COVER SHEET

5 2 4 1 2

S.E.C. Registration Number

BELLE CORPORATION

(Company's Full Name)

5/F, TOWER A, TWO E-COM CENTER
PALM COAST AVENUE, MALL OF ASIA
COMPLEX CBP-1A, PASAY CITY

MICHELLE ANGELI T. HERNANDEZ

Contact Person

(+632) 8662 8888

Company Telephone Number

1 2 | 3 1

Month Day
Fiscal Year

Definitive 20-IS

FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

BELLE CORPORATION

Notice of Annual Stockholders' Meeting

To all Stockholders:

The annual meeting of the stockholders of Belle Corporation (the "Company") will be held on **June 25, 2021**, Friday at 2:00 P.M. Given the current circumstances, the meeting will be conducted virtually and voting conducted *in absentia* through the Company's secure online voting facility.

Agenda:

1. Call to Order
2. Proof of Notice of Meeting and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on June 22, 2020
4. Approval of 2020 Operations and Results
5. Ratification of all Acts of the Board of Directors and Management during their term of office
6. Amendment of the Articles of Incorporation
   a. to adopt the perpetual corporate term for the Company
   b. to reduce the membership of the Board of Directors from eleven (11) to nine (9)
7. Election of Directors for 2021-2022
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

Please refer to Annex A for a brief explanation of each agenda item for approval.

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on May 27, 2021 as the record date for the determination of stockholders entitled to the notice of, participation via remote communication, and voting in absentia at such meeting, and any adjournment thereof.

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering via asmregister.bellecorp.com and submitting the supporting documents listed there until June 22, 2021. All information submitted shall be verified and validated by the Corporate Secretary.

Stockholders who wish to cast votes through a proxy may accomplish the corresponding proxy form (*which need not be notarized*) and submit the same on or before June 16, 2021. In view of the community quarantine, scanned forms will be accepted. Paper copies shall be sent to the office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City once the community quarantine is lifted.

Stockholders who successfully registered can cast their votes *in absentia* through the Company's secure online voting facility for this meeting. In order to participate remotely, they will also be provided with access to the meeting that will be held virtually. The "Guidelines for Participation via Remote Communication and Voting *in Absentia* as appended to the Information Statement labeled as Schedule A will be posted in the Company's website ***(bellecorp.com/ASM2021)*** and PSE Edge.

Pasig City, May 12, 2021.

JASON C. NALUPTA
Corporate Secretary

RATIONALE FOR AGENDA ITEMS

Agenda Item 1. Call to Order.
The Chairman of the Board of Directors, Mr. Willy N. Ocier, will call the meeting to order.

Agenda Item 2. Proof of Notice of Meeting and Quorum
The Corporate Secretary, Atty. Jason C. Nalupta, will certify that copies of this Notice were sent to Stockholders of record as of ***May 27, 2021.*** Further, the Corporate Secretary will also certify the number of attendees, whether in person or by proxy or through remote communication or in absentia, for the purpose of determining the existence of quorum to validly transact business.

Agenda Item 3. Approval of the Minutes of the Annual Meeting of Stockholders held on June 22, 2020.
The draft minutes of the June 22, 2020 Annual Stockholders' Meeting (ASM) are available on the Company's website: https://www.bellecorp.com/investor-relations/asm-minutes-and-results-asm Stockholders will be asked to approve the Minutes of the 2020 Annual Stockholders' Meeting as recommended by the Board of Directors.

Agenda Item 4. Approval of 2020 Operations and Results
A report on the highlights of the performance of the Company for the year ended 2020 will be presented to Stockholders. The same was reviewed by the Audit Committee and the Board of Directors, and have been audited by the external auditors who declared an unqualified opinion on the Audited Financial Statements (AFS). A summary of the 2020 AFS shall also be presented to the Stockholders. Stockholders, after identifying themselves, will be given an opportunity to raise questions regarding the operations and report of the Company.

Agenda Item 5. Ratification of all Acts of the Board of Directors and Management during their term of office
All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the Stockholders Meeting held on June 22, 2020 to the date of this meeting shall be presented for confirmation, approval, and ratification.

Agenda Item 6. Amendment of the Articles of Incorporation
The Stockholders shall be asked to approve the proposed amendment to the Fourth Article of the Articles of Incorporation to allow the perpetual existence of the Company. In addition, the stockholders' approval will be requested to approve the reduction of the membership of the Company's Board of Directors, and the corresponding amendment to the Sixth Article of the Company's Articles of Incorporation, in line with the Company's streamlining and cost-cutting measures.

Agenda Item 7. Election of Directors for 2021-2022
The list of nominees for the Board of Directors, as nominated, reviewed, qualified, and recommended by the Corporate Governance Committee, shall be presented for election. Their proven expertise and qualifications based on current regulatory standards and the Company's own norms, will help sustain the Company's solid performance that will result to its stockholders' benefit. The profiles of the nominees are contained in the IS for reference of the stockholders and are likewise posted on the Company's website. If elected, they shall serve as such from June 25, 2021 until their successors shall have been duly qualified and elected.

Agenda Item 8. Appointment of External Auditors
The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders to appoint Reyes Tacandong & Co. as the Company's External Auditor for 2021-2022. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2021.

Agenda Item 9. Other Matters
The Chairman will open the floor for matters that the stockholders may want to take up. Questions raised by the stockholders on matters taken up at the meeting will be responded to at this stage of the meeting.

Agenda Item 10. Adjournment
After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

PROXY FORM

The undersigned stockholder of **Belle Corporation (the "Company")** registered in the name of Philippine Central Depository Nominee Corporation, if applicable*, hereby appoints ______________________________, (as sub-proxy,*) or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on June 25, 2021 and at any of the adjournments thereof for her purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Meeting of Stockholders held on June 22, 2020

   ____ Yes _____ No _____ Abstain

2. Approval of 2020 Operations and Results

   ____ Yes _____ No _____ Abstain

3. Ratification of all Acts of the Board of Directors and Management during their term of office

   ____ Yes _____ No _____ Abstain

4.a. Amendment of the Articles of Incorporation to adopt the Perpetual Corporate Term of the Company

   ____ Yes _____ No _____ Abstain

4.b. Amendment of the Articles of Incorporation to reduce the membership of the Board of Directors from eleven (11) to nine (9)

   ____ Yes _____ No _____ Abstain

5. Election of Directors for 2021 to 2022

_______ Vote for all nominees listed below

___________ Willy N. Ocier
___________ Elizabeth Anne C. Uychaco
___________ Manuel A. Gana
___________ Jacinto C. Ng, Jr
___________ Jose T. Sio
___________ Virginia A. Yap
___________ Amando M. Tetangco, Jr. (Independent)
___________ Jaime J. Bautista (Independent)
___________ Maria Gracia P. Tan (Independent)

____ Withhold authority for all nominees listed above

____Withhold authority to vote for the nominees listed below:

______________________ ______________________
______________________ ______________________
______________________ ______________________

6. Election of External Auditor

   ____ Yes _____ No _____ Abstain

7. At their discretion, the proxies named above are authorized to vote upon such other matters properly come before the meeting.

   ____ Yes _____ No _____ Abstain

____
Printed Name of Stockholder/Broker/PCD Participant

____
Signature of Stockholder or Name and Signature of Authorized Signatory of Corporate Stockholder/Broker/PCD Participant

____
Date

This Proxy must be submitted together with the following:

<u>*For Individual Stockholders*</u>
If a representative will sign on behalf of stockholder, this proxy must be submitted together with a duly executed Special of General Power of Attorney showing the authority of the representative to sign on behalf of the individual stockholder.

<u>*For Corporate Stockholders*</u>
A duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the stockholder corporation. Enclosed is a sample Secretary's Certificate for your reference.

<u>*For PCD Participants/Brokers*</u>
A duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the PCD Participant/Broker, as well as the duly accomplished proxy or certificate of shareholdings issued by the PDTC. Enclosed is a sample Secretary's Certificate for your reference.

** For PCD Participants/Brokers*

This Proxy should be received by the Corporate Secretary on or before June 16, 2021, or at least seven (7) business days before the date set for the annual meeting as provided in the By-laws. The Chairman of the meeting shall act as the proxy in the event no name is given. This proxy form shall be valid for five (5) years from date of signing.

This Proxy need not be notarized, and when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this Proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Directors. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

SPECIAL POWER OF ATTORNEY

Know all men by these presents:

I, ____ , ___________________ citizen, of legal age and a resident of ____, do hereby name, constitute, and appoint ________________________________, __________________ citizenship, of legal age and a resident of ____, to be my true and lawful attorney-in-fact for myself and in my name, place and stead, to do and perform the following acts and things, namely:

1. To attend the 2021 Annual Stockholders' Meeting of Belle Corporation, or at any adjournments thereof, of which I am a shareholder, and then and there to exercise my voice and vote and whatsoever privileges, rights, and prerogatives may correspond to me by reason of my shares therein; and

2. To delegate in whole or in part any or all of the powers and authorities herein covered, by means of an instrument in writing in favor of any third person or persons whom the attorney-in-fact may select.

Hereby giving and granting unto said attorney-in-fact full power and authority to do and perform any and every act and thing, whatsoever, requisite or necessary or proper to be done in and about the premises, as fully to all intents and purposes as I might or could do, with full power of substitution or revocation, and hereby ratifying and confirming all that the said attorney-in-fact or his substitute shall lawfully do or cause to be done under and by virtue of these presents.

IN WITNESS WHEREOF, I have signed this instrument in __________________________________ on ___________________________ 2021.

