

**ANCHOR LAND HOLDINGS, INC.**

**NOTICE OF ANNUAL  
STOCKHOLDERS' MEETING**

**AND**

**INFORMATION STATEMENT  
(SEC FORM 20-IS)**

**November 26, 2020**

**At 3:00 p.m.**

The Annual Stockholders' Meeting will be conducted online and information about said virtual meeting can be accessed at the link provided in ALHI's website at <https://anchorland.com.ph/asm-2020>

**ANCHOR LAND HOLDINGS, INC.**  
**11<sup>th</sup> Floor L.V. Locsin Building, 6752 Ayala Ave. cor. Makati Ave., Makati City**  
**Phone: (02)-8988-7988**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO OUR STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **Anchor Land Holdings, Inc. (ALHI)** will be conducted virtually on **November 26, 2020, 3:00 PM**. The said virtual meeting can be accessed at the link provided in ALHI's website at <https://anchorland.com.ph/asm-2020> with the following agenda:

1. Call to order;
2. Proof of notice and due calling of meeting;
3. Determination of a quorum;
4. Approval of the Minutes of the Regular Meeting of the Stockholders held on June 27, 2019;
5. Report of the President;
6. Presentation and approval of the Financial Statements as of December 31, 2019;
7. Ratification of acts of the Board of Directors and Officers;
8. Election of the members of the Board of Directors;
9. Appointment of external auditors;
10. Amendment of Company's By-Laws
11. Other Matters; and,
12. Adjournment.

Minutes of the Regular Meeting of the Stockholders held on June 27, 2019 will be available for examination during office hours at the Office of the Corporate Secretary.

The conduct of this Annual Stockholders' Meeting will be streamed live to stockholders qualified to attend the meeting and stockholders of record as of September 18, 2020 may attend, participate and vote only through proxy, remote communication or in absentia using the above-stated link. The requirements and procedures on how to participate in this meeting and for voting in absentia are stated in the Information Statement. These are likewise published and made accessible in the same link above.

Stockholders who opt to vote by proxy must submit and address their proxy form to the attention of the Corporate Secretary at 8th Floor, Chatham House Bldg. Valero corner Rufino Sts., Salcedo Village, Makati City or via e-mail at [corporatesecretary@anchorland.com.ph](mailto:corporatesecretary@anchorland.com.ph) not later than 5:00 p.m. on or before November 19, 2020. A sample proxy form may be found in the company website at <https://anchorland.com.ph/asm-2020>.

Any questions for the Board must also be emailed at the address mentioned above on or before November 23, 2020.

Makati City, October 19, 2020

  
**CHRISTINE P. BASE**  
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement  
of  
ANCHOR LAND HOLDINGS, INC.  
Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box:  
Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter: ANCHOR LAND HOLDINGS, INC.
3. Makati City, Philippines  
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: CS-200411593
5. BIR Tax Identification Code: 232-639-838
6. 11<sup>th</sup> Floor, L.V. Locsin Building, 6752 Ayala Avenue cor. Makati Avenue, Makati City, Philippines  
Address of principal office
7. Registrant's telephone number, including area code (02) 8988-7988
8. Date, time and place of the meeting of security holders  
November 26, 2020 at 3:00 p.m., The Annual Stockholders' Meeting will be conducted online and information about said virtual meeting can be accessed at the link provided in ALHI's website at <https://anchorland.com.ph/asm-2020>.
9. Approximate date on which the Information Sheet is first to be sent or given to security holders:  
November 4, 2020
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (As of March 31, 2020)
<b>Common Stock, Php1.00 par value</b>	<b>1,040,001,000 shares</b>
<b>Preferred Shares, Php1.00 par value</b>	<b>346,667,000 shares</b>
<b>Loans Payable</b>	<b>₱18,936,743,275</b>

11. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes  No

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

**ANCHOR LAND HOLDINGS, INC.  
INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

**ITEM 1: DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS**

**Date** : November 26, 2020

**Time** : 3:00 p.m.

**Place** : The Annual Stockholders' Meeting will be conducted online and information about said virtual meeting can be accessed at the link provided in ALHI's website at <https://anchorland.com.ph/asm-2020>

**Principal Office:** 11<sup>th</sup> Floor, L.V. Locsin Building, 6752 Ayala Avenue cor. Makati Avenue, Makati City, Philippines

**Approximate Date of Distribution to Security Holders: November 4, 2020**

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

**ITEM 2: DISSENTER'S RIGHT OF APPRAISAL**

There are no matters to be acted upon at the meeting involving instances set forth in the Revised Corporation Code of the Philippines for which a stockholder may exercise the right of appraisal.

Pursuant to *Section 80 Title X, Appraisal Right, Revised Corporation Code of the Philippines*, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, and (c) in case of merger.

*Section 81 of the Revised Corporation Code* also provides that, this appraisal right may be exercised by any stockholder who shall have voted against the proposed action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of

whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to the dissenting stockholder unless the bank has unrestricted retained earnings in its book to cover such payment. Upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend right, shall be suspended, except the right of such stockholder to receive payment of the fair value thereof: Provided, that if the dissenting stockholder is not paid the value of his shares within 30 days after the award, his voting right and dividend rights shall immediately be restored (*Section 82 of the Revised Corporation Code*).

Within ten (10) days after demanding payment of his shares, a dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Corporation for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Corporation, terminate his appraisal right (*Section 85, Revised Corporation Code*). No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Corporation consents thereto (*Section 83, Revised Corporation Code*).

The appraisal right shall be exercised in accordance with Title X of the Revised Corporation Code.

### **ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON**

Other than the election to office, there is no matter to be acted upon during the Annual Stockholders' Meeting to which a beneficial owner, director or officer has any substantial interest.

No director has informed the Company in writing of his intentions to oppose any action to be taken by the Company during the Annual Stockholders' Meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As of September 30, 2020, there are 1,040,001,000 subscribed, issued and outstanding common shares and 346,667,000 subscribed, issued and outstanding preferred shares entitled to vote at the meeting, with each share entitled to one vote.

All stockholders of record at the close of business hours on September 18, 2020 shall be entitled to cumulative voting rights with respect to the election of directors. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of September 18, 2020 multiplied by the whole number of

directors to be elected.

## Security Ownership of Certain Record & Beneficial Owners and Management

### (1) Security Ownership of Certain Record and Beneficial Owners of more than 5%

There were no delinquent stocks, and the direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities as of September 30, 2020 are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial ownership and relationship with record owner	Citizenship	No. of Shares	Percentage Held Per Class	Percentage Held Out of the Total Outstanding Shares
Common	<b>LTC Prime Holdings, Inc.</b> Lots 2-7, Kaingin Road, Multinational Village, Paranaque City	LTC Prime Holdings, Inc. *	Filipino	248,108,100	23.86%	26.56%
Preferred				120,134,048	34.65%	
Common	<b>Sybase Equity Investments Corporation</b>	Sybase Equity Investments Corporation	Filipino	202,609,200	19.48%	19.49%
Preferred				67,609,400	19.50%	
Common	<b>Steve Li</b> 15 <sup>th</sup> Floor, LV Locsin Bldg. 6752 Ayala Avenue corner Makati Avenue, Makati City	Steve Li	Hong Kong National	156,000,000	15.00%	15.00%
Preferred				52,000,000	15.00%	
Common	<b>Cindy Sze Mei Ngar</b> Room 21B Ocean Tower Roxas Boulevard, Manila	Cindy Sze Mei Ngar	British	155,999,298	15.00%	15.00%
Preferred				51,999,766	15.00%	
Common	<b>PCD Nominee Corporation (Non-Filipino)</b>	Various clients and PDTC participants who hold the shares on behalf of their clients.	Non-Filipino	78,798,690	7.57%	4.62%

\* Avelino Guzman will vote for the shares held by LTC

\*\* PCD Nominee Corporation is not related to the Company. PCD Nominee Corporation is the registered owner of shares beneficially owned by Participants of the Philippine Depository and Trust Corporation (PDTC), a private company organized to implement an automated book entry system for the handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC -eligible security will hold a stockholders' meeting, PCD Nominee Corporation shall execute a pro-forma proxy in favor of the Participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the Participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the Participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

The Company expects to receive the proxy form at least 10 days prior to the Annual Stockholders' Meeting.

As of September 30, 2020, the following are known to the Company as participants of the PCD holding 5% or more of the Company's common shares:

<b>Title</b>	<b>Member Name / Address</b>	<b>No. of Shares</b>	<b>Percentage Held</b>
Common	<b>Lucky Securities Corporation</b>  Unit 1402 b, Philippine Stock Exchange Center, Exchange Road, Pasig City	226,844,290	21.81%
Common	<b>BDO Securities Corporation</b>  20 <sup>th</sup> Floor BDO Corporate Centre BDO South Tower Makati Avenue, Makati City	66,666,954	6.41%
Common	<b>COL Financial Group Inc.</b>  Unit 2401B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	61,398,739	5.90%
Common	<b>Eastern Securities Development Corporation</b>  Unit 1603-1605 PSE Tower 5 <sup>th</sup> Avenue corner 28 <sup>th</sup> St. BGC Taguig City address	60,056,500	5.77%
Common	<b>HSBC Clients Account</b>  7 <sup>th</sup> Floor HSBC Centre 3058 5 <sup>th</sup> Avenue West Bonifacio Global City Taguig City	58,107,000	5.59%



## (2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of September 30, 2020:

Title of Class	Name of Beneficial Owner / Address	Amount and Nature of Beneficial Ownership	Citizenship	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Common	<b>Charles Stewart Sze Lee Chairman /Director</b>  Rm. 21B Ocean Tower, Roxas Boulevard, Manila	15,000,900 Direct	British National	0.00%	0.00%
Common	<b>Steve Li Vice-Chairman/Director</b>	156,000,000 Direct	Hong Kong National	15.00%	15.00%
Preferred	15 <sup>th</sup> Floor, LV Locsin Bldg. 6752 Ayala Avenue corner Makati Avenue, Makati City	52,000,000 Direct		15.00%	
Common	<b>Avelino M. Guzman, Jr. Director</b>  Unit 403 Alfaro Place Condominium, 146 L.P. Leviste St., Salcedo Village, Makati City, Philippines	1,000 Direct	Filipino	0.00%	0.00%
Common	<b>Christine P. Base Corporate Secretary/Director</b>	300,003 Direct	Filipino	0.03%	0.03%
Preferred	8/F Chatham House, 116 Valero St., Salcedo Village, Makati City	100,000 Direct		0.03%	
Common	<b>Lorna Pangilinan Independent Director</b>  Unit 8G, The Shang Grand Tower, Perea corner Dela Rosa Streets, Makati City	1000 Direct	Filipino	0.00%	0.00%
Common	<b>Digna Elizabeth Ventura President/Director</b>	300 Direct	Filipino	0.00%	0.00%
Preferred	11/F LV Locsin Bldg., Ayala Avenue Makati City	100 Direct		0.00%	
Common	<b>Clinton Steven Lee Director</b>  11/F LV Locsin Bldg., Ayala Avenue Makati City	603,490 Direct	British National	0.00%	0.00%

<b>Title of Class</b>	<b>Name of Beneficial Owner / Address</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percentage Per Class of Share</b>	<b>Percentage Held Out of the Total Outstanding Shares</b>
Common	<b>Violeta Josef Independent Director</b>  217 Santiago St., Ayala Alabang Village, Muntinlupa City	1,000 Direct	Filipino	0.00%	0.00%
Common	<b>Ma. Victoria Villaluz Independent Director</b>  116 J. P. Rizal St., Project 4, Quezon City	1,000 Direct	Filipino	0.00%	0.00%
Common	<b>Neil Y. Chua Chief Financial Officer/Director</b>  11/F LV Locsin Bldg., Ayala Avenue Makati City	5,400 Direct	Filipino	0.00%	0.00%
Preferred		1,800 Direct		0.00%	
Common	<b>Edwin Lee Director</b>  54 Angeles St. Alabang Hills, Muntinlupa City	27,100 Direct	Filipino	0.00%	0.00%
Preferred		1,000 Direct		0.00%	
	<b>TOTAL FOR THE GROUP</b>				<b>16.53%</b>

### **(3) Voting Trust Holders of 5% or More**

There is no voting trust or similar arrangement executed among holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

### **ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS**

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

Except in cases where voting by ballot is applicable, voting and counting shall be *viva voce*. If by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

In the election of directors, each common shareholder of record as of September 18, 2020 is entitled to as many votes as there are directors to be elected. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of

votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or their personal attendance at the meeting (*Par. 2 Section 7, By-Laws*).

