

# 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  
Mar 31, 2021
2. SEC Identification Number  
167423
3. BIR Tax Identification No.  
000-477-103
4. Exact name of issuer as specified in its charter  
MEGAWORLD CORPORATION
5. Province, country or other jurisdiction of incorporation or organization  
Metro Manila
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
30th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio,  
Taguig City  
Postal Code  
1634
8. Issuer's telephone number, including area code  
(632) 8894-6300/640
9. Former name or former address, and former fiscal year, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,868,244,872
Preferred	6,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes      No  
If yes, state the name of such stock exchange and the classes of securities listed therein:  
Philippine Stock Exchange - Common and Preferred Shares
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC 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 that the registrant was required to file such reports)

Yes            No

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

Yes            No

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



MEGAWORLD

## Megaworld Corporation

### MEG

**PSE Disclosure Form 17-2 - Quarterly Report**  
**References: SRC Rule 17 and**  
**Sections 17.2 and 17.8 of the Revised Disclosure Rules**

For the period ended	Mar 31, 2021
Currency (indicate units, if applicable)	Php (In Thousands)

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2021	Dec 31, 2020
<b>Current Assets</b>	203,801,816	210,673,607
<b>Total Assets</b>	369,039,956	375,690,420
<b>Current Liabilities</b>	67,277,838	72,720,150
<b>Total Liabilities</b>	163,708,262	163,159,940
<b>Retained Earnings/(Deficit)</b>	134,160,093	131,464,174
<b>Stockholders' Equity</b>	205,331,694	212,530,480
<b>Stockholders' Equity - Parent</b>	178,110,878	185,464,231
<b>Book Value per Share</b>	5.66	5.89

**Income Statement**

	<b>Current Year (3 Months)</b>	<b>Previous Year (3 Months)</b>	<b>Current Year-To-Date</b>	<b>Previous Year-To-Date</b>
<b>Gross Revenue</b>	9,329,903	14,394,731	9,329,903	14,394,731
<b>Gross Expense</b>	6,241,536	9,164,938	6,241,536	9,164,938
<b>Non-Operating Income</b>	779,268	686,297	779,268	686,297
<b>Non-Operating Expense</b>	751,210	722,917	751,210	722,917
<b>Income/(Loss) Before Tax</b>	3,116,425	5,193,173	3,116,425	5,193,173
<b>Income Tax Expense</b>	625,630	1,392,289	625,630	1,392,289
<b>Net Income/(Loss) After Tax</b>	2,490,795	3,800,884	2,490,795	3,800,884
<b>Net Income Attributable to Parent Equity Holder</b>	2,362,436	3,506,985	2,362,436	3,506,985
<b>Earnings/(Loss) Per Share (Basic)</b>	0.07	0.11	0.07	0.11
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.07	0.11	0.07	0.11

	<b>Current Year (Trailing 12 months)</b>	<b>Previous Year (Trailing 12 months)</b>
<b>Earnings/(Loss) Per Share (Basic)</b>	0.25	0.53
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.25	0.53

**Other Relevant Information**

NONE

**Filed on behalf by:**

<b>Name</b>	Anna Michelle Llovido
<b>Designation</b>	Corporate Secretary

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 31 March 2021
2. Commission Identification Number: 167423 3. BIR Tax Identification No.: 000-477-103
4. MEGAWORLD CORPORATION  
Exact name of issuer as specified in its charter
5. Metro Manila  
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)  
Industry Classification Code
7. **30<sup>th</sup> Floor, Alliance Global Tower**  
**36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue**  
**Uptown Bonifacio, Taguig City 1634**  
Address of issuer's principal office
8. **(632) 8894-6300/6400**  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
<b>Common</b>	<b>31,868,244,872</b>
<b>Preferred</b>	<b>6,000,000,000</b>
<b>Total</b>	<b>37,868,244,872</b>

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

Yes  No

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

**Philippine Stock Exchange - Common and Preferred Shares**

11. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes

No

## **PART I - FINANCIAL INFORMATION**

### Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2020 and March 31, 2021

Exhibit 2 - Consolidated Statements of Income for the periods ended March 31, 2021 and March 31, 2020

Exhibit 3 - Consolidated Statements of Changes in Equity as of March 31, 2021 and March 31, 2020

Exhibit 4 - Consolidated Statements of Cash Flow as of March 31, 2021 and March 31, 2020

Exhibit 5 - Notes to Interim Financial Information

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

Please refer to Exhibit 6 hereof.

### Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

### Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

## **PART II – OTHER INFORMATION**

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

### **SIGNATURE**

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.