____
Name and Signature of Stockholder

Signed in presence of:

_____________________________________ _____________________________________

Acknowledgement
Republic of the Philippines)
______________________)

Before me, a Notary Public for and in the City of ______________, this __ day of ___________ 2021 personally appeared _________________________ who presented to me his/her (Gov't. issued ID No.) issued on _________ at ______________ and who was identified by me through his/her competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that his/her signature on the instrument was voluntarily affixed by him/her for the purposes stated therein, and who declared to me that he/she has executed the instrument as his/her free and voluntary act and deed.

This instrument refers to the Special Power of Attorney consisting of (__) pages, including this page, and signed by the persons executing this instrument and sealed with the notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc. No. ______;
Page No. ______;
Book No. ______;
Series of _______.

SECRETARY'S CERTIFICATE

I, ____, ____________________ citizen, of legal age and with office address at ____, do hereby certify that:

1. I am the duly appointed Corporate Secretary of____ (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at ____.

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on _____________________________, the following resolutions were passed and approved:

> "RESOLVED, That ____, ____ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation's Proxy (the "Proxy") to attend all meetings of the stockholders of Belle Corporation whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in Belle Corporation and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation.
>
> "RESOLVED, FINALLY, That Belle Corporation be furnished with a certified copy of this resolution and Belle Corporation may rely on the continuing validity of this resolution until receipt of written notice of its revocation."

3. The foregoing resolutions have not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in ________________________________ on __________________________.

____
Printed Name and Signature of the
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on __________________ in _________________.
Affiant exhibited to me his Competent Evidence of Identity by way of _____________________ issued on _______________ at ________________.

Doc. No. ______;
Page No. ______;
Book No. ______;
Series of _______.

PROFILES OF THE NOMINEES FOR ELECTION AS MEMBERS OF THE BOARD OF DIRECTORS FOR 2021-2022

WILLY N. OCIER
Chairman
Executive Director
Date of First Election – June 1999
Chairman, Executive Committee
Member, Environmental and Social Committee

EDUCATION / EXPERIENCE

Mr. Ocier, 64, Filipino, is an Executive Director and the Chairman of Belle Corporation. He is also the Chairman and Director of Premium Leisure Corp., APC Group, Inc., PremiumLeisure and Amusement, Inc. and the Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., The Country Club at the Tagaytay Highlands, Inc., The Spa and Lodge, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., Chairman and President of Pacific Online Systems Corporation, and Chairman of Total Gaming and Technologies, Inc. He is a Director of Leisure and Resorts World Corporation. He also sits as a Director for the following unaffiliated corporations: lVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc. and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation. Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. ln recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa.

ELIZABETH ANNE C. UYCHACO
Vice Chairperson
Non-Executive Director
Date of First Election – December 2009
Chairperson, Environmental and Social Committee
Vice Chairperson, Executive Committee
Member, Compensation and Remuneration Committee
Member, Corporate Social Responsibility Committee

EDUCATION / EXPERIENCE

Ms. Uychaco, 65, Filipino, is Board Director and Co-Vice Chairperson of Belle Corporation. She is also Senior Vice President of SM Investments Corporation, Chairperson of Neo Group, and Board Director of Goldilocks Bakeshop, Inc., ACE Hardware Philippines, Inc., and Philippines Urban Living Solutions, and Republic Glass Holdings Corporation. She is also a Trustee of Asia Pacific College.

Ms. Uychaco graduated from St. Scholastica's College in 1978 with a Bachelor of Arts Degree. She obtained a Master's Degree in Business Economics from the University of Asia and Pacific and a Master's Degree in Business Administration from the Ateneo School of Business.

MANUEL A. GANA
President, Chief Executive Officer, and Chief Information Officer
Executive Director
Date of First Election – March 2017
Member, Executive Committee
Member, Compensation and Remuneration Committee
Member, Corporate Social Responsibility Committee

EDUCATION / EXPERIENCE

Mr. Gana, 63, Filipino, is an Executive Board Director and the President and Chief Executive Officer of Belle Corporation since March 15, 2017. Mr. Gana was appointed as the Vice President and Chief Financial Officer of the Company in September 2000, and was promoted to Executive Vice President and Chief Financial Officer in August 2007. He joined Belle in 1997 as Vice President for Corporate Development and Special Projects, during which time he was also assigned as the Vice President-Finance and Chief Financial Officer for MagiNet Corporation, then a subsidiary of Sinophil Corporation (now called Premium Leisure Corp.). He is also a Director and the Treasurer of Tagaytay Highlands International Golf Club, Inc. Previously, he was Director of Investment Banking at Nesbitt Burns Securities Inc. in New York, USA. He also previously worked for Bank of Montreal and Merrill Lynch Capital Markets (both in New York, USA), and for Procter & Gamble Philippine Manufacturing Corporation.

Mr. Gana holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and degrees in Accounting and Economics from De La Salle University. He is a Certified Public Accountant.

JACINTO C. NG, JR.
Non-Executive Director
Date of First Election – August 2000
Member, Executive Committee
Member, Audit Committee
Member, Risk Oversight Committee

EDUCATION / EXPERIENCE

Mr. Ng, 51, Filipino, is a Board Director of Belle Corporation and concurrently a Director of Highlands Prime, Inc. He is the Chairman of Elanvital Enclaves, Inc., and Quantuvis Resources Corporation and also the President of Extraordinary Enclaves, Inc. and Everyhome Enclaves, Inc.

Mr. Ng holds a Bachelor of Science degree in Architecture from the University of the Philippines.

JOSE T. SIO
Non-Executive Director
Date of First Election – December 2009
Chairman, Compensation and Remuneration Committee

EDUCATION / EXPERIENCE

Mr. Sio, 81, Filipino, is a non-executive director, is the Chairman of the Board of Directors of SM Investments Corporation and a member of the Board of Directors of China Banking Corporation, Atlas Consolidated Mining and Development Corporation, Far Eastern University, NLEX Corporation and Ortigas Land Corporation. He is also an Adviser to the Board of Directors of BDO Unibank, Inc. and Premium Leisure Corp. Mr. Sio is a former Senior Partner of SyCip Gorres Velayo & Co. (SGV).

He is a Certified Public Accountant and obtained his Master's Degree in Business Administration (MBA) from New York University, USA.

VIRGINIA A. YAP
Non-Executive Director
Date of First Election – July 2010
Member, Executive Committee
Member, Corporate Social Responsibility Committee
Member, Environmental and Social Committee

EDUCATION / EXPERIENCE

Ms. Yap, 69, Filipino, is a Director of Belle Corporation. She is also a member of the Company's Executive, Corporate Social Responsibility and Environmental & Social Committees. Ms. Yap holds key positions in SM Investments Corporation as a Senior Vice President – Office of the Chairman Emeritus and Securities Department. She is also a Director of the APC Group, Inc

She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao.

INDEPENDENT DIRECTORS

AMANDO M. TETANGCO, JR.
Independent Director
Date of First Election – December 2017
Chairperson, Related Party Transactions Committee
Chairperson, Corporate Governance Committee

EDUCATION / EXPERIENCE

Mr. Tetangco, 68, Filipino, is an Independent Director of Belle Corporation who was elected on December 4, 2017. He is concurrently an independent director of Manila Hotel, Toyota Motor Philippines, Converge ICT, and CIBI Information, Inc., a trustee of Tan Yan Kee Foundation and Foundation for Liberty and Prosperity, and a trustee/director of St. Luke's Medical Center. Mr. Tetangco is the third Governor of the Bangko Sentral ng Pilipinas (BSP) and served for two consecutive 6-year terms from July 2005 to July 2017. Under his leadership, the BSP initiated bank regulatory reforms such as risk management, capitalization increase and asset quality, among others. A career central banker, he occupied different positions at the BSP where he started as an employee at the BSP's Department of Economic Research and rose from the ranks. He was connected with the Management Services Division of SyCip Gorres Velayo & Co. before he joined the BSP.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (Cum Laude) where he also took up graduate courses in Business Administration. As a BSP scholar, he obtained his MA in Public Policy and Administration (Development Economics) at the University of Wisconsin in Madison, USA.

JAIME J. BAUTISTA

EDUCATION / EXPERIENCE

Mr. Bautista, 64, Filipino, is the former President and Chief Operating Officer of Philippine Airlines, Inc., as well as a former Executive and Director in Macroasia Corporation, Macroasia Services Corporation, Macroasia Airport Services Corporation, Macroasia Properties Development Corporation and ETON Properties Philippines, Inc. He is also a former Treasurer of Tan Yan Kee Foundation, Inc. He served in various executive capacities in the Philippine Airlines Group for 15 years.

Mr. Bautista is currently a non-executive director in Cosco Capital, Inc., Philippine Bank of Communications, Alphaland Corporation, Airspeed International Corporation, Gothong Southern Shipping Lines, Inc., and International School of Sustainable Tourism. He is likewise the Vice Chairman of the Philippine Eagle Foundation and a member of the Board of Trustees of the University of the East and the UE Ramon Magsaysay Medical Memorial Center.

Mr. Bautista graduated in 1977 from the Colegio de San Juan de Letran, Magna Cum Laude with a decree of Bachelor of Science in Commerce, major in Accounting. He is a Certified Public Accountant. He received his Doctorate in Humanities (Honoris Causa) from the Central Luzon State University in 2018.

MARIA GRACIA M. PULIDO-TAN

EDUCATION AND EXPERIENCE

Atty. Tan, 65, Filipino, is the former Chairperson of the Commission on Audit, Undersecretary of Finance and Commissioner of the Presidential Commission on Good Government. She is currently a Trustee of the International Budget Partnership, an international NGO based in Washington DC, USA. She is an Independent Director of the Asia United Bank, a director of several Philippine corporations, a tax consultant and legal adviser of some private clients, and an accredited Arbitrator of the Construction Industry Arbitration Commission, Philippines and Philippine Dispute Resolution Center, Inc, Philippines.