A forum for validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent shall be convened seven (7) days before any meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders. Any such question or issue decided upon by the Corporate Secretary shall be deemed settled and those not brought before said forum shall be deemed waived and may no longer be raised during the stockholder's meeting (*Par. 3 section 7, By-Laws*).

### **(1) Board of Directors and Executive Officers**

The incumbent directors, including independent directors and executive officers of the Company are as follows:

<b>Name</b>	<b>Age</b>	<b>Office</b>	<b>Year of Assumption of Office</b>	<b>No. of Year/Month</b>
Charles Stewart Lee	29	Director	2014	6 years
		Chairman of the Board	2020	1 month
Steve Li	50	Director	2007	13 years
		Chief Executive Officer	2013	7 years
Avelino Guzman	46	Director	2015	5 years
Digna Elizabeth L. Ventura	47	Director	2011	9 years
		President	2011	9 years
Lorna Pangilinan	64	Independent Director	2018	2 years
Christine P. Base	50	Director	2007	13 years
		Corporate Secretary	2007	13 years
Violeta Josef	74	Independent Director	2015	5 years
Ma. Victoria Villaluz	66	Independent Director	2015	5 years
Clinton Steven Lee	27	Director	2020	1 month
Neil Y. Chua	50	Director	2013	7 years
		Chief Finance Officer/Treasurer	2009	11 years

<b>Name</b>	<b>Age</b>	<b>Office</b>	<b>Year of Assumption of Office</b>	<b>No. of Year/Month</b>
Edwin Lee	62	Director	2013	7 years
Honorio A. Alvarez, Jr.	51	AVP for Engineering	2017	3 years
Sarah Joelle Lintag	48	Corporate Affairs Manager & Compliance Information Officer	2016	4 years
Edwin L. Aquino	42	Internal Audit Manager	2019	1 year

The Company has adopted SRC Rule 38 and SEC Circular No. 16, Series of 2002 on the Guidelines on Nomination and Election of Independent Directors as stated in the By-laws and Manual on Corporate Governance of the Corporation. The following are the procedures for the nomination and election of independent directors of the Company:

- A. All nominations for directors to be elected by the Stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at the principal office of the Corporation not earlier than forty (40) days nor later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only stockholder of record entitled to notice and vote at the regular or special meeting of the stockholders for the election of the directors shall be qualified to be nominated and elected a director of the Corporation (*Section 9, By Laws*).
- B. All nominations shall be signed by the nominating stockholder/s together with the acceptance and conformity of the would-be nominees (SRC Rule 38). After the nomination, the Nomination Committee shall prepare a Final List of Candidates, which shall contain all the information about all the nominees for independent directors. The list shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of person who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
- C. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
- D. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing an independent director. He shall ensure that an independent director is elected during the stockholders' meeting.

- E. The specific slot for an independent director shall not be filled-up by the unqualified nominees.
- F. The decision of the Nomination Committee, once confirmed by the Board of Directors, shall be final and binding upon the shareholders and may no longer be raised during the stockholders' meeting (*Section 10, By-Laws*).
- G. In case of failure of election for the independent director, the Chairman of the Meeting shall call a separate election during the same meeting to fill-up the vacancy.

The nominees for independent directors of the Company are Lorna Pangilinan, Violeta J. Josef and Ma. Victoria A. Villaluz. They are nominated by Steve Li, a shareholder of the Company; and, to the Company's knowledge, there is no relationship between the nominees for independent directors and Mr. Steve Li.

The members of the Nomination Committee are as follows:

- |                          |   |          |
|--------------------------|---|----------|
| 1. Charles Stewart Lee   | - | Chairman |
| 2. Steve Li              | - | Member   |
| 3. Ma. Victoria Villaluz | - | Member   |

## **DIRECTORS AND EXECUTIVE OFFICERS**

The following are the business experiences and positions held by the Directors and Executive Officers for the past five (5) years:

**CHARLES STEWART LEE**, British, 29 years old, is incumbent Chairman of the Board of Directors of Anchor Land Holdings, Inc. He is currently the Director of Pacific Apex Food Ventures, Inc. Mr. Lee studied at the University of Southern California, Los Angeles, California, USA where he obtained his Business of Arts Degree in Social Science with emphasis in Economics.

**STEVE LI**, Hong Kong SAR National, 50 years old, is the Vice-Chairman and Chief Executive Officer since 2007 and 2013, respectively. Mr. Li graduated from York University, Toronto, Canada with a Bachelor's Degree in Business Administration major in Finance and Accounting.

**DIGNA ELIZABETH L. VENTURA**, Filipino, 47 years old, is the President of Anchor Land Holdings, Inc. since August 15, 2011. She has served as Asst. Vice President from July 2005 and as Vice President from 2009 for Sales & Marketing. Prior to joining the Company, she was the Sales Director of Filinvest, Inc., Sales and Marketing Manager of the Waterfront Hotel and Megaworld Properties and Holdings, Inc. Ms. Ventura earned her Bachelor of Science Degree in Hotel and Restaurant Management from the University of Santo Tomas.

**LORNA PANGILINAN**, Filipino, is 64 years old, is an Independent Director of the Company. Currently, she does consultancy engagements with various companies. Her clients includes Fraport AG, Macroasia Corporation, Sublic Leisure Inc., Zuellig, MRT-4 (Bouygues), Asia's Emerging Dragon Corporation, Metropolitan Medical Center, and Ever-Gotesco Group of Companies. She held several executive positions from 1977 to 2010. She also served as director and committee member to different private and financial institutions

such as Savers Dome Inc., Tong Yang Savings Bank, Chamber of Thrift Banks, Capwire and Pocketbell, Republic Telecommunications Holdings, Inc., AG Finance Inc., DBP Management Corporation, DBP Data Center, Inc. and DBP Provident Fund Committee and DBP-Institutional Banking Group Credit Committee. She also earned her bachelor's degree in Economics at the University of the Philippines Diliman and a MA candidate in Economics at Ateneo de Manila University.

**CHRISTINE P. BASE**, Filipino, 50 years old, is the Corporate Secretary and a member of the Audit Committee since April 10, 2007. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She concurrently serves as the Corporate Secretary of Araneta Properties, Inc., SBS Philippines Corporation, Asiasec Equities, Inc., SL Agritech Corporation, and Ever-Gotesco Resources and Holdings, Inc.. She also acts as a director and corporate secretary of Italphinas Development Corporaiton. Ms. Base also acts as a Director and/or Corporate Secretary of several other private corporations. She was an Auditor and then a Tax Lawyer of Sycip Gorres Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree in Bachelor of Science in Commerce major in Accounting.

**NEIL Y. CHUA**, Filipino, 50 years old, is a Director and the Chief Finance Officer since 2013 and 2009, respectively. He was a Senior Manager at KPMG, Auckland, New Zealand from March 2008 to May 2009; and at Purwantono, Sarwoko & Sandjaja/Ernst & Young, Indonesia from October 2002 to February 2008. He was also an Andersen Worldwide Manager of Prasetio, Utomo & Co/Andersen, Indonesia and a supervisor at Sycip Gorres Velayo & Co./Arthur Andersen, Philippines from November 1991 to September 1996. Mr. Chua obtained his Bachelor of Accountancy from the University of San Carlos, Cebu City. He is also a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants since 1992.

**EDWIN LEE**, Filipino, 62 years old, was elected as a Director on June 28, 2012 but only assumed office on April 2, 2013 after the SEC approved the amendment of the Company's Articles of Incorporation which effectively increased the number of Directors from seven (7) to nine (9). He is currently serving as the Senior Assistant Vice President at the Office of the President of SM Investments Corporation. He graduated from De La Salle University with a Bachelor of Science Degree in Commerce major in Business Management.

**CLINTON STEVEN LEE**, British, 27 years old, has been working for Anchor Land Holdings, Inc. since 2016 under the Office of the Chairman. He heads the Business Development Group as well as the Market Research Group. Mr. Lee graduated from the University of California, Los Angeles, California USA where he obtained his degree of Bachelor of Arts Degree in Sociology.

**VIOLETA J. JOSEF**, Filipino, 74 years old, was elected as Independent Director of the Company. She completed her Bachelor in Business Administration from the University of East. She is a Certified Public Accountant and received her Masters Degree in Business Administration-Top Executive Program from the Pamantasan ng Lungsod ng Maynila where she is now a part-time Lecturer in PLM's Graduate School of Business. She also completed her General Management Executive Program at the National University of Singapore, Faculty of Business Administration in 1992. She held various executive positions such as Senior Vice-President, Treasurer, Controller and Director at the Multinational Group of Companies from 1972-2014. She started her career in public practice in SGV and Co. immediately after completing her Bachelor's Degree. Ms. Josef was also a former board member of the Professional Regulatory Board of Accountancy, for years 1995 to 1998. She has held several positions in various professional and civic organizations, such as Past National President of the Philippine Institute of Certified Public Accountants in 2013-2014, Deputy Vice-President of the Philippine Federation of Professional Associations in 2014-2016, life-time member of the Philippine Association of Professional Regulatory Board Members since 1995, Past President of the Association of CPAs in Commerce and Industry in 1986 and a former member of the Auditing Standards and Practices Council. As PICPA President, she was a board and council member of various international accountancy organizations, such as the Asean Federation of Accountants (AFA), the Confederation of Asian and Pacific Accountants (CAPA) and the International Federation of Accountants (IFAC).