**MEGAWORLD CORPORATION**

Issuer

By:



**FRANCISCO C. CANUTO**

Treasurer (Principal Financial Officer)

and Duly Authorized Officer

May 17, 2021

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(In thousand pesos)

**EXHIBIT 1**

	Unaudited March 31, 2021	Audited December 31, 2020
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 32,606,482	P 40,166,756
Trade and other receivables - net	31,631,157	31,576,137
Contract assets	12,970,623	13,265,243
Inventories	106,419,418	106,134,963
Advances to contractors and suppliers	11,701,853	11,659,295
Prepayments and other current assets	8,472,283	7,871,213
Total Current Assets	203,801,816	210,673,607
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables - net	12,633,153	12,261,216
Contract assets	6,393,991	6,115,484
Advances to contractors and suppliers	3,805,572	3,871,630
Advances to landowners and joint operators	7,585,813	7,513,380
Financial assets at fair value through other comprehensive income	4,559,805	4,174,887
Investments in associates -net	3,376,758	3,443,097
Investment properties - net	115,610,584	114,982,489
Property and equipment - net	6,913,015	6,719,600
Deferred tax assets - net	370,381	339,877
Other non-current assets - net	3,989,068	5,595,153
Total Non-current Assets	165,238,140	165,016,813
<b>TOTAL ASSETS</b>	<b>P 369,039,956</b>	<b>P 375,690,420</b>

	Unaudited March 31, 2021	Audited December 31, 2020
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	P 18,936,565	P 21,037,756
Trade and other payables	21,397,759	23,331,958
Contract liabilities	3,090,974	2,647,780
Customers' deposits	10,268,566	11,719,861
Redeemable preferred shares	251,598	251,598
Advances from associates and other related parties	2,777,730	2,683,950
Income tax payable	70,762	170,557
Other current liabilities	10,483,884	10,876,690
	<b>67,277,838</b>	<b>72,720,150</b>
Total Current Liabilities		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	28,945,571	24,540,410
Bonds payable	40,556,499	40,282,856
Contract liabilities	3,644,968	3,195,849
Customers' deposits	3,459,943	2,968,470
Redeemable preferred shares	251,598	251,598
Deferred tax liabilities - net	12,123,409	11,563,426
Retirement benefit obligation	828,556	819,756
Other non-current liabilities	6,619,880	6,817,425
	<b>96,430,424</b>	<b>90,439,790</b>
Total Non-current Liabilities		
Total Liabilities	<b>163,708,262</b>	<b>163,159,940</b>
<b>EQUITY</b>		
Total equity attributable to the Company's shareholders	178,110,878	185,464,231
Non-controlling interests	27,220,816	27,066,249
	<b>205,331,694</b>	<b>212,530,480</b>
Total Equity		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 369,039,956</b>	<b>P 375,690,420</b>

MEGAWORLD CORPORATION AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In thousand pesos, except earnings per share)

**EXHIBIT 2**

	2021 Unaudited Jan 1 -Mar 31	2020 Unaudited Jan 1 -Mar 31
<b>REVENUES AND INCOME</b>		
Real estate sales	P 5,902,108	P 9,610,307
Rental income	3,092,151	4,233,483
Hotel operations	335,644	550,941
Equity in net earnings (losses) of associates	( 66,338 )	3,385
Interest and other income - net	845,606	682,912
	<u>10,109,171</u>	<u>15,081,028</u>
<b>COSTS AND EXPENSES</b>		
Cost of real estate sales	3,119,372	5,264,222
Hotel operations	214,201	332,059
Operating expenses	2,907,963	3,568,657
Interest and other charges - net	751,210	722,917
Tax expense	625,630	1,392,289
	<u>7,618,376</u>	<u>11,280,144</u>
<b>NET PROFIT FOR THE PERIOD</b>	<u><b>P 2,490,795</b></u>	<u><b>P 3,800,884</b></u>
<b>Net profit attributable to:</b>		
Company's shareholders	P 2,362,436	P 3,506,985
Non-controlling interests	128,359	293,899
	<u><b>P 2,490,795</b></u>	<u><b>P 3,800,884</b></u>
<b>Earnings Per Share :</b>		
Basic	<u><b>P 0.070</b></u>	<u><b>P 0.110</b></u>
Diluted	<u><b>P 0.070</b></u>	<u><b>P 0.110</b></u>



**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousand pesos)

	2021 Unaudited Jan 1 - Mar 31	2020 Unaudited Jan 1 - Mar 31
<b>NET PROFIT FOR THE PERIOD</b>	P 2,490,795	P 3,800,884
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that will not be reclassified</b>		
<b>subsequently to consolidated profit or loss:</b>		
Fair value gains (losses) on financial assets at fair value through other comprehensive income	169,625	( 542,466 )
<b>Items that will be reclassified</b>		
<b>subsequently to consolidated profit or loss:</b>		
Unrealized gain (loss) on cash flow hedge	111,481	( 39,702 )
Exchange difference on translating foreign operations	14,337	8,597
	125,818	( 31,105 )
<b>Total Other Comprehensive Income (Loss)</b>	295,443	( 573,571 )
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	P 2,786,238	P 3,227,313
<b>Total comprehensive income attributable to:</b>		
Company's shareholders	2,657,056	3,029,691
Non-controlling interests	129,182	197,622
	P 2,786,238	P 3,227,313

MEGAWORLD CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In thousand pesos)

**EXHIBIT 3**

	Unaudited March 31, 2021		Unaudited March 31, 2020	
CAPITAL STOCK	P	32,430,866	P	32,430,866
ADDITIONAL PAID-IN CAPITAL		16,660,844		16,660,844
TREASURY SHARES - AT COST	(	1,733,034)	(	780,642)
TRANSLATION RESERVES	(	378,911)	(	374,232)
REVALUATION RESERVES	(	3,028,980)	(	3,604,302)
PERPETUAL CAPITAL SECURITIES		-		10,237,899
RETAINED EARNINGS		134,160,093		126,782,325
NON-CONTROLLING INTERESTS		<u>27,220,816</u>		<u>26,606,245</u>
TOTAL EQUITY	P	<u>205,331,694</u>	P	<u>207,959,003</u>