Atty. Tan served as Chairman of the United Nations Independent Audit Advisory Committee, the first Filipino to have been elected to this 5-member Committee. She is also a professor at the University of the Philippines for Mandatory Continuing Legal Education.

Backed by four decades of professional work in the Philippines and abroad as private law and accounting practitioner, government official, arbitrator and international consultant, she is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration.

She graduated from the University of the Philippines in 1977 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Bachelor of Laws. In 1987, she obtained her Master of Laws (Tax) from the New York University.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

a) Check the appropriate box
[ ] Preliminary Information Statement
[✔] Definitive Information Statement

b) Name of Registrant as specified in its charter: **BELLE CORPORATION**

c) Province, country or other jurisdiction of incorproation or organization: **Metro Manila, Philippines**

d) SEC Identification Number: **52412**

e) BIR Tax Identification Number: **000-156-011-000**

f) Address of principal office: **5th Floor, Tower A, Two E-com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila, Philippines**

g) Registrant's telephone nmber, including area code: **(632) 8662-8888**

h) Date, time, and place of the meeting of security holders:

Date: **June 25, 2021 (via Remote Communication)**
Time: **2:00 PM**
Venue: **via remote communication as allowed by the SEC per MC No. 6, Series of 2020**

Approximate date on which the Information Statement is to be sent or given to security holders: **May 27, 2021**

i) 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
Common Stock, ₱1.00 par value	**9,763,126,297 (as of April 30, 2021)**
	Amount of Debt Outstanding
	₱7.6 Billion (as of April 30, 2021)

j) Are any or all of Registrant's securities listed on a Stock Exchange?

Yes [✔] No [ ]

If so disclose name of the Exchange: **The Philippine Stock Exchange, Inc.**
Class of securities listed: **Common Shares**

Statement that proxies are not solicited:

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

Voting Securities

In light of the community quarantine imposed over various areas of the country and to ensure the safety and welfare of stockholders and everyone involved, this year's Annual Stockholders' Meeting will be conducted virtually, and will be broadcasted via livestreaming accessible to registered stockholders, the details of which can be found in bellecorp.com/ASM2021. The Company will record in video the proceedings and maintain a copy with the office of the Corporate Secretary.

The Board of Directors adopted a resolution allowing stockholders to participate, and to exercise their right to vote, via remote communication or *in absentia.*

Stockholders as of Record Date must inform the Corporate Secretary of their intention to participate in the meeting via remote communication and to vote *in absentia* by registering at ***asmregister.bellecorp.com*** on or before June 22, 2021 **(Tuesday),** subject to the verification and validation by the Corporate Secretary. Stockholders who will participate through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting. Voting will be made through a secure online voting facility accessible only to verified stockholders to protect the integrity and secrecy of votes cast.

*The detailed guidelines for participation and voting for this meeting are set forth in the "**Guidelines for Participating via Remote Communication and Voting in Absentia**" appended as Schedule "A" in this Information Statement.*

GENERAL INFORMATION

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

a) Date: June 25, 2021 (Friday)
Time: 2:00 PM
Venue: via remote communication as allowed by the SEC per MC No. 6, Series of 2020

b) The approximate date on which the Information Statement will be sent or given to security holders is on May 27, 2021.

c) The complete mailing address of the principal office of Belle Corporation (the "Company") is:
5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila, Philippines.

Item 2. Dissenter's Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting on June 25, 2021 are not among the instances enumerated in Sections 41 and 80 of the Revised Corporation Code ("Revised Code") whereby the right of appraisal, defined to the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised. The instances where the right of appraisal may be exercised are as follows:

a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;

b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Code;

c) In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and

d) In case of merger or consideration.

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

a) No person who has been a director or officer or any nominee for election as director of the Company or associate of such persons, have substantial interest, direct or indirect, in any matter to be acted upon other than the election of directors for the year 2021.

b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the registrant during the stockholders' meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a) As of April 30, 2021, the Registrant has 9,763,126,297 common shares outstanding and each share is entitled to one vote.

b) As of April 30, 2021, the Shares Owned by Foreigners has 2,072,289,707 common shares outstanding and each share is entitled to one vote.

c) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is May 27, 2021.

d) With respect to the election of directors, each stockholder may vote such number of shares for as many as the reduced number of director, or for nine (9) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine (9) 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 nine (9).

The Company also provides an online voting facility where certified stockholders can cast their votes if not attending in person (see attached **Schedule "A").**

e) Security ownership of certain record and beneficial owners and management.

1. Security Ownership of Certain Record and Beneficial Owners

The following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5) of the Company's voting securities as of April 30, 2021:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Belleshares Holdings, Inc. Makati Stock Exchange Building, Ayala Avenue, Makati City	Belleshares Holdings	Filipino	2,604,740,622	24.664
Common	PCD Nominee Corporation[1] GF Makati Stock Exchange, 6767 Ayala Avenue, Makati City	(see footnote)	Filipino	2,496,368,593	23.638

Common	PCD Nominee Corporation[1] GF Makati Stock Exchange, 6767 Ayala Avenue, Makati City	(see footnote)	Non-Filipino	2,011,256,932	19.044
Common	Sysmart Corporation[2] Makati Stock Exchange Building, Ayala Avenue, Makati City	Sysmart Corporation	Filipino	1,629,355,469	15.428
Common	Sybase Equity Investments Corporation[2] Makati Stock Exchange Building, Ayala Avenue, Makati City	(see footnote)	Filipino	531,320,577	5.031

[1] *PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PDCNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead, the participants have the power to decide how the PCD shares in Belle are to be voted. The participants of PCD who owns more than 5% of the Company's outstanding capital are:*

a. *Citibank N.A. – with ownership of 1,103,904,503 or 11.31%,*
b. *BDO Securities Corporation – with ownership of 842,077,958 or 8.63%, and*
c. *The Hong Kong Shanghai Banking Corporation Limited – Clients' Account – with ownership of 808,644,257 or 8.28%.*

[2] *The shares held by Sysmart Corporation and Sybase Equity Investments Corporation, Citibank N.A., BDO Securities Corporation, and The Hong Kong Shanghai Business Corporation – Clients' Account, shall be voted or disposed by the persons who shall be duly authorized by these record or beneficial shareholders for the purpose. The natural person/s that has/have the power to vote on the shares of the foregoing companies shall be determined upon the submission of its proxy from the Company, which is not later than seven (7) business days before the date of the meeting.*

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

1. Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of April 30, 2021:

Title of Class	**Name and Citizenship**	**Amount and Nature of Beneficial Ownership**		**Percent of Class**
Common	Jacinto C. Ng, Jr. (Filipino)	135,860,666	Direct	1.392
Common	Willy N. Ocier (Filipino)	70,421,702	Direct	0.721
Common	Nancy O. Hui (Filipino)	3,500,000	Direct	0.033
Common	Virginia A. Yap (Filipino)	160,000	Direct / Indirect	0.002
Common	Manuel A. Gana (Filipino)	51,000	Direct	0.000
Common	Emilio S. De Quiros, Jr. (Filipino)	50,001	Direct	0.000
Common	Jose T. Sio (Filipino)	1,000	Direct	0.000
Common	Elizabeth Anne C. Uychaco (Filipino)	1,000	Direct	0.000
Common	Amando M. Tetangco, Jr. (Filipino)	1,000	Direct	0.000
Common	Gregorio U. Kilayko (Filipino)	1	Direct	0.000
Common	Cesar E. A. Virata (Filipino)	1	Direct	0.000
-	Jackson T. Ongsip	-	-	-
-	Armin Antonio B. Raquel Santos	-	-	-
-	Shirley C. Ong	-	-	-

-	Claire T. Kramer	-	-	-
-	Mary Eleanor A. Mendoza	-	-	-
-	Arthur A. Sy	-	-	-
-	Anna Josefina G. Esteban	-	-	-
-	Michelle Angeli T. Hernandez	-	-	-
-	Zenia K. Sy	-	-	-
Common	All directors and executive officers as a group (as disclosed in the Public Ownership Report)	210,046,371		2.148

2. Voting Trust Holders of Five Percent (5%) or More

   There is no party known to the Company as holding any voting trust or any similar arrangement for five percent (5%) or more of the Company's voting securities.

Changes in Control

There is no arrangement that may result in a change in control of the Company.

Item 5. Directors and Executive Officers

Board of Directors

The information on the business affiliations and experiences of the following directors and officers are current and/or within the past five (5) years.

The following are the incumbent members of the Board of Directors:

WILLY N. OCIER

Mr. Ocier, 64, Filipino, is the Chairman, an Executive Director, Executive Committee Chairman, and Environmental and Social Committee member of Belle Corporation, and was first appointed/elected on June 1999. He is also the Chairman of Premium Leisure Corp., APC Group, Inc., Premium Leisure and Amusement, Inc., Tagaytay Midlands Golf Club, Inc., The Country Club at the Tagaytay Highlands, Inc., The Spa and Lodge, Inc., Total Gaming and Technologies, Inc., and the Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. Mr. Ocier is also the Chairman, President, and/or Chief Executive Officer of Philippine Global Communications, Inc., and Pacific Online Systems Corporation. He is a Director of Leisure and Resorts World Corporation, lVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc., and Toyota Corporation Batangas. Mr. Ocier was formerly the President and Chief Operating Officer of Eastern Securities Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. ln recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa.