**MA. VICTORIA A. VILLALUZ**, Filipino, 66 years old, was elected as an Independent Director on June 25, 2015. She is a Member of the Integrated Bar of the Philippines, the UP Women Lawyers' Circle and the Tax Management Association of the Philippines where she also served as President in 2010. She previously worked with Sycip Gorres Velayo & Co. from 1980 until her retirement in 2014 as a Partner in the Tax Services Group where she provided, among others, tax advisory and tax planning, as well as quality and risk management, services to clients from various industries such as utilities (power, water, oil and gas), telecommunications, entertainment, engineering and construction, real estate, hotel, transportation, trading and manufacturing. Ms. Villaluz is an accredited lecturer in the Mandatory Continuing Legal Education (MCLE) prescribed by the Supreme Court for lawyers; she was also the tax training director for the Arthur Anderson New Tax Seniors' Training Seminar in Penang Malaysia until 2001 and was a lecturer in the Arthur Andersen New Manager's training seminars in St. Charles, Illinois. Ms. Villaluz obtained her Bachelor of Arts in Philosophy and her Bachelor of Laws from the University of the Philippines.

**AVELINO M. GUZMAN, JR.**, Filipino, 46 years old, was elected as a Director on June 25, 2015. He is the Managing Partner of A.M. Guzman, Jr. and Associates Law Office, and of Golden Ace Credit Solutions Company, Ltd. He also serves as the President and Chairman of the Board of Whidbey Holdings Corporation and as the Corporate Secretary of Santino Metal Industries, Inc., Merckammed Concepts, Inc., Ideaship Phils. Holdings, Inc., LTC Group of Companies, VS Marketing Corporation, Anchor Land Global Corporation and Akuna (Philippines) Inc. He was previously a Senior Associate Lawyer at Saulog & De Leon Law Offices from January 1999-December 2009. Mr. Guzman, Jr. obtained his Bachelor of Arts major in Economics and his Bachelor of Laws from San Beda College. He became a Member of the Integrated Bar of the Philippines in 1999.

## (2) Independent Director

Three (3) incumbent directors of the Company, namely Lorna Pangilinan, Violeta Josef and Ma. Victoria Villaluz, are the Independent Directors for the year 2019-2020. They are not employees of the Company and do not have any relationship with the Company, which would interfere with the exercise of their independent judgment in carrying out the responsibilities of a director.

The following are nominated for election to the Board of Directors during this year's Annual Stockholders' Meeting:

1. Charles Stewart Lee	Director
2. Steve Li	Director
3. Digna Elizabeth Ventura	Director
4. Christine P. Base	Director
5. Edwin Lee	Director
6. Neil Y. Chua	Director
7. Clinton Steven Lee	Director
8. Avelino M. Guzman	Director
9. Lorna Pangilinan	Independent Director
10. Violeta J. Josef	Independent Director
11. Ma. Victoria A. Villaluz	Independent Director

The nominees for independent directors for this year's Annual Stockholders' meeting of the Company are Lorna Pangilinan, Violeta J. Josef, and Ma. Victoria A. Villaluz. They were nominated by Steve Li, a shareholder of the Corporation and, to the Company's knowledge; there is no relationship between nominees for independent directors and Mr. Steve Li.

The term of office of all directors, including independent directors shall be one (1) year until their successors are duly elected and qualified.

## (3) Key Officers

The members of the management team, aside from those mentioned above, are as follows:

**HONORIO A. ALVAREZ, JR.**, Filipino, 51 years old, is the Assistant Vice-President for Engineering. He was formerly the General Manager and Vice President of DD Happy Homes Residential Centers, Inc., a subsidiary of Double Dragon Properties, from June 2015 to January 2017. He also served as the Senior Assistant Vice President-Project Management Head, High Rise Division/Special Projects of Eton Properties Philippines, Inc. from March 2011 to March 2015. He graduated from the University of Santo Tomas with a Bachelor of Science in Civil Engineering in 1989.

**SARAH JOELLE C. LINTAG**, Filipino, 48 years old, is the Head of the Corporate Affairs Department. She was formerly the Vice President for Billings, Credit Operations and Legal Services from June 2015 to December 2015 for ACM Landholdings, Inc. (Philippines), where she also served as its Assistant Vice President for Legal and Human Resources and Administration from July 2013 to May 2015. She was also the Chief Political Affairs Officer in the Office of the Honorable Edgardo "Sonny" Angara in the House of Representatives from October 2010 to June 2013. She graduated from California State University, Northridge, California (USA) with a Bachelor of Arts degree in Political Science in 1995, and earned her



Bachelor of Laws degree from the University of the Philippines, Diliman, Quezon City in 1999.

**EDWIN L. AQUINO**, Filipino, 42 years old, is the Internal Audit Manager at Anchor Land Holdings, Inc. He is a Certified Public Accountant and a Certified Internal Auditor. He was a former Audit Head of the Century Properties Group from May 2015 to April 2019. He was also previously an Audit Manager of the Siycha Group of Companies, Watsons Personal Care Stores (Philippines), Inc., Steel Asia Manufacturing Corporation, and a Senior Internal Auditor of San Miguel Corporation Group. He obtained his Bachelor of Science in Accountancy degree at the University of the East in 1998.

#### **(4) Family Relationships**

Aside from Mr. Charles Stewart Lee and Mr. Clinton Steven Lee, there are no family relationships, either by affinity or consanguinity up to the fourth civil degree among the directors, executive officers and persons nominated and chosen by the Company to become directors and executive officers.

#### **(5) Involvement in Certain Legal Proceedings**

To the knowledge of the Company, there has been no occurrence of any of the following events during the past five (5) years up to the present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiary or any of their properties is involved in or subject to, that would have a material effect adverse effect on the business or financial position of the Company or its subsidiary.

#### **(6) Significant Employees**

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to its success.

## (7) Certain Relationships and Related Transactions

As of September 30, 2020, the following is a summary of the director who owns ten percent (10%) or more of the outstanding shares of the Company:

Name of Company and Director	Position Held	Percentage of Voting Securities
Steve Li	Vice Chairman and Chief Executive Officer	15.00%

### *Related Party Transactions*

The Company, in the normal course of business, enters into transactions with its related parties consisting primarily of non-interest bearing advances for working capital requirements.

Outstanding balances with related parties included in the appropriate accounts in the consolidated balance sheets are as follows:

	2019	2018	2017
Advances to related parties	—	—	—
Advances from related parties	—	—	—

No transaction was entered by the Company with parties who are not considered related parties but with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions.

There were no transactions with promoters in the past five years.

## ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### (1) Compensation Table

Information as to the aggregate compensation of the key management personnel of the Group, which includes all directors, executives and senior management during the last three (3) fiscal years is as follows:

Name and Principal Position	Fiscal Year	Total Group Salary	Total Group Bonus	Other Annual Compensation
1. Steve Li - CEO	Actual 2017	₱31.6 M	₱0.6 M	
2. Digna Elizabeth L. Ventura - President	Actual 2018	₱33.5 M	₱1.0 M	
3. Neil Y. Chua - CFO				
4. Honorio Alvarez - AVP Engineering	Actual 2019	₱35.3M	-0-	
5. Atty. Sarah C. Lintag - Head of the Corporate Affairs Department	Projected 2020	₱35.3M	-0-	
All other officers and	Actual 2017		₱22.4 M	

directors as a group - unnamed	Actual 2018	₱22.4 M	
	Actual 2019	₱23.5M	
	Projected 2020	₱23.5M	

## **(2) Compensation of Directors**

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The total annual compensation of the Board of Directors is ₱6.3 million.

Other than those mentioned above, there are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer and other officers and/or directors.

## **(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

There are no other special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements, including payments to be received from the Company with respect to any named directors or executive. Employment contracts of all Supervisors and Rank are all hired as long-term employment period until regularization or termination of any cause.

## **ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS**

Sycip Gorres Velayo & Co. (SGV) was the Independent Public Accountant for the year 2019. The reappointment of the said accounting firm as Independent Public Accountant for the incoming year will be submitted to the stockholders for their confirmation and approval. The Partner-in-Charge is Jennifer D. Ticla. Duly authorized representatives of SGV are expected to be present at the Annual Meeting of Stockholders and they will have the opportunity to make statements if they desire to do so and are expected to be available to respond to appropriate questions.

Under the existing regulation of the Securities and Exchange Commission, the registrant shall change its external auditor or rotate the engagement partner every five years. This is in compliance with the rotation requirement of its external auditor's certifying partner as required under SRC Rule 68 Paragraph 3(B) (ix). Considering that the assigned partner of SGV has been the Company's independent public accountant beginning 2017, rotation is not necessary.

The members of the Audit Committee are as follows:

- |                      |   |          |
|----------------------|---|----------|
| 1. Violeta Josef     | - | Chairman |
| 2. Steve Li          | - | Member   |
| 3. Christine P. Base | - | Member   |

#### **ITEM 8. COMPENSATION PLANS**

No action with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed for the year shall be discussed during the meeting.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE**

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance securities.

### **ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES**

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

### **ITEM 11. FINANCIAL AND OTHER INFORMATION**

The audited financial statements as of December 31, 2019, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto.

### **ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS**

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

### **ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY**

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

### **ITEM 14. RESTATEMENT OF ACCOUNTS**

The Company is not taking any action, which involves the restatement of any of its assets, capital or surplus account.

## **D. OTHER MATTERS**

### **ITEM 15. ACTION WITH RESPECT TO REPORTS**

- (1) Approval of the Minutes of the 2019 Annual Stockholders' Meeting held on June 27, 2019 covering the following matters:
  - a. Approval of the Minutes of the Regular Meeting of the Stockholders held on June 27, 2019;
  - b. Management Report;
  - c. Presentation and approval of the Financial Statements as of December 31, 2019;
  - d. Confirmation and Ratification of acts of the Board of Directors and Officers;
  - e. Election of the members of the Board of Directors; and
  - f. Confirmation of Appointment of external auditors.

- (2) Resolutions for Ratification by the Stockholders

At the Annual Stockholders' Meeting, stockholders will be asked to approve and ratify all acts of the Board of Directors and management during their term of office. These include, but not limited to, opening and maintaining deposit accounts and/or trust accounts with various banking institutions; obtaining loans/credit accommodations and trust receipt agreements with various banks and approval of signing limits.

### **ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED**

Other than election to office, there is no matter to be acted upon during the Annual Stockholders' Meeting to which a beneficial owner, director or officer has any substantial interest.

No director has informed in writing of his intention to oppose any action to be taken during the proposed Annual Stockholders' meeting.

### **ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS**

On September 2, 2020, the Board of Directors of the Corporation has approved and endorsed for approval of the stockholders the amendments to the following sections of the By-laws to comply with the applicable provisions of the Revised Corporation Code of the Philippines, to wit:

#### **Article II, Section 3**

Section 3. **Place of Meeting** - Stockholders' meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located.