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
(In thousand pesos)

**EXHIBIT 4**

	Unaudited March 31, 2021	Unaudited March 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 3,116,425	P 5,193,173
Adjustments for:		
Depreciation and amortization	858,869	756,922
Interest and other charges	672,674	473,141
Interest and other income	( 378,735 )	( 505,930 )
Employee share options	1,188	5,482
Equity in net losses (earnings) of associates	66,338	( 3,385 )
Operating profit before working capital changes	<u>4,336,759</u>	5,919,403
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	( 806,162 )	( 4,311,442 )
Increase (decrease) in current and non-current liabilities	( 852,798 )	<u>2,027,425</u>
Cash generated from operations	2,677,799	3,635,386
Cash paid for income taxes	( 520,880 )	( 809,952 )
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,156,919</b>	2,825,434
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>( 725,805 )</b>	<b>( 1,754,014 )</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	<b>( 8,991,388 )</b>	<u>1,550,948</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>( 7,560,274 )</b>	2,622,368
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>40,166,756</u>	<u>23,104,876</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>P 32,606,482</b>	<b>P 25,727,244</b>

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**NOTES TO INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**  
**(UNAUDITED)**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION**

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company holds ownership interests in the following subsidiaries and associates:

<u>Subsidiaries</u>	<u>Explanatory Notes</u>	<u>Effective Percentage of Ownership</u>	
		<u>March 2021</u>	<u>December 2020</u>
<b>Subsidiaries:</b>			
Prestige Hotels and Resorts, Inc. (PHRI)		<b>100%</b>	100%
Richmonde Hotel Group International Ltd. (RHGI)		<b>100%</b>	100%
Eastwood Cyber One Corporation (ECOC)		<b>100%</b>	100%
Megaworld Cebu Properties, Inc. (MCP)		<b>100%</b>	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		<b>100%</b>	100%
Oceantown Properties, Inc. (OPI)		<b>100%</b>	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		<b>100%</b>	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		March 2021	December 2020
<b>Subsidiaries:</b>			
Arcovia Properties, Inc. (API)		100%	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	100%	100%
Streamwood Property, Inc. (SP)	(a)	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		100%	100%
Luxury Global Malls, Inc. (LGMI)		100%	100%
Davao Park District Holdings, Inc. (DPDHI)		100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		100%	100%
Global One Hotel Group, Inc. (GOHGI)		100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	100%	100%
San Vicente Coast, Inc. (SVCI)	(a)	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)	(i)	100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(i)	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(i)	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(i)	100%	100%
Agile Digital Ventures, Inc. (ADVI)	(m)	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(o)	100%	-
MREIT Property Managers, Inc. (MPMI)	(o)	100%	-
Megaworld Holdings, Inc. (MHI)	(o)	99.20%	-
Megaworld Bacolod Properties, Inc. (MBPI)		91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		75%	75%
La Fuerza, Inc. (LFI)		66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)		60%	60%
Northwin Properties, Inc. (NWPI)	(a)	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		50%	50%
Integrated Town Management Corporation (ITMC)		50%	50%
Maple Grove Land, Inc. (MGLI)	(a)	50%	50%
Megaworld Land, Inc. (MLI)		100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	100%	100%
Suntrust Properties, Inc. (SPI)		100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		100%	100%
Governor's Hills Science School, Inc. (GHSSI)		100%	100%
Sunrays Property Management, Inc. (SPMI)		100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		March 2021	December 2020
<b>Subsidiaries:</b>			
Suntrust Two Shanata, Inc. (STSI)	(a)	100%	100%
Stateland, Inc. (STLI)	(j)	98.31%	96.87%
Global-Estate Resorts, Inc. (GERI)	(f)	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)	(k)	82.32%	82.32%
Southwoods Mall, Inc. (SMI)	(i)	91.09%	91.09%
Megaworld Global-Estate, Inc. (MGEI)	(f)	89.39%	89.39%
Twin Lakes Corporation (TLC)	(f)	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)	(k)	90.99%	90.99%
Fil-Estate Properties, Inc. (FEPI)		82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	82.32%	82.32%
La Compañía De Sta. Barbara, Inc. (LCSBI)		82.32%	82.32%
MCX Corporation (MCX)	(a)	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		45.28%	45.28%
Fil-Estate Golf and Development, Inc. (FEGDI)		82.32%	82.32%
Golforce, Inc. (Golforce)		82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(f)	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)	(f)	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	81.73%	81.73%
20 <sup>th</sup> Century Nylon Shirt, Inc. (CNSI)	(a)	81.73%	81.73%
Laguna BelAir School, Inc. (LBASI)		59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(l)	32.69%	32.69%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	51%	51%
Townsquare Development, Inc. (TDI)		30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		30.60%	30.60%
<b>Associates:</b>			
Bonifacio West Development Corporation (BWDC)		46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	40%	40%
Suntrust Home Developers, Inc. (SHDI)	(g)	34%	34%
SWC Project Management Limited (SPML)	(n)	34%	34%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		March 2021	December 2020
<b>Associates:</b>			
WC Project Management Limited (WPML)	(o)	34%	34%
First Oceanic Property Management, Inc. (FOPMI)	(h)	8.16%	8.16%
Citylink Coach Services, Inc. (CCSI)	(h)	8.16%	8.16%
<b>GERI</b>			
Fil-Estate Network, Inc. (FENI)		16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)		16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)		16.46%	16.46%
Fil-Estate Realty Corp. (FERC)		16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		11.52%	11.52%