ELIZABETH ANNE C. UYCHACO

Ms. Uychaco, 65, Filipino, is the Vice Chairperson, a Non-executive Director, the Environmental and Social Committee Chairperson, the Executive Committee Vice Chairperson, and a Compensation and Remuneration Committee and Corporate Social Responsibility Committee member of Belle Corporation, and was first elected on December 2009. She is also Senior Vice President of SM Investments Corporation, Chairperson of Neo Group, and Board Director of Goldilocks Bakeshop, Inc., ACE Hardware Philippines, Inc., and Philippines Urban Living Solutions, and Republic Glass Holdings Corporation. She is also a Trustee of Asia Pacific College.

Ms. Uychaco graduated from St. Scholastica's College in 1978 with a Bachelor of Arts Degree. She obtained a Master's Degree in Business Economics from the University of Asia and Pacific and a Master's Degree in Business Administration from the Ateneo School of Business.

EMILIO S. DE QUIROS, JR.

Mr. De Quiros, 71, Filipino, has served as a Director of the Company since September 2010, and served as Chairman of the Board from August 2016 to April 2017. He was re-elected as a Non-executive Director on December 4, 2017, and re-appointed as Chairman from April 23, 2018 to June 22, 2020. He is also the Chairman of the Company's Corporate Social Responsibility Committee, and a member of the Environmental and Social Committee, and Compensation and Remuneration Committee. Mr. De Quiros is also an independent director of Atlas Consolidated Mining and Development Corporation and an independent director of Crown Equities Inc. He was previously the President and Chief Executive Officer of the Social Security System (SSS) and also served as a Director of UnionBank of the Philippines and Philhealth Insurance Corporation. Prior to his appointment as President of SSS, he served as Executive Vice President of Bank of the Philippine Islands and President of Ayala Life Insurance Inc., Ayala Plans Inc. and BPI Bancassurance, Inc. Mr. De Quiros graduated from Ateneo de Naga with a Bachelor of Arts in Economics degree (Cum Laude), and holds a Master of Arts in Economics degree from University of the Philippines.

MANUEL A. GANA

Mr. Gana, 63, Filipino, is an Executive Board Director and the President and Chief Executive Officer of Belle Corporation since March 15, 2017. He is also a member of the Company's Executive Committee, Corporate Social Responsibility Committee, and Compensation and Remuneration Committee. Mr. Gana was appointed as the Vice President and Chief Financial Officer of the Company in September 2000, and was promoted to Executive Vice President and Chief Financial Officer in August 2007. He joined Belle in 1997 as Vice President for Corporate Development and Special Projects, during which time he was also assigned as the Vice President-Finance and Chief Financial Officer for MagiNet Corporation, then a subsidiary of Sinophil Corporation (now called Premium Leisure Corp.). He is also a Director and the Treasurer of Tagaytay Highlands International Golf Club, Inc. Previously, he was Director of Investment Banking at Nesbitt Burns Securities Inc. in New York, USA. He also previously worked for Bank of Montreal and Merrill Lynch Capital Markets (both in New York, USA), and for Procter & Gamble Philippine Manufacturing Corporation.

Mr. Gana holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and degrees in Accounting and Economics from De La Salle University. He is a Certified Public Accountant.

JACINTO C. NG, JR.

Mr. Ng, 51, Fiipino, is a Non-executive Director since August 2000, a member of the Executive Committee, Audit Committee, and Risk Oversight Committee of Belle Corporation, and concurrently a Director of Highlands Prime, Inc. He is the Chairman of Elanvital Enclaves, Inc., and Quantuvis Resources Corporation and also the President of Extraordinary Enclaves, Inc. and Everyhome Enclaves, Inc. Mr. Ng holds a Bachelor of Science degree in Architecture from the University of the Philippines.

JOSE T. SIO

Mr. Sio, 80, Filipino, is a non-executive director and the Chairman of the Compensation and Remuneration Committee of the Company, and was first elected on December 2009. He is the Chairman of the Board of Directors of SM Investments Corporation and a member of the Board of Directors of China Banking Corporation, Atlas Consolidated Mining and Development Corporation, Far Eastern University, NLEX Corporation and Ortigas Land Corporation. Mr. Sio is also an Adviser to the Board of Directors of BDO

Unibank, Inc. and Premium Leisure Corp. He is a former Senior Partner of SyCip Gorres Velayo & Co. (SGV). He is a Certified Public Accountant and obtained his Master's Degree in Business Administration (MBA) from New York University, USA.

VIRGINIA A. YAP

Ms. Yap, 69, Filipino, is a Non-executive Director of Belle Corporation. She is also a member of the Company's Executive, Corporate Social Responsibility and Environmental & Social Committees. Ms. Yap holds key positions in SM Investments Corporation as a Senior Vice President – Office of the Chairman Emeritus and Securities Department. She is also a Director of the APC Group, Inc. She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao.

GREGORIO U. KILAYKO*

Mr. Kilayko, 64, is an Independent Director of the Company and also serves as Independent Director of SM Prime Holdings, Inc., Philequity Funds and East West Bank. He is the former Chairman of ABN Amro's banking operations in the Philippines. He was the founding head of ING Baring's stock brokerage and investment banking business in the Philippines and a Philippine Stock Exchange Governor in 1996 and 2000. He was a director of the Philippine Stock Exchange in 2003. He took his Masters in Business Administration at the Wharton School of the University of Pennsylvania.

AMANDO M. TETANGCO, JR.*

Mr. Tetangco, 68, Filipino, is an Independent Director and the Chairman of the Corporate Governance Committee and Related Party Transactions Committee of Belle Corporation, who was elected on December 4, 2017. He is concurrently an independent director of Manila Hotel, Toyota Motor Philippines, Converge ICT, and CIBI Information, Inc., a trustee of Tan Yan Kee Foundation and Foundation for Liberty and Prosperity, and a trustee/director of St. Luke's Medical Center. Mr. Tetangco is the third Governor of the Bangko Sentral ng Pilipinas (BSP) and served for two consecutive 6-year terms from July 2005 to July 2017. Under his leadership, the BSP initiated bank regulatory reforms such as risk management, capitalization increase and asset quality, among others. A career central banker, he occupied different positions at the BSP where he started as an employee at the BSP's Department of Economic Research and rose from the ranks. He was connected with the Management Services Division of SyCip Gorres Velayo & Co. before he joined the BSP.

Mr. Tetangco graduated from Ateneo de Manila University with an AB Economics degree (Cum Laude) where he also took up graduate courses in Business Administration. As a BSP scholar, he obtained his MA in Public Policy and Administration (Development Economics) at the University of Wisconsin in Madison, USA.

CESAR E. A. VIRATA*

Mr. Virata, 89, Filipino, is an Independent Director of Belle Corporation. He is currently the Vice Chairman of Rizal Commercial Banking Corporation (RCBC); and Director of RCBC subsidiaries and some affiliates like Malayan Insurance Company, Inc. and Malayan Colleges, Inc. He is also an Independent Director of Lopez Holdings Corporation, City & Land Developers, Inc. and Business World Publishing Corporation. He is a Director of Cavitex Holdings Corporation, The World Trade Center Management Corporation and Micah Quality Property Development Corporation. Mr. Virata was formerly the Chairman of the Board of Investments, Minister of Finance and Prime Minister of the Philippines. He was Dean of the University of the Philippines College of Business Administration, now named the UP Virata School of Business. Mr. Virata holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and B.S. in Mechanical Engineering and B.S. in Business Administration degrees from the University of the Philippines.

Mr. Ocier, Ms. Uychaco, Messrs. Gana, Ng, Sio, and Ms. Yap are also nominated for re-election as members of the Board of Directors for 2021-2022, as certified on March 25, 2021 by the Corporate Governance Committee composed of Messrs. Tetangco, Jr. (Chairman), Virata, and Kilayko. Likewise, the Corporate Governance Committee also endorsed the nomination of Messrs. Tetangco and Bautista and Atty. Tan as independent directors. Mr. Tetangco was nominated by Atty. A. Bayani K. Tan, Mr. Bautista by Ms. Nancy O. Hui while Atty. Tan was nominated by Mr. Frederic C. DyBuncio. The nominees are not related to their respective nominating stockholder.

***Independent Directors**

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors, which have been adopted and made part of the Company's By-Laws.

The Corporate Governance Committee, composed of Messrs. Amando M. Tetangco, Jr. (Chairman), Cesar E.A. Virata, and Gregorio U. Kilayko, is tasked to determine that the nominees for election as Directors, including the Independent Directors, possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Revised Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

Orientation and Continuing Education

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory / fiduciary roles and responsibilities in the Board and its Committees, Belle's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics and the Revised Manual on Corporate Governance.

All directors are also encouraged to participate in continuing education programs annually, at Belle's expense, to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance.

The annual training for directors and key officers was conducted in October 2020 by the Institute of Corporate Directors.

Executive Officers

MR. WILLY N. OCIER

Please refer to Mr. Ocier's profile under "Board of Directors".

MANUEL A. GANA

Please refer to Mr. Gana's profile under "Board of Directors".

JACKSON T. ONGSIP

Mr. Ongsip, 47, Filipino, is the Executive Vice President, CFO, and Treasurer of the Company, Vice President for Finance and Chief Financial Officer and Treasurer of Premium Leisure Corp., Vice President for Portfolio Investments of SM Investments Corporation. He is also the President and Chief Executive Officer of APC Group, Inc. since August 13, 2015. Mr. Ongsip is also a Certified Public Accountant with an extensive audit and finance background accumulated from 5 years in external audit with SyCip, Gorres, Velayo & Co., 11 years with Globe Telecom and 9 years now with the SM Group. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy.