**Any meeting of the stockholders may be held by means of teleconferencing, video conferencing, or similar communication equipment whereby all persons participating in**

**the meeting can hear each other, and such participation shall constitute presence at the meeting.**

#### **Article II, Section 4**

Section 4. **Notice of Meeting** - Notice for regular or special meetings of the stockholders may be given either:

- (a) by personal delivery, registered mail, facsimile transmission or electronic mail, **or such other manner as the Securities and Exchange Commission (Commission) shall allow under its guidelines,** to each stockholder no less than **twenty one (21)** days prior to the date set for each meeting, which notice shall state the day, hour and place of the meeting; or
- (b) by publication in newspapers of general circulation published in Metro Manila, not less than **twenty one (21) days** prior to the date set for the meeting, which notice shall state the day, hour and place of the meeting.

Provide that, in all cases where the address of the registered stockholder entitled to vote is outside the territorial limits of the Philippines, a written notice sent by air mail, by facsimile transmission or electronic mail **or such other manner as the Commission shall allow under its guidelines,** not less than **twenty one (21)** days prior to the date of the meeting shall be sent to the said stockholder.

No failure or irregularly of notice of any regular or special meeting at which the stockholders concerned are present or represented and voting without protest shall invalidate such meeting or any proceeding thereat, provided that the matters taken up were within the powers of the Corporation.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

#### **Article II, Section 5**

Section 5. **Quorum** - Unless otherwise provided by law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

**Stockholders casting their votes in absentia, as may be provided for by the Board of Directors, shall also be deemed present for purposes of determining the existence of a quorum. Meetings of the stockholders may be conducted via remote communication, such as by teleconferencing or videoconferencing, subject to such guidelines as may be promulgated by the Securities and Exchange Commission.**

## Article II, Section 6

Section 6. **Conduct of Meeting** - Meeting of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary, shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without notice other than announced at the meeting.

**Stockholders may participate and vote in a meeting through remote communications, such as videoconferencing, teleconferencing, or other alternative modes of communication as provided in the Corporation's internal procedures. A stockholder who, itself or by proxy, participates and/or votes through remote communication or in absentia shall be deemed present for purposes of quorum.**

## Article II, Section 7

Section 7. **Manner of Voting** - At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact **or via remote communication or in absentia, electronically or otherwise, as may be provided for by the Board of Directors.** Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal attendance at the meeting.

A forum for the validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock Transfer Agent shall be convened seven (7) days before any meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders. Any such question or issue decided upon by the Corporate Secretary shall be deemed settled and those not brought before said forum shall be deemed waived any may no longer be raised during the stockholders' meeting.

## Article III, Section 4

Section 4. **Meetings** - Regular meetings of the Board of Directors shall be held **once a month** on such dates and at places as the Chairman of the Board, or in his absence, by the President, or upon the request of a majority of the Directors.

**Director/s who cannot physically attend or vote at any Board meeting may participate and vote through remote communication, such as videoconferencing, teleconferencing or other alternative modes of communication, as provided in the Corporation's internal procedures. Directors cannot attend or vote by proxy at Board meetings. A director who participates through remote communication, shall be deemed present for the purpose of attaining quorum.**



### **Article III, Section 5**

**Section 5. Notice** - Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, facsimile or **by messengerial services, through electronic mail, or such other manner as the Commission shall allow under its guidelines.** A director may waive this requirement, either expressly or impliedly.

### **Article III, Section 6**

**Section 6. Quorum** - A majority of the number of directors as fixed **herein** and in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

**A director who participates through remote communication, shall be deemed present for the purpose of attaining quorum.**

### **Article III, Section 7**

**Section 7. Conduct of the Meetings** - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the President or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the Chairman of the meeting shall appoint a secretary of the meeting.

**Director/s who cannot physically attend or vote at any Board meeting may participate and vote through remote communication, such as videoconferencing, teleconferencing or other alternative modes of communication, as provided in the Corporation's internal procedures. Directors cannot attend or vote by proxy at Board meetings. A director who participates through remote communication, shall be deemed present for the purpose of attaining quorum.**

### **ITEM 18. OTHER PROPOSED ACTIONS**

There are no other proposed actions to be taken up in the meeting.

## ITEM 19. VOTING PROCEDURES

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

In the election of directors, each common shareholders of record as of September 18, 2020 is entitled to as many votes as there are directors to be elected. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

The method by which the votes of security holders will be counted is in accordance with the general provisions of the Revised Corporation Code of the Philippines. The counting of votes will be done by the Corporate Secretary with the assistance of his staff and the Corporation's stock and transfer agent. In addition, shareholders who are unable to attend the meeting may choose to execute a proxy form or vote electronically in absentia using the link <https://anchorland.com.ph/asm-2020>. The requirements and procedures for voting in absentia and participation in the Annual Stockholders' Meeting through remote communication are set forth under Annex "A" of this Information Statement.

Stockholders who opt to vote by proxy must submit and address their proxy to the attention of the Corporate Secretary at 8th Floor, Chatham House Bldg., Valero corner Rufino Sts., Salcedo Village, Makati City or via e-mail at [corporatesecretary@anchorland.com.ph](mailto:corporatesecretary@anchorland.com.ph) not later than 5:00 p.m. on or before November 23, 2020. Any questions for the Board must also be emailed the address mentioned above on or before November 23, 2020.

Stockholders may view the Notice and Agenda, Proxy Form, Definitive Information Statement, SEC Form 17-A (2019 Annual Report), SEC Form 17-Q (2<sup>nd</sup> Quarter Report of 2020) and other pertinent documents related to ALHI's Annual Stockholders' Meeting at link <https://anchorland.com.ph/asm-2020> and via the PSE Electronic Disclosure Generation Technology (PSE EDGE) portal at <https://edge.pse.com.ph>.

**UNDERTAKING TO PROVIDE WITHOUT CHARGE A COPY OF THE  
COMPANY'S ANNUAL REPORT**

**A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A  
WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON  
WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:**

**THE OFFICE OF THE CORPORATE SECRETARY  
ANCHOR LAND HOLDINGS INCORPORATED  
8<sup>th</sup> Floor, Chatham House,  
116 Valero cor. V.A. Rufino St., Makati City**

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on October 19, 2020.

**ANCHOR LAND HOLDINGS, INC.**

By:

  
**CHRISTINE P. BASE**  
Corporate Secretary

## 15 Years of Resilient Growth and Commitment to Excellence

2019 was a year of exciting opportunities and robust developments as the government's increased spending on infrastructure projects and the burgeoning demand for property assets continue to elevate the country's real estate market to greater heights.

As one of the country's promising developers, Anchor Land Holdings, Inc. (ALHI) has been successful in optimizing the upswing in the country's real estate with its strong financial gains and strategic investments in 2019.

For this financial year, we generated a total of PhP 814.27 million worth of net income, which is 16 percent higher than the PhP 700.63 million net income in 2018. This increase in our consolidated net income is primarily attributed to the growing rental operations, which posted a stronger performance in 2019, demonstrating 29% increase in rental income amounting to PhP 782.98 million, compared to PhP 604.76 million in 2018. This significant increase was driven from our office and commercial projects, particularly The Centrium and Baylife Venue in Parañaque City, and the Kanlaon Tower in Pasay City.

Our assets also saw substantial growth, climbing 20 percent to PhP 33.52 billion, compared to PhP 28.00 billion in the previous year. This double-digit growth is attributed to the increase in cash and cash equivalents by PhP 129.39 million, and the increase in our investment properties, and property and equipment by PhP 5.94 billion.

The 51 percent increase in our investment properties is mainly attributed to the continuing construction and development of The Centrium, Cosmo Suites, Admiral Hotel, and the acquisitions of several properties in the City of Manila (Binondo and Roxas Boulevard) and San Vicente, Palawan.

Characterized by our continued success and tremendous growth, 2019 also marks our 15<sup>th</sup> year as a developer. Over the years, we went through many significant breakthroughs and constant reinventions as we stay ahead of the game. Our competitive edge, characterized by our expanded efforts in adapting and innovating, has led us to surpassing the expectations of our clients and stakeholders, while ensuring the highest standards of excellence in our projects.

From substantially changing the landscape of Manila Chinatown, the Company's impact has been significant over the last 15 years. We made a name as a developer of high-end to luxury residential properties that have elevated the lifestyle experience of our clients in Binondo. We catered to the rapidly changing demands of the residential and business owners in Filipino-Chinese communities, leading to a revitalized and a more modernized Chinatown.

We have also been distinguished for our research-driven foresight in identifying and nurturing previously untapped areas for development, which eventually included the areas around Manila Chinatown and the Bay City in Parañaque City. Our foresight is driven by our efforts to complement the land use plan and foster joint partnerships with the local government units in our markets.

In our diversification efforts, we have built solutions-driven office, co-living and logistics properties to meet the demand of businesses, particularly in the BPO and the logistics industry.

Our impact has also translated through our ongoing sustainability efforts. In line with the UN Sustainable Development Goals (SDGs), we have buoyed up our initiatives that will enhance our

positive impact on the environment, people and communities as we mindfully conduct our business operations. We have incorporated environment-friendly spaces and technologies in several of our projects that are ongoing and in the pipeline, including Copeton Baysuites in Parañaque City, and Cornell Parksuites, 8 Alonzo Parksuites and One Legacy Grandsuites in Binondo, Manila. We have also introduced environment-friendly solutions in our pioneer project in Davao – 202 Peaklane. For more efficient and responsible operations, this project introduces our innovative digital property management system, adding value to the protected passive-income investments we offer in the southern metropolis. Our sustainability efforts promise long-term actions that will continue to adapt to the demands that will rise in the future, enhancing the lifestyle and business values of our clients as we altogether aim to protect the environment.

With the right fundamentals in place, Anchor Land continues to be a brand trusted by many generations. From being a distinguished developer for niche residential market, we are now creating a distinct name in the commercial, logistics property, co-living, and hotel and resorts segments. We are eager to put forward more masterfully planned projects as we ensure solid financial performance in the years to come, while we continue to surpass the expectations of our clients and stakeholders. With our aggressive efforts to expand our property portfolio, our brand and vision will be the distinct signature of our legacy, founded on our unparalleled niche market approach, sound strategies for operations, collaborations with world-class partners, sustainable solutions, and our holistic customer approach.

With your continuous support, let us welcome the next decade with an unwavering commitment and a positive outlook as we expect greater achievements year after year. I believe that our collaborative efforts will make a lasting impact not only to our clients but also to the rapidly changing industry, ensuring long-term, sustained value for our investors.

Thank you!



Charles Stewart Lee  
Chairman  
Anchor Land Holdings, Inc.

## **BUSINESS AND GENERAL INFORMATION**

### **Business Overview**

Anchor Land Holdings, Inc. (“ALHI” or the “Company”) was registered with the Philippine Securities and Exchange Commission (“SEC” or the “Commission”) on July 29, 2004 with an authorized capital stock of ₱10,000,000.00 divided into 100,000 common shares with a par value of ₱100.00.

The Company is the holding company of the ALHI Group (the “Group”) with principal business interest in real estate organized to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

The Company traces its roots to Anchor Properties Corporation. Anchor Properties Corporation was incorporated in July 15, 2003. It commenced commercial operations on April 30, 2004, simultaneously with the start of the construction of its Lee Tower project. The Company was founded by a group of entrepreneurs led by Mr. Stephen L. Keng and Mr. Steve Li. The Company was primarily organized to engage in real estate development and marketing focusing initially in high-end residential condominiums within the Manila area. It started business operations on November 25, 2005.