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations as at December 31, 2020.
- (b) As at March 31, 2021, the Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.
- (c) As at March 31, 2021, the Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.
- (d) In 2018, the Company subscribed to additional shares of MBPHI amounting to P1.7 million increasing its effective ownership to 68.03%, which consists of 67.43% and 0.60% indirect ownership from TIHGI.
- (e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLL, their immediate parent company.
- (f) As a result of the additional investments in GERI in 2016, the Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI. Effective ownership interest over MGEI and TLC increased to 89.39% and 83.37%, respectively. In 2018, the Company acquired shares of TLC increasing its effective ownership to 90.99%, which consists of 49% direct ownership and 41.99% indirect ownership from GERI. In 2019, SHBI and BHBI were incorporated to operate and manage resort hotels.
- (g) In 2019, the Company and TDI disposed certain number of shares over SHDI. In addition, the Company and a third party investor subscribed to the increase in capitalization over SHDI, the latter became the controlling shareholder. The foregoing transactions decreased the Company's effective ownership over SHDI to 34%.
- (h) In 2019 as a result of the Company's dilution of ownership interest over SHDI, the effective ownership of the Company over FOPMI and CCSI was also diluted to 8.16%.
- (i) HLICI, SHMI, and SHM were incorporated in 2018 and are engaged in hotel operations. KHMI was incorporated in 2020 and also engaged in hotel operations.
- (j) In 2018, SPI and the Company acquired shares of STLI resulting into 96.87% effective ownership over STLI consisting of 17.40% direct ownership and 79.47% indirect ownership through SPI.
- (k) In 2018, GERI acquired shares of ECPSI, and TLHI through TLC resulting into 100% and 90.99% effective ownership over ECPSI and TLHI, respectively.
- (l) PCMI is considered as an associate of the Company since 2015. The Company obtained de facto control over PCMI in 2018 by aligning their key executives and Boards of Directors (BODs). The acquisition was accounted for under the pooling-of-interest method of accounting; hence, no goodwill nor gain on acquisition was recognized. In January 2019, EELHI acquired additional shares of PCMI, increasing the effective ownership interest of the Company to 32.69%.
- (m) ADVI is a newly-incorporated subsidiary in 2020 engaged in e-commerce business.
- (n) SPML and WPML are newly incorporated subsidiaries of SHDI in 2020. These companies are engaged in project management and consultancy services.
- (o) MFMI, MPMI and MHI are newly incorporated subsidiaries. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MHI is a holding company.

Except for MCII and RHGI, all the subsidiaries and associates were incorporated and have their principal place of business in the Philippines. MCII was incorporated and has principal place of business in the Cayman Islands while RHGI was incorporated and has principal place of business in the British Virgin Islands.

The Company and its subsidiaries, except for entities which have not yet started commercial operations as at March 31, 2021, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations and marketing services.

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

EELHI, GERI, and SHDI are publicly-listed companies in the Philippines.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements as of and for the year ended December 31, 2020 except for the application of amendments to standards that became effective on January 1, 2021 (see Note 2.2)

### ***2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements***

These interim condensed consolidated financial statements for the three months ended March 31, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2020.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

### ***2.2 Adoption of New and Amended PFRS***

#### ***(a) Effective 2021 that is Relevant to the Company***

The Group adopted for the first time PFRS 9 (Amendments), *Financial Instruments*, PAS 39 (Amendments), *Financial Instruments*, PAS 39 (Amendments), *Financial Instruments: Recognition and Measurement*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, PFRS 4 (Amendments), *Insurance Contracts*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform – Phase 2* which are mandatorily effective for annual periods beginning on or after January 1, 2021. The amendments provide practical expedients for changes in the basis for determining the contractual cash flows and reliefs from certain hedge accounting requirements due to alteration of interest rate benchmark as a result of interest rate benchmark reform. Moreover, it requires an entity to disclose information that enable users to understand the nature and extent of risks resulting from interest rate benchmark



reform, the management of such risks, the progress of transition to alternative benchmark rates and the management of such transition. The application of these amendments had no significant impact on the Group's interim condensed consolidated financial statements.

*b) Effective Subsequent to 2021 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the relevant pronouncements in the succeeding pages in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's interim condensed consolidated financial statements.

(i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes potential for confusion regarding lease incentives.

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vi) 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, *Business Combinations*, 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 or 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 ESTIMATES AND JUDGMENTS**

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as at and for the year ended December 31, 2020.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the three months ended March 31, 2021 and as at December 31, 2020, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

### **4. SEGMENT INFORMATION**

#### ***4.1 Business Segments***

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations.