ARMIN ANTONIO B. RAQUEL SANTOS

Mr. Raquel Santos, 53, Filipino, is the Executive Vice President – Integrated Resorts of Belle Corporation, President, Chief Executive Officer, and a member of the Executive Committee and Compensation and Remuneration Committee of Premium Leisure Corp. He is likewise the President and CEO of Premium Leisure and Amusement, Inc. Mr. Raquel Santos is also a Director of Pacific Online Systems Corporation and Tagaytay Highlands International Golf Club, Inc., and a member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation.

Formerly he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York.

Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

JASON C. NALUPTA

Mr. Nalupta, Filipino, 49, Filipino, is the Corporate Secretary of the Company. He is also currently the Corporate Secretary or Assistant Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank, Pacific Online Systems Corporation, and Crown Asia Chemicals Corporation. He is also a Director and/or Corporate Secretary or Assistant Corporate Secretary of private companies Sino Cargoworks Agencies, Inc., Falcon Resources, Inc., 26 Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Metropolitan Leisure & Tourism Corporation, Sagesoft Solutions, Inc., Radenta Technologies, Inc., Xirrus, Inc., Glypthstudios, Inc., Grabagility, Inc., Lucky Circle Corporation, Loto Pacific Leisure Corporation, Basic Leisure Networks, Inc., Stage Craft International, Inc. and Sta. Clara International Corporation. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Atty. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Atty. Nalupta was admitted to the Philippine Bar in 1997.

ARTHUR A. SY

Atty. Sy, 51, Filipino, is an Assistant Corporate Secretary of the Company. He is also the Senior Vice President, Corporate Legal Affairs of SM Investments Corporation. He is the Corporate Secretary of various corporations within the SM Group of Companies. He is also the Corporate Secretary of the National University. He holds a Juris Doctor degree from Ateneo de Manila University and is a member of the New York Bar.

NANCY O. HUI

Ms. Hui, 62, Filipino, is the Vice President for Administration and concurrently in-charge of the Logistics and Purchasing Division of the Company. Before joining the Company, Ms. Hui was the Managing Director of Guatson International Travel and Tours. An advocate for environmental concerns, Ms. Hui has a bachelor’s degree in Biology and a degree in veterinary medicine from the University of the Philippines.

MICHELLE T. HERNANDEZ

Ms. Hernandez, 49, Filipino, is the Vice President for Governance, in which capacity she is mainly responsible for developing, implementing and managing various strategies, processes and policies related to Corporate Governance, Enterprise Risk Management and Corporate Affairs for the Company and its subsidiaries. She has a bachelor's degree in Tourism (Cum Laude) from the University of Sto. Tomas. Before joining the Company, she worked in Thomas Cook Philippines, Inc., a member of Metrobank's Group of Companies.

ZENIA K. SY

Ms. Sy, 59, Filipino, has more than 27 years of extensive experience in the real estate industry; specifically, in Sales and Marketing in an executive position. A Certified Public Accountant from the University of Santo Tomas and a Licensed Real Estate Appraiser and Broker, she is responsible for the sales performance of the leisure properties in Tagaytay Highlands and organization of the Sales Divisions. She is well exposed to global business having spent five years in her capacity as Head of the International Sales with Federal Land, Inc. in addition to her regular functions overseeing the sales operations in Italy, Spain, France, UK, US, Guam, Canada, Japan, Singapore and the Middle East. She has held the position of President and a member of the board of the various Condominium Corporations of companies she has worked for in the past.

Period of Officership:

Name	Office	Period Served
Willy N. Ocier	Chairman and Executive Director	June 22, 2020 to present
	Vice Chairman	June 1999 to June 22, 2020
Manuel A. Gana	President, CEO and CIO	From March 15, 2017 to Present
	EVP and CFO	From September 2000 to March 15, 2017
	VP for Corporate Finance and Special Projects	From July 1997 to September 2000
Jackson T. Ongsip	EVP and CFO	From March 15, 2017 to Present
Armin Antonio B. Raquel Santos	EVP - Integrated Resorts	From September 2011 to Present
A. Bayani K. Tan	Corporate Secretary	From May 1994 to March 25, 2021
Jason C. Nalupta	Corporate Secretary	From March 26, 2021 to Present
Arthur A. Sy	Asst. Corporate Secretary	From April 2010 to Present
Nancy O. Hui	VP for Administration	From June 2001 to Present
Michelle T. Hernandez	VP for Governance	From March 2015 to Present
Tristan B. Choa	VP for Investor Relations	From February 2018 to September 5, 2020
Zenia K. Sy	VP for Sales	From February 2012 to Present

The following will be nominated as Officers at the Organizational meeting of the Board of Directors:

	Name	Office
1	Manuel A. Gana	President, CEO, and CIO
2	Jackson T. Ongsip	EVP, CFO, and Treasurer
3	Armin B. Raquel-Santos	EVP - Integrated Resorts
4	Jason C. Nalupta	Corporate Secretary
5	Arthur A. Sy	Asst. Corporate Secretary

a) Directorships in Other Publicly Listed Companies:

As of April 30, 2021, the following are directorships held by Directors and Officers in other reporting companies in the last five years:

Directors' and Officers' Names	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent) Indicate if Director is also the Chairman
Willy N. Ocier	Premium Leisure Corp.	Chairman, Executive Director
	Pacific Online Systems Corporation	Chairman and President, Executive Director
	APC Group, Inc.	Chairman, Executive Director
	AbaCore Capital Holdings, Inc.	Non-Executive Director
	Leisure & Resorts World Corporation	Non-Executive Director
	Vantage Equities, Inc.	Non-Executive Director
Elizabeth Anne C. Uychaco	Republic Glass Holdings Corporation	Non-Executive Director
Emilio S. De Quiros, Jr.	Atlas Consolidated Mining and Development Corporation	Independent Director
	Crown Equities, Inc.	Independent Director
Gregorio U. Kilayko	SM Prime Holdings, Inc.	Independent Director
	East West Banking Corporation	Independent Director
Jose T. Sio	SM Investments Corporation	Chairman, Non-Executive Director
	China Banking Corporation	Non-Executive Director
	Atlas Consolidated Mining and Development Corporation	Non-Executive Director
	Far Eastern University, Incorporated	Non-Executive Director
Amando M. Tetangco, Jr.	Converge, Inc.	Independent Director
Cesar E. A. Virata	Rizal Commercial Banking Corporation	Vice Chairman, Non-Executive Director
	Lopez Holdings Corporation	Independent Director
	City & Land Developers, Inc.	Independent Director
Virginia A. Yap	APC Group, Inc.	Non-Executive Director
Armin Antonio B. Raquel Santos	Premium Leisure Corp.	President, Chief Executive Officer, and Executive Director
	Pacific Online Systems Corporation	Non-Executive Director
Jackson T. Ongsip	APC Group, Inc.	President, Chief Executive Officer, and Executive Director

b) Significant Employees

There are no other significant employees.

c) Family Relationships

Mr. Willy N. Ocier, Chairman, and Ms. Nancy O. Hui, Vice President for Administration are siblings.

d) Involvement in Certain Legal Proceedings

Offense charged / investigated was Other Deceits under Art. 318 of RPC for alleged non-declaration of machineries of SM Seaside City Cebu (NPS Docket No. VII0-09-INV-17B-00240) with the Department of Justice. The City Government of Cebu filed a complaint against the directors and officers of SM Prime Holdings, Inc., in their official capacities, including their incumbent independent directors Mr. Gregorio U. Kilayko, who is also an independent director of Belle Corporation. The case was for alleged non-declaration of machineries of SM Seaside City Cebu in connection with its real property tax assessment. The Complaint was dismissed due to insufficiency of evidence. The Cebu City Government filed a Motion for Reconsideration which was denied by the Department of Justice – Manila. The Cebu City Government then filed a Petition for Review with the Regional Prosecution Office, Cebu City (RPO). The respondents filed their respective Comments to the Petition. The Petition for Review and the Comments have been elevated by the RPO to DOJ. On November 9, 2018, the DOJ indorsed the case back to RPO. On November 23, 2018, the RPO inhibited from the case and returned the case to DOJ. The matter is currently pending with the DOJ.

A criminal and administrative complaint (OMB-C-C-13-0092) for alleged violation of Republic Act No. 3019 was filed against former officials of the Monetary Board, including then BSP Governor Amando M. Tetangco, with the Office of the Ombudsman. The Complaint was dismissed by the Ombudsman on May 13 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on May 15, 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. 234696) upon the filing of a Petition for Review dated November 29, 2017. The case remains pending with the SC.

Except as provided above, the Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

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

b) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and,

c) any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 6. Compensation of Directors and Executive Officers

Summary Compensation Table (Annual Compensation)

	Position	Year	Salary / Per Diem Allowance	Bonus	Retirement Benefits
	Amounts in Thousands				
Willy N. Ocier	Chairman of the Board				
Manuel A. Gana	President and CEO				
Armin B. Raquel-Santos	EVP - Integrated Resorts				
Jackson T. Ongsip	EVP and CFO				
Michelle T. Hernandez	VP - Governance				
President and 4 Most Highly Compensated Executive Officers		2021 (Estimate)	25,972,800	4,090,800	
		2020	24,736,000	3,896,000	
		2019	24,736,000	8,896,000	
All other officers and Directors as a Group unnamed		2021 (Estimate)	14,748,300	7,183,050	
		2020	**14,046,000**	**6,841,000**	
		2019	14,046,000	24,841,000	

Per Diem for Attendance to Meetings of Directors

In 2020, all Independent Directors received a per diem of Fifty Thousand Pesos (₱50,000.00) each per Board meeting attended while other directors received a per diem of Twenty Thousand Pesos (₱20,000.00) each. For Board Committee meetings, each director is given a per diem of ₱10,000.00 per day regardless of the number of meetings during the same day.