On December 13, 2006, the board of directors and stockholders of the Company approved and authorized the plan of merger of Anchor Properties Corporation, with the Company as the surviving entity. Simultaneously with the approval of the Company’s merger with Anchor Properties Corporation, the Company’s board of directors and stockholders also approved amendments to Company’s Articles as follows: (a) reduction of the par value from ₱100.00 to ₱1.00 resulting in stock split and increase in authorized capital stock from ₱10,000,000.00 to ₱1,000,000,000.00. Both companies are substantially under common control and the merger of the two companies was done to consolidate their real estate projects under one group.

On July 7, 2011, the board of directors and stockholders of the Company approved the amendment of the Company’s Articles of Incorporation as follows: a) increase in authorized capital stock of the Company from 1,000,000,000 shares of common stock with par value of ₱1.00 per share to 2,300,000,000 shares of common stock with par value of ₱1.00 per share; and b) increase in authorized capital stock of the Company by creating 1,300,000,000 units of 8%, voting, preferred shares with par value of ₱1.00 per share.

On November 8, 2013, the Philippine SEC approved the increase of capital stock of ALHI from ₱3,600,000,000.00 divided into 2,300,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱1.00 each to ₱4,800,000,000.00 divided into 3,500,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱ 1.00 per share.

## **Business Plan**

Anchor Land's strong performance in 2019 reflects our solid financial strategies, continued expansion efforts, and a positive outlook as we usher in a new decade of further growth and excellence in real estate development.

We have grown leaps and bounds over the past fifteen years of resilient growth and commitment to excellence. We have been at the forefront of reshaping and revitalizing the world's oldest Chinatown into a modernized oasis of opportunities and a new center for vibrant and cosmopolitan living. We are also one of the pioneering minds in developing the Bay Area, which is now a highly sought-after real estate hub in the Philippines.

We see a future of great business opportunities in the market as we seek optimism against disruptions and risks that may rise along the way. In fact, the Company has demonstrated efficient risk management when widespread disruptions affected economic activities worldwide due to an outbreak that took place at the end of 2019. Our measures include early monitoring of the situation, development of contingent financial and operational plans, adherence to the guidelines imposed by the local and national government, and strict compliance to the health protocols set by the Department of Health.

In light of the recent situation, we continue to adopt appropriate risk management procedures and business continuity strategies to mitigate further risks induced by current and unforeseeable crises in the future. At the same time, we will keep on reinventing and innovating, guided by our time-tested blueprint of success, which starts with our strategic and reliable market research. With deliberate efforts to understand our market, we are able to stay ahead of the game as we make sound business decisions.

Our vision brings us beyond just adding new landmarks in our strongholds. Our humble beginnings in Binondo, Manila inspired us to rise above our expectations as we expand our portfolio of quality properties. Our growth is not just in numbers, but also in the impact of the properties we build.

We are headed toward the future with our expansion strategy to meet our targets. We have started the construction of six (6) residential, office, logistics and co-living projects in 2019, which include Cornell Parksuites and The Panorama Manila, residential developments in Binondo and Roxas Boulevard, respectively; Rosan Logistics and Recto Logistics, logistics projects in Binondo; and One Financial Center and The Centrium, office projects in Binondo and Parañaque City, respectively.

Coming from ₱782.99 million in 2019, we expect our rental income to grow significantly to reach ₱1.00 billion in 2020 due to the completion of The Centrium. We also target to complete over 186,000 square meters of leasing space in 2023.

For Binondo, Manila, we will further strengthen our position to modernize the world's oldest Chinatown as we continue to respond and adapt to the rapidly changing demands of the Filipino-Chinese community, particularly of our market for the luxury residential and logistics centers. As of 2019, we have 10 ongoing and completed residential and commercial projects in Manila Chinatown. The ongoing projects include Anchor Grandsuites, 8 Alonzo Parksuites, and Juan Luna Logistics.

Meanwhile, we are also expanding our portfolio in the Bay Area, which spans across the cities of Manila, Pasay, and Parañaque. Currently, we have five (5) completed and ongoing projects in Parañaque (Bay City district), and three (3) projects along Roxas Boulevard.

One of our ongoing projects in Bay City is our first office project, The Centrium, which is a LEED Pre-certified Gold 12-story development with two (2) towers, designed to meet the growing demand for office spaces in the Entertainment City. To complement the busy districts in the Bay Area, Cosmo Suites and Kanlaon Tower in Pasay City will offer co-living spaces near the business and trading centers. In line with the expected rise of flexible workspaces and the influx of employees especially for the BPO and IT industries, we expect to see higher value for our projects in the Bay Area, leading to further growth in the Company's future revenues.

Another noteworthy venture in 2019 was the beginning of our first public-private partnership with the city government of Parañaque. The PhP 4.00 billion project will be a one-hectare mixed-use development located between the Parañaque Integrated Terminal Exchange (PITX) and Coastal Mall. The Central Link will have three (3) towers, which consists of a satellite office tower for the city government, a corporate office tower, and a co-living tower, designed to help elevate public service and contribute to offering quality office spaces and jobs to the local community. This partnership is a testament to the local government's confidence and trust in Anchor Land's brand of quality in developing excellent property assets.

Outside of Metro Manila, we are seeing the rise of our first project in Davao City – 202 Peaklane. This 28-story, two-tower development offers unique property investments complete with a range of smart features and top-notch amenities, designed to raise the bar for real estate investments in the South.

We have also forayed into solutions to complement the tourism industry in Southern Luzon and Visayas as we have begun planning construction of resort and hotel developments in Coron and San Vicente in Palawan, and in Boracay, Aklan. As one of the top performing industries in the country, tourism is considered a major economic driver where opportunities are seen to thrive greatly.

In addition to our ongoing projects, we plan to launch at least 14 projects in the succeeding years. These projects will cater to our markets for the residential, office, and trade and logistics segments.

Now on our 15th year, we have remained true to our promise. We focused on catering to the needs of the niche markets, and building properties made for them. We carry on our vision to set our own trail while surpassing our own standards of excellence in the new segments that we have forayed into: commercial, office, trade and logistics, co-living, and hotels and resorts. We set a new trajectory for our goals, while staying true to our promise and our fundamental attributes: enhanced liveability, progress-centered opportunities, environment responsibility, design excellence, and visionary leadership and strong governance.

#### *Enhanced Liveability*

We put a high premium on ensuring the best quality of comfort and convenience for our clients. With our expanding portfolio of residential properties, we strive to offer them the best living solutions available by incorporating cutting-edge features and innovative ideas in our



developments. These solutions include open amenity spaces and nature-friendly technology features such as our latest digital property management system.

#### *Progress-Centered Opportunities*

We plan our developments with the extent of our positive impact in mind. In line with our vision for the communities we are in, we look into opportunities that contribute into ramping up economic progress in both local and national levels. Our line of developments are thoughtfully planned not only to help increase the country's real estate activities, but also to complement the local businesses, including those in the industries of BPO, IT, trade and logistics, and tourism. We also put into great consideration the opportunities that aid in buoying up the local economies through developments that complement the land use plan of the local government units and through partnerships that help elevate the conditions of the local communities, to name a few.

#### *Environmental Responsibility*

Our business takes our environmental responsibility very seriously through our continuous pursuit of effective sustainable solutions. This translates to our more efficient business operations, from proper resources and waste management down to the nitty-gritty of our projects. These include the use of large windows for natural ventilation, and double-glazed and low emissivity windows and curtain walls to minimize external noise pollution. While we are known for our modern skyscrapers, we aim to achieve perfect ecological and aesthetic balance between our modern properties and the surrounding natural environment.

#### *Design Leadership*

We lead in the business of providing real estate options that are thoughtfully designed. Combining sound strategies and expertise, our developments are designed as highly valuable investments for our clients, complete with sustainable and innovative solutions that will benefit local communities in the long run.

#### *Visionary Leadership and Strong Governance*

Anchor Land prides itself in being a leader and visionary in the industry. Our business drives solid strategies and unparalleled strength from its vision built on our integrity, strong principles and values, keeping us grounded while we set our eyes on greater milestones along the way. We believe in good, honest business, and our customers deserve nothing less. Our management consistently demonstrates strong governance, translating to its responsible and efficient ways of managing a multi-billion peso organization. Combined with a solid market foresight, the Company's financial flexibility allows us to gravitate toward achieving greater goals amid the cyclical industry risks.

All of these efforts have set us apart as a full-line real estate developer that will continue to build properties made for our clientele and enhance our shareholder value.

With a new decade ahead of us, we will continue to focus on being a leading niche market developer. At the same time, we seek to further bolster the Company's market position while we continue to aim to surpass the expectations of our clients and stakeholders through strategic and responsible business practices and our competitive edge that have made us a cut above the rest.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### Basis of Presentation of Financial Statements

#### Basis of Preparation

The consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group) have been prepared using the historical cost basis and are presented in Philippine Peso (₱), the Group's functional currency.

#### Statement of Compliance

The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018, 3-2019 and 4-2020 for the following implementation issues affecting the real estate industry:

- a) Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b) Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- c) Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H
- d) Adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales
- e) Deferment of the Implementation of IFRS Interpretations Committee ("IFRIC") Agenda Decision on Over Time Transfer of Constructed Goods [Philippine Accounting Standards (PAS) 23-Borrowing Cost] For Real Estate Industry

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

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

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

The following management's discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the Group's audited financial statements, including the related notes, contained in this report. This report contains forward-looking statements that involve risks and uncertainties. The Group cautions investors that its business and financial performance is subject to substantive risks and uncertainties.

## **Results of Operations Jan-Dec 31, 2019 vs. Jan-Dec 31, 2018**

The Group generated a consolidated net income of ₱814.27 million for the year ended December 31, 2019, an increase of 16% from ₱700.63 million consolidated net income for the same period in 2018.

The increase in the consolidated net income is mainly due to the growing rental operations. The rental operations of the Group posted a stronger performance in 2019 as evidenced by an increase of 29% in rental income compared to 2018. This is brought about by the significant increase in rental income from The Centrium, Baylife Venue and Kanlaon Tower Project.

Real estate sales revenue, on the other hand, decreased by 12% because the Group has sold most of its real estate inventories while 3 new projects that were planned to be launched in 2019 were pushed back to 2020.

The significant increase in rental income and the ongoing construction of The Centrium, Cosmo Suites and Admiral Hotel are all in line with the Group's continuing efforts to invest and increase its recurring income projects while rebalancing the mix of its revenue sources.

## **Financial Condition 2019 - 2018**

The Group's total assets amounted to ₱33.52 billion and ₱28.00 billion as at December 31, 2019 and 2018, respectively. The increase of 20% in total assets is mainly due to the increase in cash and cash equivalents by ₱129.39 million and the increase in investment properties and property and equipment by ₱5.94 billion due to the continuing construction and development of The Centrium, Cosmo Suites and Admiral Hotel and acquisitions of several properties in the City of Manila and San Vicente, Palawan.