The Corporate and Others segment includes business process outsourcing, educational, facilities provider, maintenance and property management operations, marketing services, general and corporate income and expense items. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

#### 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 and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. 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 accounts, wages, taxes currently payable and accrued liabilities.

#### 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

The following tables present revenue and profit information regarding industry segments for the three months ended March 31, 2021 and 2020 and certain asset and liability information regarding segments as at March 31, 2021 and 2020.

	March 31, 2021					
	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
<b>TOTAL REVENUES</b>						
Sales to external customers	P 5,902,107,625	P 3,092,150,858	P 335,644,494	P 372,284,508	P -	P 9,702,187,485
Interest income	330,852,901	134,238,608	602,231	1,136,067	-	466,829,807
Intersegment sales	-	99,906,452	-	461,423,249	( 561,329,701)	-
Total revenues	<u>6,232,960,526</u>	<u>3,326,295,918</u>	<u>336,246,725</u>	<u>834,843,824</u>	<u>( 561,329,701)</u>	<u>10,169,017,292</u>
<b>RESULTS</b>						
Cost of sales and operating expense excluding depreciation and amortization	4,337,143,910	422,812,665	310,695,026	792,553,575	( 480,538,197)	5,382,666,979
Interest expense	343,967,518	114,005,124	-	4,251,836	-	462,224,478
Depreciation and amortization	71,696,932	696,394,625	35,996,524	54,780,495	-	858,868,576
	<u>4,752,808,360</u>	<u>1,233,212,414</u>	<u>346,691,550</u>	<u>851,585,906</u>	<u>( 480,538,197)</u>	<u>6,703,760,033</u>
Segment results	<u>P 1,480,152,166</u>	<u>P 2,093,083,504</u>	<u>(P 10,444,825)</u>	<u>(P 16,742,082)</u>	<u>(P 80,791,504)</u>	<u>P 3,465,257,259</u>
Other income						6,491,966
Other expenses						( 288,985,092)
Equity in net losses of associates						( 66,338,460)
Tax expense						( 625,630,292)
Net profit						<u>P 2,490,795,381</u>
<b>ASSETS AND LIABILITIES</b>						
Segment assets	P 232,307,741,288	P 115,388,235,959	P 5,668,361,841	P 8,061,259,035	P -	P 361,425,598,123
Investments in and advances to associates and other related parties - net	-	-	-	7,614,357,704	-	7,614,357,704
Total assets	<u>P 232,307,741,288</u>	<u>P 115,388,235,959</u>	<u>P 5,668,361,841</u>	<u>P 15,675,616,739</u>	<u>P -</u>	<u>P 369,039,955,827</u>
Segment liabilities	<u>P 111,706,798,682</u>	<u>P 43,964,753,131</u>	<u>P 1,509,360,133</u>	<u>P 6,527,350,067</u>	<u>P -</u>	<u>P 163,708,262,013</u>

	March 31, 2020					
	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
<b>TOTAL REVENUES</b>						
Sales to external customers	P 9,610,307,325	P 4,233,483,074	P 550,940,490	P 112,005,516	P -	P 14,506,736,405
Interest income	401,717,068	165,861,098	1,039,524	228,052	-	568,845,742
Intersegment sales	-	102,657,768	-	592,872,999	( 695,530,767)	-
Total revenues	<u>10,012,024,393</u>	<u>4,502,001,940</u>	<u>551,980,014</u>	<u>705,106,567</u>	<u>( 695,530,767)</u>	<u>15,075,582,147</u>
<b>RESULTS</b>						
Cost of sales and operating expense excluding depreciation and amortization	7,249,105,867	575,869,309	435,646,541	793,894,709	( 646,500,742)	8,408,015,684
Interest expense	349,082,983	118,728,224	-	10,213,028	-	478,024,235
Depreciation and amortization	85,798,195	607,047,676	30,063,335	34,012,870	-	756,922,076
	<u>7,683,987,045</u>	<u>1,301,645,209</u>	<u>465,709,876</u>	<u>838,120,607</u>	<u>( 646,500,742)</u>	<u>9,642,961,995</u>
Segment results	<u>P 2,328,037,348</u>	<u>P 3,200,356,731</u>	<u>P 86,270,138</u>	<u>(P 133,014,040)</u>	<u>(P 49,030,025)</u>	P 5,432,620,152
Other income						2,061,115
Other expenses						( 244,892,324)
Equity in net earnings of associates						3,384,686
Tax expense						( 1,392,289,153)
Net profit						<u>P 3,800,884,476</u>
<b>ASSETS AND LIABILITIES</b>						
Segment assets	P 231,450,033,945	P 106,159,555,500	P 5,206,895,454	P 7,875,157,068	P -	P 350,691,641,967
Investments in and advances to associates and other related parties - net	-	-	-	7,426,017,732	-	7,426,017,732
Total assets	<u>P 231,450,033,945</u>	<u>P 106,159,555,500</u>	<u>P 5,206,895,454</u>	<u>P 15,301,174,800</u>	<u>P -</u>	<u>P 358,117,659,699</u>
Segment liabilities	<u>P 108,302,082,559</u>	<u>P 35,165,763,318</u>	<u>P 1,160,971,616</u>	<u>P 5,529,839,239</u>	<u>P -</u>	<u>P 150,158,656,732</u>

## 5. PERPETUAL CAPITAL SECURITIES

On April 11, 2018, the Group issued bonds amounting \$200.0 million. The bonds were issued with a nominal interest of 5.375% per annum and interest is payable semi-annually in arrears every April 11 and October 11. The bonds are currently listed in the SGX-ST. The financial instruments are treated as equity securities. These bonds may be voluntarily redeemed by the Parent Company on April 11, 2023 or on any distribution date thereafter.