Director	Gross per diem and and Bonuses for Board and Committee Meetings Attended
Willy N. Ocier	680,000
Manuel A. Gana	680,000
Emilio S. De Quiros, Jr.	680,000
Lizanne C. Uychaco	680,000
Jacinto C. Ng., Jr.	740,000
Jose T. Sio	680,000
Social Security System	660,000
Virginia A. Yap	680,000
Amando M. Tetangco, Jr.	980,000
Cesar E. A. Virata	1,010,000
Gregorio U. Kilayko	1,010,000

As of December 31, 2020, there were no outstanding warrants or options held by any of the Company's directors and officers.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There was no compensatory plan or arrangement with respect to named executive officers that resulted or will result from the resignation, retirement or termination of such executive officer or from a change-in-control in the Company.

Stock Warrants and Options Outstanding

There were no outstanding stock warrants and options held by directors and officers as of December 31, 2020.

Pursuant to Section 5.2. of the Amended Stock Option Plan, the number of shares granted under the Plan shall be correspondingly adjusted in the event of any merger, consolidation, reorganization, recapitalization, reclassification of stock, stock dividends, splits, rights, or any other change in the corporate structure or capitalization of the Company's common stock as presently consulted.

The Company will not be taking any action as regards its existing Stock Option Plan.

Item 7. Independent Public Accountants

Reyes Tacandong & Co. will be recommended for appointment as external auditor for 2021 to 2022. The recommendation to appoint a new external auditor is in line with the Company's thrust to promote good governance practices as stated in its Manual on Corporate Governance, that the external auditor or the handling partner shall be changed every five (5) years or earlier. This is also in support of the Company's efforts to rationalize expenditures and promote cost reduction measures.

Representatives of SyCip Gorres Velayo & Co. (SGV & Co.), which performed the audit of the Company's 2020 financial statements are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Over the past five (5) years, there was no event where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope of procedure.

In compliance with SRC Rule 68, paragraph 3 (b) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every five (5) years of engagement, with a two-year cooling-off period for the re-engagement of the same signing partner, the Company engaged Ms. Belinda Beng Hui of SGV for the examination of financial statements starting 2016. Previously, the examination of financial statements was handled by the following SGV partners, Mr. Juanito A. Fullecido (years 2007 to 2008); Mr. Roel E. Lucas (years 2009 to 2011); Ms. Clairma C. Manganey (years 2012-2013); Ms. Marydith C. Miguel (year 2014); and Ramon Dizon (year 2015).

The Company paid SGV ₱1,400,000.00 for external audit services for both 2020 and 2019. For each of the last two (2) fiscal years, SGV did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed the Company the corresponding professional fees.

The Audit Committee, composed of Mr. Gregorio U. Kilayko as Chairman, and Messrs. Jacinto C. Ng, Jr. and Cesar E. A. Virata as Members, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Audit Committee.

OTHER MATTERS

Item 15. Action with Respect to Reports

At the annual meeting on June 25, 2021, shareholders will be asked to approve and ratify the following:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on June 22, 2020 as appended to this Information Statement as "Annex C". The minutes of the said ASM was posted on the Company's website: https://www.bellecorp.com/sites/default/files/investor_relations/Minutes%20of%20Belle%20Corp.%20ASM%20held%20on%20June%2022%2C%202020%20%28Draft%29.pdf

within 24 hours from adjournment of the meeting. This includes the following:

a. Voting procedure used and the tabulation for each agenda item during the June 22, 2020 and the engagement of Alberto, Pascual and Associates as the Company's third party validator of votes during the said meeting;
b. Opportunities presented to the stockholders to participate by asking questions; questions and responses have been included in the minutes of the June 2020 ASM;
c. List of directors and officers who attended the meeting, as well as description of the stockholders who attended, verified by the Company's stock transfer agent and validated by Alberto, Pascual and Associates.

The office of the Corporate Secretary has in its full custody the list and names of the stockholders who participated in the June 22, 2020 ASM.

2. All acts of the Board of Directors, its Committees, and the Management during their term of office commencing from the date of the last annual stockholders' meeting up to the date of this year's meeting.

   These are covered by Resolutions of the Board of Directors and were entered into or made in the ordinary course of business, the significant acts or transactions which are covered by appropriate disclosures with the Securities and Exchange Commission and Philippine Stock Exchange, Inc., including:

   1) Approval of projects;
   2) Treasury matters related to opening of accounts and transactions with banks;
   3) Appointments of signatories and amendments thereof

3. 2020 Operations and Results are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

Two inspectors, who are officers or employees of the Company, shall be appointed by the Board of Directors to count the votes to be cast before or at each meeting of the stockholders, if no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend when the appointment shall be made by the presiding officer of the meeting.

Ms. Cristina Castro Naguit, a Certified Public Accountant, shall be present during the June 25, 2021 Annual Stockholders' Meeting for the purpose of validating and tallying the votes cast.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter, which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, Bylaws or Other Documents

The following proposed amendments to the Company's Articles of Incorporation will be presented for consideration and approval by the Shareholders during the annual meeting:

a) Amendment to the Fourth Article to adopt the perpetual corporate term, as allowed under the Revised Corporation Code, in lieu of the present corporate term of fifty (50) years.

b) Amendment to the Sixth Article to reduce the membership of the Board of Directors from eleven (11) to nine (9).

   The reduction in the membership of the Company's Board will increase the ratio of independent directors to the regular directors. Also, this will be in line with the Company's efforts to streamline its operations throughout the organization as the current level of operations of the Company does not require an expanded membership in its Board of Directors.

Item 18. Other Proposed Actions

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

a) Amendments to the Articles of Incorporation
    i. i) Fourth Article to allow for the perpetual existence of the Company
    ii. Sixth Article to allow for the reduction of number of Board of Directors from 11 to 9

b) Election of Directors for 2021-2022;
c) Appointment of External Auditors; and
d) Other Matters.

Item 19. Voting Procedures

Vote required for approval

Matters subject to stockholder approval, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote, a quorum being present in such meeting. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him.

Matters presented to stockholders for approval at this year's Annual Stockholders' Meeting require only a majority of the stockholders for approval. For election of directors, the stockholders are entitled to cumulate their votes as discussed in Item 4 (d) of this Information Statement.

Methods by which votes will be casted and counted

The Company's By-laws does not prescribe a specific manner of voting by stockholders. For this year's Annual Stockholders' Meeting, the Board of Directors approved a resolution allowing stockholders to participate in the meeting via remote communication and to vote *in absentia.*

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote *in absentia,* duly verified and validated by the Company, shall be provided with unique log-in credentials to securely access the voting portal.

Stockholders and proxy holders can then cast their votes on specific matters for approval, including the election of directors.

Votes will then be automatically tabulated and counted at the close of voting for each agenda item during the meeting.

The Corporate Secretary is tasked and authorized to validate, count and tabulate votes by stockholders. For this year's annual meeting, Ms. Cristina Castro Naguit, has been engaged and appointed to independently count and validate tabulation of stockholder votes.

Pursuant to the Company's By-laws, duly accomplished proxy forms must be submitted to the Corporate Secretary at least seven (7) business days before the annual meeting. Original and duly signed proxy forms should therefore be submitted no later than 12:00 noon on June 16, 2021 (Wednesday) at the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City for validation. A sample format of the proxy form for individual, corporate stockholder and PCD participants/brokers are here attached and are also available at the Company website at ***bellecorp.com/ASM2021***.

The Corporate Secretary will lead the validation of proxies, in coordination with Belle Corporation's stock and transfer agent, and attended by Ms. Naguit as independent validator and tabulator of votes. Any questions and issues relating to the validity and sufficiency of proxies, both as to form and substance, shall be resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

The detailed guidelines for participation and voting for this meeting are set forth in the "**Guidelines for Participating via Remote Communication and Voting in Absentia**" appended as Schedule "A" in this Information Statement.

Stockholders holding Belle Corporation common shares as of May 27, 2021 are entitled to vote on the following matters which are also indicated in the Notice and Agenda included in this Information Statement:

1. **Approval of Minutes of the Annual Stockholders' Meeting held on June 22, 2020**

   The Minutes of the Annual Stockholders' Meeting (ASM) held on June 22, 2020 was posted on the Company's website: https://www.bellecorp.com/investor-relations/asm-minutes-and-results-asm within twenty-four (24) hours from adjournment of the meeting. Copies of the Minutes of the ASM held on June 22, 2020 are available for inspection during office hours at the office of the Corporate Secretary and will also be made available during this year's ASM. The results of last year's ASM were also timely disclosed to the Philippine Stock Exchange, Inc. (PSE) and the Securities and Exchange Commission (SEC). The Minutes are subject to stockholders' approval during this year's stockholders' meeting.

   Required vote: A majority vote of stockholders present or represented at the meeting.

2. **Approval of 2020 Operations and Results**

   The Company's 2020 performance results have been summarized in the Annual Report, which includes the Audited Financial Statements (AFS) of the Company for the year ended December 31, 2020. The AFS, as audited by the external auditor which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board. Stockholders will be given an opportunity to raise questions regarding the operations and report of the Company during the ASM.

   Required vote: A majority vote of stockholders present or represented at the meeting.