The increase of 23% in the Group's total liabilities was mainly brought about by the bank loans availed during the year to acquire several properties in the City of Manila and deposits received from the prospective lessees and from the buyers of the Group's new and ongoing projects which includes new sales that are not yet recognized as revenue.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the year ended December 31, 2019 which was slightly offset by the dividends declared on April 3, 2019.
- Other comprehensive income – decrease resulted from the remeasurements in pension liabilities.
- Non-controlling interests - decrease due to net loss attributable to the non-controlling interests.

## **Results of Operations Jan-Dec 31, 2018 vs. Jan-Dec 31, 2017**

The consolidated net income of the Group increased to ₱700.63 million, 13% higher compared to the net income for year ended December 31, 2017.

The increase in the Group's net income is mainly due to the steadily growing rental operations of the Group as evidenced by the 65% increase in rental income thereby accounting for 9% of the Group's total revenue in 2018. Higher income from rental

operations is due to the continuous rise in the occupancy in recurring income projects which included the turned-over commercial units in Solemare Parksuites, Monarch Parksuites, Oxford Parksuites, BayLife Venue and the newly acquired Kanlaon Tower. Moreover, the Group continues to generate recurring income from its warehousing facilities, namely One Soler and One Logistics Center, and from its warehouse and commercial centers pertaining to One Shopping Center and Two Shopping Center.

The Group has ongoing construction of recurring income projects. These are The Centrium located in Aseana City, Paranaque which is expected to be completed in 2020 and Cosmo Suites which will offer bed spacing facilities in Pasay. These developments are presented as investment properties in the Group's consolidated financial statements and the related rental income is recognized when construction of these assets are completed and leased out to third parties.

The significant increase in rental income and the ongoing construction of The Centrium and Cosmo Suites are all in line with the Group's continuing efforts to invest and increase its recurring income projects while rebalancing the mix of its revenue sources.

### **Financial Condition 2018 - 2017**

The Group's total assets amounted to ₱28.00 billion and ₱25.83 billion as at December 31, 2018 and December 31, 2017, respectively. The increase in total assets is mainly due to the increase in investment properties by ₱2.15 billion which was driven by the continuing construction and development of The Centrium and Cosmo Suites, the acquisition of Kanlaon Tower and the completion of BayLife Venue and the commercial units in Monarch Parksuites and Oxford Parksuites. The ongoing development of Admiral Hotel, which led to the increase in the property and equipment, has likewise contributed to the increase in the Group's total assets.

The increase of 9% or ₱1.72 billion in the Group's total liabilities is mainly due to the additional availment of loans during 2018 in order to partly fund the Group's continuing construction activities and property acquisitions. Further, the advances, downpayments and deposits paid by the Group's buyers of condominium units and lessees of commercial units have likewise contributed to the increase in the Group's total liabilities as at December 31, 2018.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the period ended December 31, 2018 less cash dividend declaration and the effect of the initial adoption of new accounting standards.
- Other comprehensive income - increase resulted from the remeasurement gain in pension liabilities.
- Non-controlling interests - decrease due to current period net loss attributable to the non-controlling interests.

## **Results of Operations Jan-Dec 31, 2018 vs. Jan-Dec 31, 2017**

The consolidated net income of the Group increased to ₱620.05 million, 11% higher compared to the net income for year ended December 31, 2016.

Real estate sales, which accounts for 90% of the Group's total revenues, increased by 27% mainly as a result of continuing sale and/or construction of Monarch Parksuites, Anchor Grandsuites, Princeview Parksuites, Admiral Grandsuites, Admiral Baysuites, Solemare Parksuites and Oxford Parksuites during the year.

Rental income increased by 26% as a result of the increased occupancy of One Soler, One Logistics Center and of the commercial units in the Group's completed condominium projects. The increase in rental income is in line with the Group's continuing efforts to invest and increase its recurring income projects. These developments are presented as Investment properties in the Group's consolidated financial statements and the related Rental income is recognized when construction of these assets are completed and leased out to third parties.

### **Financial Condition 2017 - 2016**

The Group's total assets increased to ₱25.83 billion as at December 31, 2017 from total assets of ₱22.39 billion as at December 31, 2016. The Group's acquisitions of parcels of land and continued construction activities of its investment properties and real estate for development and sale caused the increase in total assets.

Reflecting the Group's effort to strengthen recurring income sources, investment properties increased by ₱1.44 billion driven by the acquisition of parcels of land in Pasay, Boracay and Palawan and the continued construction and development of BayLife Venue and The Centrium. The land in Pasay will become the Group's first development with bed space facilities while the parcels of land in Boracay and Palawan were acquired for future hotel and tourism development.

Further, the progressive increase in the construction accomplishment of the Group's residential projects, namely Monarch Parksuites, Oxford Parksuites, Princeview Parksuites, Admiral Grandsuites and Anchor Grandsuites also contributed to the increase in total assets.

The Group also acquired parcels of land in Binondo and Paranaque which will be developed into warehousing facilities and residential condominium for sale.

The Group availed loans during the period in order to fund its continuing construction activities and property acquisitions. These loan availments increased the Group's liabilities as at December 31, 2017.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the year ended December 31, 2017 less cash dividend declaration.
- Other comprehensive income - decrease resulted from remeasurements in pension liability.
- Non-controlling interests - increase due to current year net income attributable to the non-controlling interests.

**Key performance indicators are listed below:**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Liquidity Ratio			
(1) Current Ratio	1.28:1	1.79:1	1.42:1
(2) Debt to Equity Ratio	3.17:1	2.81:1	2.75:1
(3) Asset-to-Equity Ratio	4.17:1	3.81:1	3.75:1
(4) Income before Tax, Interest, Depreciation and Amortization	₱1,472.39 million	₱1,201.65 million	₱1,048.41 million
(5) Interest coverage ratio	1.32	1.41	1.52
(6) Return on Revenue	13%	11%	10%
(7) Return on Equity	10%	10%	9%
(8) Basic Earnings per Share	₱0.77	₱0.65	₱0.56

- (1) Current Assets / Current Liabilities
- (2) Total Liabilities / Total Stockholders' Equity
- (3) Total Assets / Total Stockholders' Equity
- (4) Income before Tax , Interest, Depreciation and Amortization
- (5) Income before Tax, Interest, Depreciation and Amortization / Interest Expense
- (6) Net Income attributable to equity holders / Total Revenue
- (7) Net Income attributable to equity holders / Total Stockholders' Equity
- (8) Net Income attributable to equity holders –Preferred Shares Dividends / Outstanding Shares

These key indicators were chosen in order to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and ability to maximize the value of its stockholders' investment in the Group (Basic Earnings per Share, Income before Interest, Taxes, Depreciation and Amortization and Return on Equity).

The Group will continue to identify potential sites for development and pursue expansion activities by establishing landmark developments in the high rise residential luxury condominium and investment properties. The Group intends to implement this by putting up the required resources needed for the development of its existing and future projects.

## **Review of December 31, 2019 as compared with December 31, 2018**

### ***Material Changes to the Balance Sheet as at December 31, 2019 Compared to December 31, 2018 (Increase/Decrease of 5% or more)***

Cash and cash equivalents increased by 12% as the net result of proceeds from loan availments and settlements, and collections from customers less disbursements for construction activities and property acquisitions.

The 10% decrease in real estate for development and sale is mainly due to the construction costs charged to cost of sales related to the units sold for the year and the transfer to investment properties pertaining to the costs of completed commercial units in Princeview Parksuites project.

Other assets (including noncurrent portion) increased by 17% mainly due to the higher advances to contractors and suppliers related to the construction activities. Moreover, higher input value added tax, creditable withholding tax and prepaid expenses also contributed to the increase in other assets.

Property and equipment increased by 77% as a result of the continuing construction and development of Admiral Hotel.

The 51% increase in investment properties is mainly due to the continuing construction and development of The Centrium, Cosmo Suites and Kanlaon Tower and acquisitions of several properties in the City of Manila (Binondo and Roxas Boulevard) and San Vicente, Palawan. Due to the adoption of PFRS 16, recognition of right-of-use asset for the lease of land in Aseana City, Paranaque, also contributed to the increase in investment properties by P209.52 million.

The increase of 35% in deferred tax assets mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions and revenue.

Accounts and other payables (including noncurrent portion) increased by 43% mainly attributed to the increase in rental security deposits related to the Group's new recurring income project, The Centrium. Increase in accruals for commission and interests, other taxes payable, and retention payable related to construction also contributed to the increase in accounts and other payables.

Loans payable increased by 13% or P2.03 billion due to the recent loan availments partly to finance the Group's ongoing construction and land acquisitions.

Customers' advances and deposits increased by 83% due to the increase in advances and deposits paid by buyers for the Group's new and existing projects. This account also includes the new sales not yet recognized as revenue during the period.

Lease liabilities (including noncurrent portion) increased by P259.93 million due to the result of the adoption of PFRS 16 in 2019. The amount of increase is net of rental payments and amortization of interest expense during the year.

The increase in income tax payable by 144% is due to higher taxable net income in 2019. This also resulted to higher current income tax expense in 2019.

Pension liabilities increased by ₱38.36 million as a result of pension expense and interest costs for the year ended December 31, 2019.

Other comprehensive income decreased by ₱13.97 million due to the remeasurement loss in pension liability.

The decrease of 52% in deferred tax liabilities mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions.

The 13% increase in retained earnings represents consolidated net income net of cash dividend declaration in 2019.

Non-controlling interests decreased by ₱10.43 million due to current period net loss attributable to the non-controlling interests.

***Material Changes to the Statements of Income for the Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018 (Increase/Decrease of 5% or more)***

Real estate sales revenue decreased by 12% mainly due to the decrease in sales in terms of the number of units since most of the inventories have already been sold for the old projects.

Rental income increased by 29% in 2019 mainly due to the increase in rental income from commercial and office units to ₱445.02 million in 2019 compared to ₱283.81 million in 2018. Rental income from warehousing facilities and commercial centers contributed ₱337.97 million in 2019 which slightly increased from ₱320.95 million in 2018.

Revenue from management fees increased by 12% or ₱3.43 million due to higher property management services rendered during the year.

Interest and other income increased by 67% mainly due to higher amortization of discount on installment contracts receivable from Copeton Baysuites, 202 Peaklane, 8 Alonzo Parksuites, Anchor Grandsuites and Juan Luna Logistics Center.

Cost of real estate sales went down by 12% or ₱487.70 million due to the lower level of realized sales of residential units during the year.

The increase in selling and administrative expenses of 10% is primarily brought by the increase in depreciation and amortization of the Group's completed recurring income projects and right-of-use assets. The higher operating costs on the Group's recurring income projects also contributed to the increase in selling and administrative expenses.

Finance cost increased by 39% or ₱14.30 million mainly due to the amortization of interest expense on the Group's lease liability in relation to the adoption of the new accounting standard for leases in 2019.

Income before income tax and provision for income tax increased by 16%, respectively, as a collective result of the above-mentioned transactions.