The perpetual capital securities are fully eliminated in the 2021 interim consolidated statement of financial position as a wholly owned subsidiary already acquired these securities in full but not yet cancelled (see Note 11.1).

## 6. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Net profit attributable to Company's Shareholders	<b>P 2,362,436,170</b>	P 3,506,984,920
Distribution to holders of perpetual securities	<b>( 151,963,438)</b>	( - )
Computed dividends on cumulative preferred shares series "A"	<b>( 147,541)</b>	( 149,180)
Profit available to Company's common shareholders	<b><u>P 2,210,325,191</u></b>	<u>P 3,506,835,740</u>
Divided by weighted average number of outstanding common shares	<b><u>31,459,435,283</u></b>	<u>31,796,379,539</u>
Basic EPS	<b><u>P 0.070</u></b>	<u>P 0.110</u>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<b><u>31,580,736,810</u></b>	<u>31,911,499,093</u>
Diluted EPS	<b><u>P 0.070</u></b>	<u>P 0.110</u>

## 7. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial statements. The management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

## 8. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

## 9. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOIC), interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures.

Exposure to currency, interest rate, credit, liquidity and equity risk arise in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor, and minimize those risks and to provide cost with a degree of certainty.

The Group does not actively engage in the trading of financial assets for speculative purposes.

### ***9.1 Foreign Currency Sensitivity***

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable which have been used to fund new projects and for general corporate purposes.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income (loss).

### ***9.2 Interest Rate Sensitivity***

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets are subject to variable interest rates.

The Group manages its interest risk by leveraging the fixed interest rate debt obligations over the floating interest rate debt obligations in its debt portfolio.

### ***8.3 Credit Risk***

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

### ***8.4 Liquidity Risk***

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a nine-month and a one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

### 8.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVOCI carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

## 10. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

### 10.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below.

	<u>March 31, 2021 (Unaudited)</u>		<u>December 31, 2020 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b>Financial Assets</b>				
Financial assets at amortized cost:				
Cash and cash equivalents	P 32,606,481,893	P 32,606,481,893	P 40,166,755,908	P 40,166,755,908
Trade and other receivables	44,264,310,104	44,478,489,296	43,837,353,550	44,051,691,412
Guarantee deposits	<u>1,068,689,319</u>	<u>1,068,689,319</u>	<u>1,186,605,535</u>	<u>1,186,605,535</u>
	<u>P 77,939,481,316</u>	<u>P 78,153,660,508</u>	<u>P 85,190,714,993</u>	<u>P 85,405,052,855</u>
Financial assets at fair value through other comprehensive income – Equity securities				
	<u>P 4,559,804,339</u>	<u>P 4,559,804,339</u>	<u>P 4,174,886,430</u>	<u>P 4,174,886,430</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P 47,882,135,919	P 48,942,717,498	P 45,578,166,417	P 48,094,617,843
Bonds payable	40,556,498,686	43,191,228,450	40,282,855,986	43,032,299,663
Redeemable preferred shares	503,195,160	503,195,160	503,195,160	503,195,160
Trade and other payables	21,068,591,328	21,068,591,328	22,701,125,783	22,701,125,783
Advances from subsidiaries, associate and other related parties	2,777,730,539	2,777,730,539	2,683,950,114	2,683,950,114
Lease liabilities	593,334,774	593,334,774	587,616,971	587,616,971
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Other liabilities	<u>5,084,550,270</u>	<u>5,084,550,270</u>	<u>5,333,560,001</u>	<u>5,333,560,001</u>
	<u>P 119,580,701,684</u>	<u>P 123,276,013,027</u>	<u>P 118,785,135,440</u>	<u>P 124,051,030,543</u>
Financial liabilities at fair value through profit or loss – Derivative liabilities				
	<u>P 551,272,789</u>	<u>P 551,272,789</u>	<u>P 758,026,441</u>	<u>P 758,026,441</u>

### 10.2 Fair Value Hierarchy

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- b) 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,
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. Except for Php2.24 billion and Php27.45 million financial assets at FVOCI categorized in Level 2 and Level 3, respectively, all other financial assets at FVOCI are categorized in Level 1.

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

## **11. EVENTS AFTER THE REPORTING PERIOD**

### ***11.1 Cancellation of the Parent Company's Perpetual Capital Securities***

On January 30 to February 2, 2021, a wholly-owned subsidiary made on-market purchases of all the Parent Company's U.S. \$200.0 million outstanding perpetual capital securities. On April 1, 2021, the cancellation of the Parent Company's perpetual capital securities was completed in accordance with the terms and conditions of the securities.