3. **Ratification of all Acts of the Board of Directors, Board Committees and the Management During their Term of Office**

   All actions, proceedings and contracts entered into, as well as resolutions made, including approvals of significant related party transactions of the Board, the Board Committees and the Management from the last ASM held on June 22, 2020 to the date of this meeting will be presented to the shareholders for their confirmation, approval, and ratification. The Company's performance in 2020, as detailed in the Annual Report, is attributed to the strategic directions and key policies set by the Board which were effectively executed and complied with by management in conformance with good corporate governance and ethical best practices. The ratification of the acts undertaken by the Board, Board Committees, and Management is subject to stockholders' approval during this year's stockholders' meeting.

   Required vote: A majority vote of stockholders present or represented at the meeting.

4. Amendment of the Articles of Incorporation

To conform with the Revised Corporation Code, the Stockholders shall be asked to approve the proposed amendment to the Fourth Article of the Articles of Incorporation to allow the perpetual existence of the Company.

In addition, the stockholders' approval will be requested on the recommendation to reduce the membership of the Company's Board of Directors from the current eleven (11) members to nine (9) members, and the corresponding amendment to the Sixth Article of the Company's Articles of Incorporation. The reduction in the membership of the Company's Board will increase the ratio of independent directors to the regular directors. Also, this will be in line with the Company's efforts to streamline its operations throughout the organization as the current level of operations of the Company does not require an expanded membership in its Board of Directors.

Required vote: A majority vote of stockholders present or represented at the meeting.

5. Election of Directors for 2021-2022

Directors of the Company, including Independent Directors, have been pre-qualified by the Company's Corporate Governance Committee for election as directors for 2021-2022. Their proven competence, expertise and qualifications based on current regulatory standards, will help sustain the Company's solid performance for the benefit of all its shareholders. The profiles of the Board are contained in the Information Statement for reference of the stockholders and are likewise posted on the Company's website. Directors for 2021-2022 will be elected during this year's stockholders' meeting.

Required vote: A majority vote of stockholders present or represented at the meeting.

6. Appointment of External Auditor

Upon recommendation of the Audit Committee, the Board approved and endorses for stockholder approval the appointment of Reyes Tacandong & Co. as the Company's external auditor for 2021. Reyes Tacandong & Co. is one of the top auditing firms in the country and is duly accredited with the SEC. The appointment of Reyes Tacandong & Co. as external auditor of the Company for 2021 is subject to stockholders' approval during this year's stockholders' meeting.

Required vote: A majority vote of stockholders present or represented at the meeting.

Omitted Items

Items 8, 9, 10, 11, 12, 13, and 14 are not responded to in this report, the Company having no intention to take any action with respect to the information required within.

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, we hereby certify that the information set forth in this report are true, complete and correct.

This report is signed in the City of Pasay, Metro Manila on May 12, 2021.

JASON C. NALUPTA
Corporate Secretary

BELLE CORPORATION

BUSINESS AND GENERAL INFORMATION

Background

Belle Corporation ("Belle" or the "Company") was incorporated in 1973 as Belle Mining and Oil Exploration, Incorporated ("Belle Resources") and, in 1977, was listed on the Philippine Stock Exchange. In 1989, Belle Resources developed a golf club named Tagaytay Highlands International Golf Club, Incorporated ("Tagaytay Highlands"), which became its initial foray into the property development sector. In 1994, Belle Resources changed its name to Belle Corporation to underscore the shift in its principal activity**.**

In early 2001, Belle decided to spin-off some of its property development assets. The spin-off involved the transfer of approximately 534 hectares of undeveloped land, 70 developed subdivision lots, and 25 finished residential units into a newly formed subsidiary, Highlands Prime, Incorporated ("Highlands Prime"). Highlands Prime was registered with the Securities and Exchange Commission on February 15, 2001, and its shares became listed on the Philippine Stock Exchange on April 23, 2002, at which time Belle sold approximately 64% of its interest in Highlands Prime to investors. In August 2013, Belle exchanged its 809 million shares in Highlands Prime for approximately 109.2 million shares in SM Prime Holdings, Inc. ("SMPH"), pursuant to the tender offer with SM Land, Inc. for the shares of Highlands Prime and SM Development Corporation, Belle sold 47.4 million of its SMPH shares from 2015 to 2017, and held 61.8 million shares as of December 31, 2019.

On April 14, 2011, Belle acquired all the shares of Premium Leisure & Amusement, Inc. ("PLAI") through the issuance of 2.7 billion new common shares. PLAI is a grantee by Philippine Amusement and Gaming Corporation ("PAGCOR") of a Certificate of Affiliation and License ("the License") to operate integrated resorts, including casinos, in the vicinity of the Bagong Nayong Pilipino Manila Bay Entertainment City ("Entertainment City" or "PAGCOR City"). PLAI's License, which was issued by PAGCOR as a Provisional License in 2008, runs concurrent with the PAGCOR's Congressional Franchise, which expires in 2033 unless renewed for another 25 years by the Philippine Congress. Belle started construction of foundation and structure of the integrated resorts in 2010 on a 6.2-hectare land along the entrance of Entertainment City. In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco Crown Entertainment Limited, now called Melco Resorts & Entertainment Limited, and its Philippine affiliates (collectively, "Melco"). The Cooperation Agreement placed Belle as a co-licensee and the owner of the land and buildings and Melco's Philippine affiliate, Melco Resorts & Entertainment (Philippines) Corporation ("MRP"), as a co-licensee, developer and operator of all facilities within the integrated resort, which was subsequently branded as "City of Dreams Manila". City of Dreams Manila had its soft opening on December 14, 2014 and its Grand Launch on February 2, 2015. Belle, PLAI and MRP fully complied with all the PAGCOR requirements under the License as of the date of the soft opening, and in May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

Development of the Business of the Registrant and its Subsidiaries/Affiliates during the Past 3 Years

Belle, the registrant, shifted its principal activity from mining and oil exploration to property development when it developed Tagaytay Highlands in 1989. Its property development projects are located in Tagaytay City and Batangas, and includes the following: Alta Mira, Fairfield, Lakeside Fairways, Lakeview Heights, Nob Hill, Pinecrest Village, Plantation Hills, Tagaytay Highlands International Gold Club, Tagaytay Midlands Golf Club, The Belle View, The Country Club at Tagaytay Highlands, The Parks at Saratoga Hills, The Spa and Lodge at Tagaytay Highlands, The Verandas at Saratoga Hills, The Villas, and The Woodlands.

Lakeside Fairways comprises of Belle's largest development area in Batangas, and was introduced by Belle in April 2007. This project consists of subdivision lots located south of the existing 27-hole Tagaytay Midlands golf course in Talisay, Batangas. As of December 31, 2019, Belle's projects in Lakeside Fairways were comprised of Kew Gardens, Terrazas de Alava, Lakeside Enclave and Tivoli Place, Cotswold, Yume, Katsura and Sycamore Heights.

Pacific Online Systems Corporation ("Pacific Online"), incorporated in 1993, leases online betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery operations. Pacific Online has been consistently profitable since its fiscal year 2002. Pacific Online listed its shares on the Philippine Stock Exchange with a successful initial public offering on April 2, 2007. A total of 39.8 million shares were offered to the public at ₱8.88 per share. Because of high demand for Pacific Online shares, it opened in the market at ₱13.25 per share on the listing date. Belle's subsidiary, Premium Leisure Corp., owned 50.1% of all issued shares in Pacific Online as of December 31, 2019.

Premium Leisure Corp. ("PLC") comprises the group's vehicle for gaming investments. It was originally incorporated as Sinophil Oil Exploration Co., Inc. in 1993 with the primary purpose of engaging in oil and gas exploration and development activities. On June 3, 1997, its name was changed to Sinophil Corporation with a primary purpose of being an investment holding company and, on July 18, 2014, its stockholders approved a further change in its name to Premium Leisure Corp. with the primary purpose being investments in gaming-related businesses. On July 24, 2014, Belle competed transfers to PLC of its 100% stake in PLAI and approximately 102 million shares in Pacific Online (comprising about 34% of issued common shares in Pacific Online), with the Company transferring Belle various real estate assets and corporate securities. PLC also increased its authorized capital stock from 16.1 billion shares to 43.6 billion shares, with Belle subscribing to 24.7 billion new common shares or approximately 90%. During September and October 2014, Belle, its subsidiaries and affiliates sold a total of approximately 3.5 billion shares in PLC in the secondary market, in order to increase PLC's public float. These share sales reduced Belle's consolidated ownership in PLC to 24.9 billion shares or 78.7%, which level is unchanged as of December 31, 2019. On August 5, 2015, Belle sold its remaining 47.9 million shares in Pacific Online to PLC.

As the owner of 100% of the outstanding shares of PLAI, PLC will directly benefit from PLAI's share in gaming operations of City of Dreams Manila. Under the operating agreement between Belle, PLAI and Melco, PLAI will be entitled to receive from MRP agreed-upon monthly payments, after the opening of gaming operations in City of Dreams Manila, consisting of the following:

- The higher of (i) one-half of mass market gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 15% of net mass market gaming revenues (after deductions for PAGCOR's non-VIP license fees), whichever is higher; and
- The higher of (i) one-half of VIP gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 5% of net mass market gaming revenues (after deductions for PAGCOR's VIP license fees, VIP commissions and incentives and VIP bad debts expenses), whichever is higher.

The Board of Directors of PLC has set a policy for PLC to declare as dividends to its shareholders in every year at least 80% of its unrestricted retained earnings as of the previous financial year that are qualified to be paid as dividends.