In general, the Group reported a net income of ₱814.27 million or an increase of 16% for the year ended December 31, 2019 mainly due to the increase in net income generated from leasing operations.

## **Review of December 31, 2018 as compared with December 31, 2017**

### ***Material Changes to the Balance Sheet as at December 31, 2018 Compared to December 31, 2017 (Increase/Decrease of 5% or more)***

Cash and cash equivalents increased by 11% as the net result of proceeds from loan availments and settlements, and collections from customers less disbursements for construction activities and property acquisitions.

The 11% decrease in Real estate for development and sale is mainly due to the sold units during the year and the transfer of the costs of the completed commercial units to investment properties.

The 25% increase in Other assets is mainly due to the advance payments made for the future acquisition of shares of a company and the increase in advances made to contractors and suppliers.

Property and equipment increased by 31% as a result of the continuing construction and development of Admiral Hotel.

Investment properties increased by 28% or ₱2.15 billion mainly due to the acquisition of Kanlaon Tower, the continuing construction and development of The Centrium and Cosmo Suites, and the transfer from real estate for development and sale of the costs of the completed commercial units of Monarch Parksuites and Oxford Parksuites, and completion of BayLife Venue.

The increase of 187% or ₱36.76 million in Deferred tax assets mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions and contracts revenue.

The decrease in income tax payable by 11% is due to the higher amount of creditable withholding taxes claimed against income tax expense in 2018.

The 12% increase in Loans payable is the net result of loan availments and settlement of loans. These loans were obtained to partly finance the Group's construction of ongoing projects and property acquisitions.

Pension liabilities increased by 11% or ₱6.62 million as a result of pension expense and interest costs for the year ended December 31, 2018.

Other comprehensive income increased by 67% or ₱6.69 million due to the remeasurement gain in pension liability.

The 9% increase in Retained earnings represents 2018 net income net of cash dividend declaration in 2018 and the effect of the initial adoption of new accounting standards.

Non-controlling interests decreased by 115% or ₱4.47 million due to current period net loss attributable to the non-controlling interests.

***Material Changes to the Statements of Income for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017 (Increase/Decrease of 5% or more)***

Rental income increased by 65% mainly due to the increased occupancy in recurring income projects which included the turned-over commercial units in Solemare Parksuites, Monarch Parksuites, Oxford Parksuites and Baylife Venue, and the residential and commercial units in Kanlaon Tower. The Group likewise continues to generate rental income from other recurring income projects such as One Soler, One Logistics Center, One Shopping Center, Two Shopping Center and from other commercial units in the Group's completed condominium projects.

Revenue from management fees decreased by 10% or ₱3.30 million due to fewer property management services rendered during the year.

Interest and other income increased by 71% mainly due to higher amortization of discount on installment contracts receivable.

The 8% increase in cost of real estate is mainly due to the increase in costs to complete the Group's condominium projects.

Finance cost increased by 19% or ₱5.93 million on account of interest arising from loan availments during the year.

Income before income tax and provision for income tax increased by 12% and 10%, respectively, as a collective result of the above-mentioned transactions.

In general, the Group reported a net income of ₱700.63 million or an increase of 13% for the year ended December 31, 2018 mainly due to the increase in net income generated from leasing operations.

**Review of December 31, 2017 as compared with December 31, 2016**

***Material Changes to the Balance Sheet as at December 31, 2017 Compared to December 31, 2016 (Increase/Decrease of 5% or more)***

Cash and cash equivalents increased by 29% as the net result of proceeds from loan availments and settlements, and collections of customers' deposits less disbursements for construction activities. The yearend balance includes cash for settlement of loans in early January 2018.

The 28% increase in Real estate for development and sale is a result of the progressive increase in the construction accomplishment of the Group's residential projects, namely Monarch Parksuites, Oxford Parksuites, Admiral Baysuites, Princeview Parksuites, Admiral Grandsuites and Anchor Grandsuites. The Group also acquired parcels of land in Binondo and Paranaque which will be developed into warehousing facilities and residential condominium for sale.

The 10% decrease in Other current assets is mainly due to reclassification of deposits on real estate properties to real estate inventories and investment properties and lower value-added input tax.

Property and equipment increased by 12% as a result of the continuing construction and development of Admiral Hotel.

Investment properties increased by 23% mainly due to the acquisitions of parcels of land in Pasay, Boracay and Palawan. The continuing construction and development of BayLife Venue and The Centrium also contributed to the increase in investment properties, net of depreciation for completed commercial projects.

The decrease of 41% or ₱13.73 million in Deferred tax assets mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions.

Income tax payable decreased by 30% mainly due to the application of available creditable withholding taxes against current tax payable.

The 27% increase in Loans payable is the net result of new loan availments and repayment of loans. These loans were obtained to finance the construction of ongoing projects and land acquisition activities of the Group. Further, ₱3.63 billion of long-term loans have been classified as currently maturing at December 31, 2017 thereby affecting the current ratio.

The decrease of 16% in Deferred tax liabilities mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions.

Pension liabilities increased by 74% or ₱25.31 million as a result of accrual of pension expense and interest costs for the year ended December 31, 2017.

Other comprehensive income decreased by 50% or ₱10.08 million resulting to other comprehensive loss due to remeasurements in pension liability.

Retained earnings increased by 12% due to the net income for the year ended December 31, 2017.

Non-controlling interests increased by 219% or ₱7.17 million due to current year net income attributable to the non-controlling interests.

***Material Changes to the Statements of Income for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016 (Increase/Decrease of 5% or more)***

As discussed, real estate sales revenue increased by 27% as a result of continuing sale and/or construction of Monarch Parksuites, Anchor Grandsuites, Princeview Parksuites, Admiral Grandsuites, Admiral Baysuites, Solemare Parksuites and Oxford Parksuites during the year.

Rental income increased by 26% due to the increased occupancy of One Soler, One Logistics Center and of the commercial units in the Group's completed condominium projects.

Revenue from management fees decreased by 13% or ₱4.81 million due to fewer property management services rendered during the period.

The 29% increase in cost of real estate is due to the higher revenue realized from real estate transactions and increase in costs to complete the Group's condominium projects.

The increase in Selling and administrative expenses of 25% is primarily brought by the higher sales and marketing expenses resulting from higher Real estate sales during the year.

Finance cost increased by 37% or ₱8.23 million on account of interest arising from increased loan availments during the period.

Income before income tax and provision for income tax increased by 9% and 5%, respectively, as a collective result of the above-mentioned transactions.

In general, the Group reported a net income of ₱620.05 million or a growth of 11% for the year ended December 31, 2017 mainly from higher sales revenue and rental income.

### **Changes in Accounting Policies and Disclosures**

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the following amended PFRSs which were adopted beginning January 1, 2019:

*Effective beginning on or after January 1, 2019*

- PFRS 16, *Leases*  
PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The Group has lease contracts for various items of land, offices, showrooms, exhibit booths and other equipment. Before the adoption of PFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or

an operating lease. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

The effect of adoption PFRS 16 as at January 1, 2019 follows:

	Increase (Decrease)
<u>Assets</u>	
Prepaid expenses	(P4,843,342)
Right of use asset presented under:	
Property and equipment	43,632,448
Investment properties	222,287,791
<u>Total</u>	<u>P261,076,897</u>
<u>Liabilities</u>	
Lease liabilities	P292,811,011
Trade and other payables	(31,734,114)
<u>Total</u>	<u>P261,076,897</u>

*Leases previously accounted for as operating leases*

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

In determining the lease liabilities as at January 1, 2019, the Group has applied incremental borrowing rate of 6.43% to 6.92%, depending on the lease term.

The lease liability at as January 1, 2019 as can be reconciled to the operating lease commitments as at December 31, 2018 follows:

Operating lease commitments as at December 31, 2018	P500,172,962
<u>Weighted average incremental borrowing rate at January 1, 2019</u>	<u>6.43% to 6.92%</u>
<u>Lease liabilities recognized at January 1, 2019</u>	<u>P292,811,011</u>

The adoption of PFRS 16 did not have an impact on equity in 2019, since the Company elected to measure the right-of-use assets at an amount equal to the lease

liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statements of financial position immediately before the date of initial application.

- *Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments*  
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its assessment, that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

- *Amendments to PFRS 9, Prepayment Features with Negative Compensation*  
Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income (FVTOCI), provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the consolidated financial statements of the Group.

- *Amendments to PAS 19, Employee Benefits, Plan Amendment, Curtailment or Settlement*  
The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*  
The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in associate and joint venture.

- Annual Improvements to PFRSs 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*  
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning \_\_\_\_\_ on \_\_\_\_\_ or \_\_\_\_\_ after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

#### Philippine Interpretations Committee (PIC) updates on PFRS 15 implementation Issues

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to recognize the difference between the consideration received from the customer and the transferred goods to the customer as installment contracts receivable. This did not result to reclassifications in the statements of financial position. The Group's contract assets as at December 31, 2018 of ₱5,059.92 million is included in the installment contract receivables of which ₱3,906.84 million represents the noncurrent portion.



### Standards and Interpretation Issued but Not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of these pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 2020*

- *Amendments to PFRS 3, Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future transactions of the Group.

#### *Effective beginning on or after January 1, 2021*

- *PFRS 17, Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The Group is not engaged in the business of insurance; hence, this standard is not applicable to the Group.

#### *Deferred Effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*  
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

## INFORMATION ON INDEPENDENT ACCOUNTANT

### External Audit Fees and Services

The aggregate fees for each of the last three (3) years for professional services rendered by the Company's external auditors are as follows:

	2019	2018	2017
Audit Fees	₱3,154,000	₱2,970,000	₱2,650,000
Tax fees	–	–	–
Other Fees	–	–	–
Total	₱3,154,000	₱2,970,000	₱2,650,000

- (a) Audit and audit related fees for the Group was for expressing an opinion on the financial statements and the annual income tax return.
- (b) There are no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
- (c) There were no tax fees paid for the years 2019, 2018 and 2017.
- (d) There were no other fees paid to the external auditors for the years 2019, 2018 and 2017.
- (e) Audit committee's approval policies and procedures for the above services – the committee will evaluate the proposals from known external audit firms. The review will focus on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

### RISKS

The Group is subject to competition in each of its principal businesses. This competition comes in terms of attracting buyers for its condominium and tenants for its commercial spaces. The Group manages this risk by identifying the underserved and/or hard to penetrate market, recognizing their needs and wants prior to project inception, prompt project delivery and maintaining highest turnover standards. With this, the Group is confident that it will surpass the competition.

### BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIES

Anchor Land Holdings, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 29, 2004 with corporate life of 50 years. The Parent Company started its operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2019 and 2018:

**Property Development**

Gotamco Realty Investment Corporation (GRIC)	100%
Anchor Properties Corporation (APC )	100%
Posh Properties Development Corporation (PPDC)	100%
Admiral Realty Company, Inc. (ARCI)	100%
Anchor Land Global Corporation	100%
Realty & Development Corporation of San Buenaventura	100%
Pasay Metro Center, Inc.	100%
1080 Soler Corp.	100%
Nusantara Holdings, Inc.	100%
Globeway Property Ventures, Inc. (GPVI)	70%
Basiclink Equity Investment Corp.	100%
Ireernalmeda Realty, Inc.	100%
Frontier Harbor Property Development, Inc.	100%
TeamEx Properties Development Corporation (TPDC)	100%
WeWork Realty Development Corporation (WRDC)	100%
All Farm Genetic Venture Corp. (AFGVC)	70%
Fersan Realty Corporation (FRC)	100% in 2019 and nil in 2018

**Hotels and Resorts**

Anchor Land Hotels & Resorts, Inc. (ALHRI)	100%
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**Property Management**

Momentum Properties Management Corporation (MPMC)	100%
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**Aluminum and Glass Doors and Windows Fabrication and Installation**

Eisenglas Aluminum and Glass, Inc. (EAGI)	60%
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All of the Parent Company's subsidiaries were incorporated and domiciled in the Philippines.

The Parent Company and its subsidiaries (collectively called "the Group") have principal business interest in the development and sale of high-end residential condominium units. The Group is also engaged in the development and leasing of commercial, warehouse and office spaces. MPMC provides property management services to the Group's completed projects, commercial centers and buyers while EAGI is engaged in the fabrication and installation of aluminum and glass doors and windows. ALHRI was incorporated in June 2017 to engage in the Group's hotel and resort operations. TPDC and WRDC were incorporated in September 2018 and November 2018, respectively, to engage in the Group's property development operations. AFGVC was incorporated in November 2018 to engage in the Group's development and operate agricultural lands and farms. As of December 31, 2018, TPDC, WRDC, AFGVC and ALHRI have not yet started commercial operations.

On January 7, 2019, the Group through APC acquired 100% of the voting shares of Fersan Realty Corporation, a company registered in the Philippines whose principal activity is to engage in property development. The Group considers the acquisition as an acquisition of an asset.

There are non-controlling interests of 30% in AFGVC, 30% in GPVI and 40% in EAGI in 2019 and 2018..

## COMPANY'S DIRECTORS AND EXECUTIVE OFFICERS

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

## MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### (1) Market Information

- (a) The principal market of the Company's shares of stock is the Philippine Stock Exchange. The closing prices (in Philippine Peso) of the Company's share for each quarter for the last two fiscal years were as follows:

Year	Quarter	High (in Php)	Low (in Php)	Closing Price (in Php)
2019	First	11.78	10.20	10.22
	Second	11.88	10.02	11.00
	Third	11.54	9.71	10.02
	Fourth	10.40	8.81	8.95
2018	First	19.48	12.20	16.00
	Second	15.92	13.18	14.48
	Third	14.98	10.84	11.04
	Fourth	12.02	10.40	11.46
2017	First	6.98	6.00	6.49
	Second	7.00	6.00	6.80
	Third	10.74	6.02	9.60
	Fourth	26.50	8.50	12.88

- (b) The closing prices (in Philippine Peso) of the Company's stocks as of the latest practicable trading dates were as follows:

Year	Month	High (in Php)	Low (in Php)	Closing Price (in Php)
2020	July	8.49	8.15	8.15
	August	8.49	7.23	8.49
	September	8.49	7.04	8.28

- (c) For the first and Second Quarter of 2020, the high and low sales prices (in Philippine Peso) of the Company's stocks are as follows:

Year		Date	High	Low
2020	(First Quarter)	January 2020	9.00	8.75
		February 2020	9.69	8.77
		March 2020	9.00	8.00
	(Second Quarter)	April 2020	9.10	6.41
		May 2020	9.10	6.89
		June 2020	9.00	7.51

- (d) The price information as of September 30, 2020, the latest practicable trading date is as follows:

Date	Open	High	Low	Close
September 30, 2020	8.49	8.49	7.04	8.428

## (2) Holders

The top twenty (20) stockholders as provided by the transfer agent of the Company as of September 30, 2020 were as follows:

Stockholders	Number of shares
1. PCD Nominee Corporation (Filipino)	400,343,104
2. Sybase Equity Investments Corporation	202,609,200
3. Yi Chiang Li	156,000,000
4. Cindy Mei Ngar Sze	155,999,298
5. PCD Nominee Corporation (Non-Filipino)	78,798,690
6. Rena Obo Alvarez	30,000,000
7. Philip O. Bernardo	6,840,000
8. Rena Obo Alvarez	5,550,000
9. Carlos Sotingco	2,114,400
10. Harley Tan Sy	1,650,000
11. Francisco A. Uy	60,000
12. Haidee Generoso and/or Sandy Edward Generoso	11,400
13. Ma. Christmas R. Nolasco	10,200
14. Robert S. Chua	6,000
15. Edwin Lee	3,000
16. Avelino M. Guzman, Jr.	1,000
16. Violeta J. Josef	1,000
16. Ma. Victoria A. Villaluz	1,000
17. Charles Stewart Sze Lee	900
17. Jose Armando Del Rosario Melo	900
18. Jesus San Luis Valencia	300
18. Digna Elizabeth L. Ventura	300
19. Owen Nathaniel S. Au ITF: Li Marcus Au	150
20. Imelda Taneda Sze	96
<b>TOTAL</b>	<b>1,040,000,842</b>

### **(3) Dividends**

#### *Cash Dividends*

On June 18, 2020, the Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.09 per issued and outstanding common share.

The record date is set on August 20, 2020 and the dividends will be paid on September 10, 2020.

On April 3, 2019, the Company's BOD declared cash dividends as follows:

3. For preferred shares - 8% dividends per issued and outstanding preferred share; and
4. For common shares - ₱0.08 per issued and outstanding common share.

The record date is set on June 5, 2019 and the dividends will be paid on June 20, 2019.

On May 3, 2018, ALHI declared cash dividends as follows:

5. For preferred shares - 8% dividends per issued and outstanding preferred share; and
6. For common shares - ₱0.07 per issued and outstanding common share.

The record date is May 22, 2018 and the payment date was set on June 15, 2018.

On March 27, 2017, the Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.06 per issued and outstanding common share.

The record date is May 22, 2017 and dividends amounting to ₱90.13 million were paid on June 15, 2017.

On April 5, 2016, the Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.05 per issued and outstanding common share.

The record date is May 30, 2016 and dividends amounting to ₱79.73 million were paid on June 15, 2016.

#### *Stock Dividends*

On May 29, 2013, the BOD approved to increase the Parent Company's authorized capital from 2,300.00 million common shares with par value of ₱1 per share to 3,500.00 million common shares with par value of ₱1 per share. Furthermore, the BOD also authorized to issue one (1) common share per two (2) outstanding common share held by stockholders or 50% of the outstanding capital stock of the Parent Company to be issued to the stockholders as of record date to be determined by the SEC, upon approval of the increase in authorized capital stock of the Parent Company. On November 8, 2013, the SEC approved the said increase in authorized capital stock.

Further, on November 8, 2013, the SEC also authorized the issuance of 346,667,000 shares at ₱1.00 par value, to cover the stock dividend declared by the BOD to stockholders on record as of November 25, 2013. The said stock dividends were distributed on December 6, 2013.

The Company has no restrictions that will limit the ability to pay dividends on common equity. But the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

#### **(4) Recent Sales of Unregistered Securities**

As at reporting date, no sales of unregistered securities or shares of the Company were sold except during the date of listing with the Philippine Stock Exchange.

### **CORPORATE GOVERNANCE**

The Corporation has promulgated a Manual on Corporate Governance that took effect on March 31, 2007. The Manual continues to guide the activities of the Corporation and compliance therewith has been consistently observed.

The Corporation is committed to high standards of corporate governance in discharging its obligations to act in the interests of the public and to enhance shareholders' value. It has complied throughout the period under review with the applicable principles and provisions set out in its Manual on Corporate Governance.

There has been no deviation from the Company's Manual on Corporate Governance.

The Company believes that its manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance.

The Company will improve its Manual on Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will improve when the regulatory agency such as the SEC requires the inclusion of a specific provision.

#### **The Board of Directors**

There is an effective and appropriately constituted Board of Directors who received relevant information required to properly accomplish their duties. The Board of Directors is comprised of three executive directors, five non-executive directors and three independent directors that reflect a blend of different ages, financial and commercial experiences.

Directors	Executive Directors	Non-Executive Directors	Independent Director
Charles Stewart Lee		✓	
Avelino Guzman		✓	
Steve Li	✓		
Digna Elizabeth L. Ventura	✓		
Neil Y. Chua	✓		
Lorna Pangilinan			✓
Edwin Lee		✓	



Christine P. Base		✓	
Violeta Josef			✓
Ma. Victoria Villaluz			✓
Clinton Steven Lee		✓	

All independent directors are independent of management and free from any business or other relationship with ALHI which could materially interfere with the exercise of their independent judgment.

The Nomination Committee is mandated to ensure that there is a formal and transparent procedure for the appointment of new Directors of the Board. Where appropriate, every director receives training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

### **Board Process**

Members of the Board meet when necessary throughout the year to adopt and review its key strategic and operational matters; approve and review major investments and funding decision; adopt and monitor appropriate internal control; and ensure that the principal risks of the Company are identified and properly managed.

The Board works on an agreed agenda as it reviews the key activities of the business.

The Corporate Secretary is responsible to the Board of Directors and is available to individual Directors in respect of Board of Directors procedures. Atty. Christine P. Base holds the post.

### **Committees**

The Board has established a number of committees with specific mandates to deal with certain aspects of its business. All of the Committees have defined terms of reference.

- **Executive Committee**

The Executive Committee oversees the formulation of policies governing the daily operations of the Company. The Committee directs the business of the Company as may be lawfully delegated to it.

- **Audit, Risk Oversight, and Related Party Transactions Committee**

The Audit Committee functions under the terms of reference approved by the Board. It meets at least once every quarter or more frequently as circumstances require and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

The Audit Committee also functions as the Risk Oversight and Related Party Transactions Committee.

- **Nomination Committee**

The Committee assesses and recommends to the Board of Directors the candidates for appointment to executive and non-executive directors' positions. The Committee also makes recommendations to the Board of Directors on its composition. The Committee meets as required.

- **Compensation and Remuneration Committee**

The Compensation and Remuneration Committee is responsible for determining the Company's policy on executive remuneration and in specifying the remuneration and compensation packages on the employment or early termination from office of each of the executive directors of the Company. All decisions of the Remuneration Committee are only recommendatory and they are referred to the Board of Directors for final approval. The Remuneration Committee also monitors the compensation packages of other senior executives in the group below the Board of Directors level. The Committee meets as required.

- **Corporate Governance Committee**

The Corporate Governance Committee ensures the implementation of the Company's policies of good corporate governance. The Committee also ensures compliance with the requirements of various government agencies in achieving the best practices for corporate governance.

### **Compliance Officer**

The compliance officer is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The compliance officer acts independently and his role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

### **Relation with Shareholders**

The Directors place a high importance on maintaining good relationships with the shareholders and ensure that they are kept informed of significant Company developments. The Company encourages shareholders to attend its annual stockholders' meetings that provide opportunities for stockholders to ask questions to the Board/Management.