### ***11.2 Property-for-Shares Swap***

On April 7, 2021, the BOD of the Company approved the property-for-shares swap transaction with MHI. Under the Deed of Exchange, the Company shall transfer to MHI all of its rights, title and interest to certain investment properties with carrying amount of Php9.20 billion in full payment of its additional subscription of 1,282,120,381 common shares with a par value of P1 per share. The transaction has not yet consummated as of the date of the interim financial statements.

## **12. OTHER MATTER**

In 2020, the Group and other businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. Governmental efforts being implemented to control the spread of the virus included travel bans, quarantines, social distancing and suspension of non-essential services. Work stoppage on construction sites and slowdown on the supply chain lead to delays on the targeted completion and turnover of projects. The imposition of community quarantine also requires the temporary adjustment of mall operating hours and has led to reduced foot traffic. Likewise, travel restrictions have resulted into a reduction in hotel occupancies.

In the latter part of March 2021, the rapid growth of COVID-19 infections forced the Government to place National Capital Region and neighboring provinces of Cavite, Laguna, Bulacan and Rizal (NCR Plus) under enhanced community quarantine (ECQ) from March 29 until April 11, 2021. Then, the NCR Plus was placed under modified ECQ until May 14, 2021. After which, NCR plus was placed under general community quarantine with heightened restriction until May 31, 2021.



The Group will continue to conduct its business while placing paramount consideration on the health and welfare of its employees, customers, and other stakeholders. The Group has implemented measures to mitigate the transmission of COVID-19, such as by adjusting operating hours, making hand sanitizers available within its properties, increasing the frequency of disinfection of facilities, limiting face-to-face meetings, requiring temperature checks for employees and customers, and implementing health protocols for employees. The Group also activated business continuity plans, both at the corporate and business operations levels, and conducted scenario planning and analysis to prepare for various eventualities.

While management currently believes that it has adequate liquidity and the appropriate business plans to continue to operate the business while mitigating the risks associated with COVID-19, the ultimate impact of the pandemic is highly uncertain and subject to change. The Group continuously monitors the impact of COVID-19 to its business segments and stakeholders and is prepared to take actions to ensure the sustainability of its businesses.

### Management's Discussion and Analysis of Results of Operations and Financial Condition

#### Results of Operations

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

#### Review of March 31, 2021 versus March 31, 2020

Megaworld, the country's largest developer of integrated urban townships, saw its net income decline by 34.47% to Php2.49 billion in the first quarter of 2021 from Php3.80 billion during the same period last year.

The Group's weaker earnings was traced mainly due to COVID-19 pandemic affecting the core businesses. Net income attributable to parent company stood at Php2.36 billion, lower by 32.64% from Php3.51 billion last year.

Megaworld's consolidated revenues decreased by 32.97% from Php15.08 billion in the first quarter of 2020 to Php10.11 billion during the same period this year.

**Development.** Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and commercial lot, comprising 58.38% of total revenues. Real estate sales decreased by 38.59%, amounting to Php5.91 billion and Php9.61 billion for the first quarters of the years 2021 and 2020, respectively. The Group's registered sales mostly came from the following projects: San Antonio Residence, St. Moritz Private Estate 2, Lafayette Park Square, Uptown Parksuites Tower 1&2, Park McKinley West, Gentry Manor, The Palladium at Iloilo Business Park, The Albany-Kingsley, Iloilo Boutique Hotel and Savoy Hotel Mactan Newtown.

**Leasing.** The Group's rental businesses, comprising of office and lifestyle mall leasing, registered a 26.96% decline, making Php3.09 billion in the first quarter of 2021 from the previous year's Php4.23 billion. This contributed 30.59% of the total consolidated revenues for the first three months of the year.

**Hotel Operations.** The Group's revenues attributable to hotel operations posted an amount of Php335.64 million during the first quarter of 2021 with a decrease of 39.08% from Php550.94 million for the same period last year.

Total costs and expenses amounted to Php7.62 billion, a decrease by 32.46% from Php11.28 billion last year. Interest and other charges – net increased by 3.91%, amounting to Php751.21 million this year from Php722.92 million in 2020. Tax expense in 2021 amounting to Php625.63 million resulted to a decrease of 55.06% from 2020 reported amount of Php1.39 billion due to lower taxable income.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have

had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

### **Financial Condition**

The Group maintains a prudent financial policy as it engages to a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at March 31, 2021 amounted to Php369.04 billion, posting a decrease of 1.77% compared to Php375.69 billion as at December 31, 2020.

The Group shows steady liquid position as at March 31, 2021 by having its current assets at Php203.80 billion as against its current obligations at Php67.28 billion. Current assets posted a decrease of 3.26% from December 31, 2020 balance of Php210.67 billion. Current obligations reflected a decrease of 7.48% from December 31, 2020 balance of Php72.72 billion.

