30, 2020, respectively, due to the following:

- Trade and other payables increased by P128.8 million, or 8%, from P1,824.2 million to P1,547.6 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to increase in trade, output VAT payable and retention of P226.7 million, P119.3 million, and P60.2 million, respectively; net of decrease of P287.3 million due to payment of taxes.
- Advances from co-joint venturer decreased by P1,000.0 million, or 100% as of September 30, 2020 due to recognition of this advances as other income as a result of termination of JV Agreement and the performance of all obligations set forth in the Memorandum of Agreement (see note 21.3)
- Contract liability increased by P532.2 million, or 96%, from P554.7 million to P1,086.9 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to the increase in the amount received from real estate customers in excess of the amount the Group has rights to receive based on the progress of the real estate development.
- Deposits and advances decreased by P558.4 million, or 36%, from P1,549.9 million to P991.5 million as of December 31, 2019 and September 30, 2020, respectively, mainly due to application of deposits related to rentals and the sale of condominium units of Pixel Residences and MidPark Towers.
- Deferred tax liabilities increased by P149.8 million, or 17%, from P902.3 million to P1,052.1 million as of December 31, 2019 and September 30, 2020, respectively, due to recognition of income taxes related to deferred rental income.

Total Equity

Total equity increased by P1,497.5 million, or 7%, from P20,533.2 million to P22,030.7 million as of December 31, 2019 and September 30, 2020, respectively, primarily due to the results of operation for the nine months ended September 30, 2020 net of declaration of cash dividends.

Other Key Financial Ratios

The Company's key performance indicators are measured in terms of the following: (a) Current ratio which determines the liquidity of the Company (b) Debt to equity which determines the Company's financial leverage (c) Return on equity which measures the profitability to capital provided by stockholders (d) net income ratio which measures the ratio of net profit to total gross revenue (e) recurring income contribution.

Current ratio marginally increased to 1.63 from 1.61 as of September 30, 2020 and December 31, 2019, respectively, mainly due to decrease in current liabilities as a result of payment of outstanding loans and borrowings.

Debt to equity ratio improved to 2% from 3% as of September 30, 2020 and December 31, 2019, respectively, due to the payment of maturing loans while increasing the equity as the result of operations.

Net income margin slightly decreased to 84% from 86% as of September 30, 2020 and 2019 as a result of the change in the revenue mix mainly due to increase in sales of condominium units in 2020.

Recurring income ratio decreased to 67% from 76% as of September 30, 2020 and 2019 as a result of the change in the revenue mix mainly due to increase in revenue from sale of condominium units.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, and obligations during the reporting year as of balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Company's continuing operations.

Key Operating Data

On July 15, 2020, largest commercial office building, 8912 Asean Ave. had its topping off ceremony. As of September 30, 2020, the Company's largest commercial office building, 8912 Asean Ave. has a percentage of completion of 71%.

8912 Asean Ave. is a 15-storey office building with total gross leasable area of approximately 68,000 sq.m. The project stretches 120 meters along Aseana Ave. with convenient access to retail options at the Ayala Malls Bay Area, connected through an elevated walkway. Commercial retail spaces are located on the first level while offices are located starting on the fifth floor and above.

As of September 30, 2020, Parqal a mixed-use project with office and retail spaces that stretches from Diokno Ave. to Macapagal Ave. has a percentage of completion of 24%. The project has approximately 67,000 sq.m. leasable floor area and it features a climate protected and walkable mixed-use development with a 50% retail component. It is composed of nine independent 4-storey buildings. Around 60% of Parqal lot area is dedicated to lush green landscapes and recreational facilities.

As of the report date, the COVID-19 has no material financial impact in the Group's operations, and ultimately in its consolidated financial statements. Relative to this, the Group has implemented strict measures (including protocols mandated by the Philippine Government, and business continuity initiatives for its supply chain and construction projects) to mitigate the risks involved and alleviate the impact of COVID-19 to the Group's financial condition and status of operations.

Project and Capital Expenditure

As of the period ended September 30, 2020, the Company already spent P1.72 billion on its capital expenditures.

SIGNATURES

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

Issuer: **D.M. WENCESLAO & ASSOCIATES, INC.**

By:



DELFIN ANGELO C. WENCESLAO
Chief Executive Officer



ATTY. HEHERSON M. ASIDDAO
Chief Finance Officer

Date: November 5, 2020