Cash and cash equivalents decreased by 18.82% from Php40.17 billion in 2020 to Php32.61 billion in 2021. Current and non-current trade and other receivables – net increased by 0.97%, amounting to Php44.26 billion as at March 31, 2021 compared to Php43.84 billion as at December 31, 2020. Contract assets decreased by 0.08%, amounting to Php19.36 billion as at March 31, 2021 compared to Php19.38 billion as at December 31, 2020. Inventories increased by 0.27% from Php106.13 billion in 2020 to Php106.42 billion in 2021. This includes raw land for residential development and property development cost reclassified due to adoption PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 0.55% amounting to Php115.61 billion in March 31, 2021 from Php114.98 billion in December 31, 2020. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php21.40 billion and Php23.33 billion as at March 31, 2021 and December 31, 2020, respectively, reflecting an 8.29% decrease. Contract liabilities increased by 15.27%, amounting to Php6.74 billion as at March 31, 2021 compared to Php5.84 billion as at December 31, 2020. Total current and non-current customers' deposits as at March 31, 2021 amounted to Php13.73 billion compared Php14.69 billion as at December 31, 2020 with 6.53% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php47.88 billion and Php45.58 billion for March 31, 2021 and December 31, 2020, respectively, reflecting an 5.05% increase. Bonds payable increased by 0.68%, amounting to Php40.56 billion as at March 31, 2021 compared to Php40.28 billion as at December 31, 2020. Total other liabilities amounted to Php17.10 billion from Php17.69 billion as at March 31, 2021 and December 31, 2020, respectively, translating to a decrease of 3.34%.

Total Equity (including non-controlling interests) decreased by 3.39% from Php212.53 billion as at December 31, 2020 to Php205.33 billion as at March 31, 2021.

The top five (5) key performance indicators of the Group are shown below:

	March 31, 2021	December 31, 2020
Current Ratio *1	3.03:1.00	2.90:1.00
Debt to Equity Ratio *2	0.43:1.00	0.40:1.00
Net Debt to Equity Ratio *3	0.27:1.00	0.22:1.00

	March 31, 2021	March 31, 2020
Return on Assets *4	0.67%	1.07%
Return on Equity *5	1.30%	1.95%

\*1 – Current Assets / Current Liabilities

\*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

\*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

\*4 – Net Profit / Average Total Assets

\*5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets and tapping business opportunities.

### **Material Changes in the Year 2020 Financial Statements (Increase/decrease of 5% or more versus December 31, 2020)**

#### **Statements of Financial Position**

18.82% decrease in cash and cash equivalents

Mainly due to made on-market purchases by a subsidiary of all outstanding perpetual capital securities of the parent company

9.22% increase in financial assets at fair value through other comprehensive income

Due to changes in the fair value of shares

7.46% decrease in prepayments and other assets – net

Due to decrease in other assets of a subsidiary

8.98% increase in deferred tax assets

Due to higher deferred tax assets on taxable temporary differences

8.29% decrease in trade and other payables

Due to payment to suppliers and contractors

5.05% increase in interest-bearing loans and borrowings - net  
Due to availment of new loan

15.27% increase in contract liabilities - net  
Represents excess of collection over the progress of work

58.51% decrease in income tax payable  
Mainly due to lower taxable income

6.53% decrease in customers' deposits - net  
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

***(Increase/decrease of 5% or more versus March 31, 2020)***

**Statements of Income**

38.59% decrease in sales  
Mainly due to lower sales bookings resulting from pandemic related concerns

26.96% decrease in rental income  
Decrease in rental was due to lower revenue from mall rentals because of slowdown in foot traffic resulting from pandemic related concerns

39.08% decrease in hotel operations  
Due to lower check-ins of hotels due to government implementation of travel restrictions and pandemic related concerns

2059.96% decrease in equity share in net earnings (losses) of associates  
Mainly due to incurred losses of an associate

23.82% increase in interest and other income – net  
Mainly due to other income recognized for the current period

40.74% decrease in cost of sales  
Due to lower sales bookings and lower project completion resulting from temporary suspension of construction activities

35.49% decrease in cost of hotel operations  
Represents direct costs attributable to hotel operations

18.51% decrease in operating expenses  
Decrease in operating and administrative expenses resulting from pandemic related concerns

55.06% decrease in income tax expense  
Due to lower taxable income and tax effects of deductible temporary differences

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at the first quarter of 2021.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the current year consolidated financial statements as at the third quarter of 2021.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

MEGAWORLD CORPORATION AND SUBSIDIARIES

Aging of Accounts Receivables

March 31, 2021

(In thousand pesos)

EXHIBIT 7

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
Type of Receivables:							
a. Trade and other receivables	<u>44,264,310</u>	<u>41,459,348</u>	<u>1,178,117</u>	<u>520,406</u>	<u>659,184</u>	<u>447,255</u>	<u>-</u>

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

March 31, 2021 and December 31,2020

**EXHIBIT 8**

<b>Ratio</b>	<b>Formula</b>	<b><u>March 31, 2021</u></b>	<b><u>December 31 ,2020</u></b>
Current ratio	Current assets / Current liabilities	3.03	2.90
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.45	1.44
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds payable )	0.43	0.40
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.80	1.77
		<b><u>March 31, 2021</u></b>	<b><u>March 31 ,2020</u></b>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable )	0.05	0.08
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	3.46	5.32
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.01	0.02
Return on assets	Net profit/ Average total assets	0.01	0.01
Net profit margin	Net profit / Total revenues	0.25	0.25