Investment Agreement on PLAI, and Lease and Cooperation Agreement with Melco

On April 14, 2011, Belle acquired PLAI through the issuance of 2.7 billion new common shares of Belle. PLAI is a grantee by PAGCOR of a License to operate integrated resorts, including casinos in the vicinity of Entertainment City. PLAI's License, which was issued by PAGCOR as a Provisional License in 2008, runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033 unless renewed for another 25 years by the Philippine Congress. On October 16, 2010, the transfer and valuation of Belle and PLAI shares was approved by the Securities and Exchange Commission ("SEC"). The Certificate Authorizing Registration ("CAR") from the Bureau of Internal Revenue ("BIR"), which triggered the completion of the transfer, was approved on October 4, 2011.

The PAGCOR License stipulates certain requirements and guidelines that licensees will have to achieve by the opening date of their integrated resorts (the "PAGCOR Guidelines"). Among these are:

- Total investment commitment of US$1 billion, with at least US$650 million as of the opening date of the integrated resort (including up to US$150 million in market value of land used for the resort) and the balance of US$350 million within three years of such opening date;
- At least 800 hotel rooms, with an average floor area of at least 40 square meters;
- Total gross floor area of at least 250,000 square meters;
- At least 20,000 square meters of gross floor area available for retail and food / beverage outlets;
- An entertainment feature that costs at least ₱1 billion to construct;
- Total gaming space not to exceed 7.5% of the resort's total gross floor area;
- Maximum number of gaming tables and slot machines / electronic tables games to be set using a formula based on the total number of hotel rooms in the resort and the quality of such rooms.

On October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco, which places Belle as a co-licensee and the owner of the land and buildings and Melco's Philippine affiliate MRP as a co-licensee, developer and operator of all the facilities within the resort complex with March 13, 2013 as its effectivity date. As a result, both Belle and MRP were expected to make equal investment contributions to the $1 billion minimum investment for the project. Melco is the developer and owner of integrated resorts focused on the Macau Market, with its landmark project to date being the highly successful "City of Dreams". On October 25, 2012, the Belle, as a lessor, entered into a lease agreement with MRP for the lease of land and building structures to be used in the integrated casino development project. The lease period started on March 13, 2013 and is co-terminus with the operating agreement between the Company and MRP, which is in turn co-terminus with the License from PAGCOR, and provides for monthly rentals (with annual escalation) to be paid by MRP to Belle in respect of the land and buildings. PLAI and Melco also entered into an operating agreement that is similarly co-terminus with the License from PAGCOR, whereby MCE was given full management discretion on the operation of the integrated resort and PLAI was accorded a share of earnings from gaming operations in the resort.

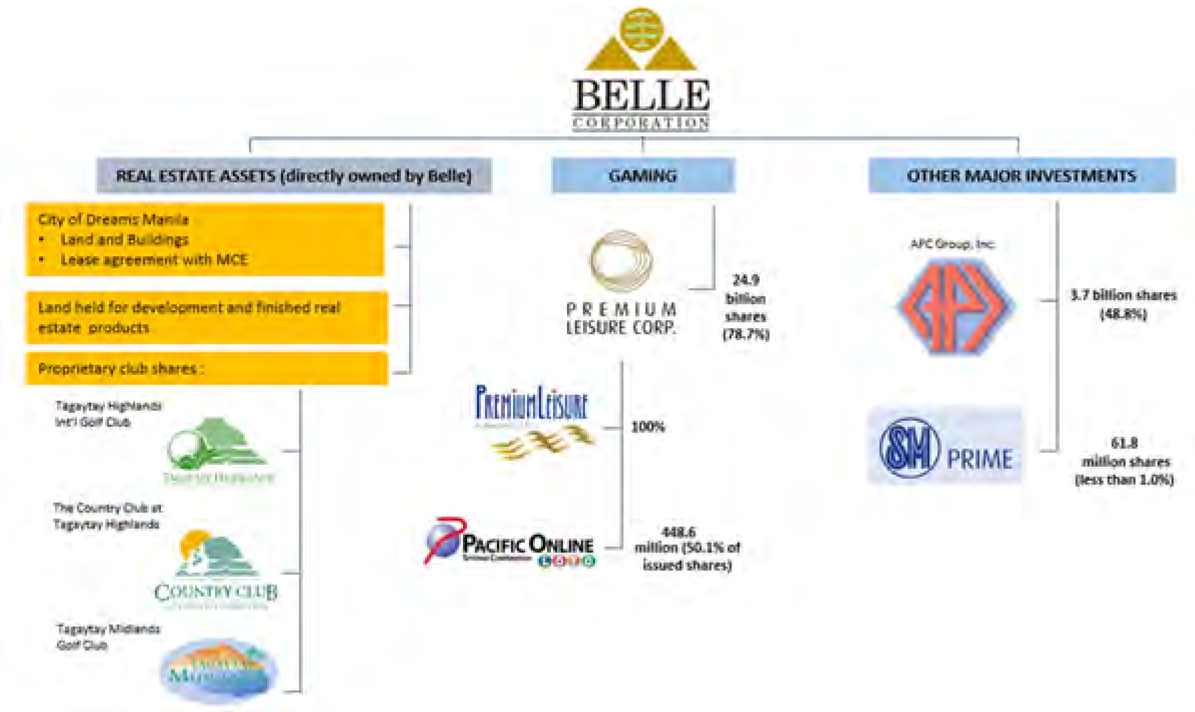
On October 9, 2013, MRP announced that the integrated resort will be branded as "City of Dreams Manila", the namesake of Melco's flagship integrated resort in Macau. MRP subsequently announced the branding of three hotels in City of Dreams as Nobu, Hyatt and Crown Towers (re-branded as "Nuwa" in 2017). MRP also announced plans for "DreamPlay", City of Dreams Manila's fully immersive, technology-rich, family entertainment center developed in collaboration with DreamWorks Animation, which is the first of its kind in the world.

City of Dreams Manila was substantially completed as of December 2014, with all requirements under the PAGCOR Guidelines being met by Belle and MRP, including the full US$1 billion investment commitment. The resort's soft opening was held on December 14, 2014, on which date most of the resort's facilities, including its mass market gaming operations, were officially open to the public. The Grand Launch of City of Dreams Manila was held on February 2, 2015. In May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

BELLE CORPORATION

CORPORATE STRUCTURE AND MAJOR LINES OF BUSINESS/SUBSIDIARIES

AS OF DECEMBER 31, 2020



Bankruptcy, Receivership or Similar Proceedings

None for any of the companies above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (Not Ordinary)

Sale of Lucky Circle Corporation ("LCC")

On July 1, 2017, LCC, a subsidiary of Pacific Online, acquired 100% ownership interest in the following nine entities engaged in lotto/keno outlets and retail of scratchit tickets: Athena Ventures, Inc., Avery Integrated Hub, Inc., Circle 8 Gaming Ventures, Inc., Luckydeal Leisure, Inc., Luckyfortune Business Ventures, Inc., Luckypick Leisure Club Corp., Luckyventures Leisure Corp., Lucky Games Entertainment Ventures Inc. and Orbis Valley Corporation. The acquisition is assessed by the Company to be an acquisition of a business. Goodwill recognized as at December 31, 2017 amounted to 3.7 million.

On February 6, 2020, POSC's BOD approved the sale of LCC for POSC to focus its resources to its principal business of providing modern and efficient online gaming facilities and equipment to its customers. LCC is included as part of "Lottery equipment, leasing, distribution and others" in the Company's reportable segment.

On February 13, 2020, POSC has concluded the sale of all of the POSC's equity interest in LCC, equivalent to 127.0 million shares for ₱.082 per share to a third party for a total consideration of ₱137.4 million.

Products

Belle is principally engaged in real estate development, gaming (through subsidiaries) and other leisure and resort activities. Since 2010, Belle has allocated significant resources to the development of its mixed-use gaming facility, the City of Dreams Manila integrated resort, which opened its doors to the public on December 14, 2014.

Belle's investments in companies engaged in gaming and gaming-related activities are indicated below. In the Philippines, the gaming industry is relatively untapped by the private sector, creating opportunities for experienced leisure operators. Belle's gaming businesses are undertaken, or will be undertaken, mainly by the following subsidiaries / affiliates:

1. Premium Leisure Corp. ("PLC"), a 78.7%-owned publicly listed subsidiary of Belle with a primary purpose of investing gaming-related businesses. PLC owns 100% of PLAI and approximately 50.1% of issued shares of Pacific Online.

2. Premium Leisure and Amusement, Inc. ("PLAI"), is a grantee by PAGCOR of Certificate of Affiliations and Provisional License to operate integrated resorts, including casinos, in the vicinity of PAGCOR Entertainment City. The License runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033, unless renewed for another 25 years by the Philippine Congress. PLAI is a wholly-owned unlisted subsidiary of PLC.

3. Pacific Online Systems Corporation ("Pacific Online"), is a publicly listed subsidiary of PLC that leases on-line betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery operations in the Visayas and Mindanao regions. PLC owns a total of 50.1% of all issued shares of Pacific Online.

Revenues and Other Income

The following are the major revenue items in 2020 and 2019:

	2020		2019	
	Amount in Thousands	**% of Total Revenue**	Amount in Thousands	% of Total Revenue
Revenues and Other Income				
Lease income	**2,663,226**	64%	2,670,953	36%
Gaming revenue share - net	**635,217**	15%	2,976,366	40%
Equipment rental and instant scratch ticket sales	**328,438**	8%	681,484	9%
Sale of real estate and club shares	**234,965**	6%	487,307	7%
Revenue from property management	**168,296**	4%	214,635	3%
Distribution and commission income	**-**	0%	308,381	4%
Other revenues	**143,258**	3%	130,308	2%
Total	**4,173,400**	**100%**	**7,469,434**	**100%**

Distribution Methods of Products

Belle’s high-end real estate products are sold principally to the A and B property market segments. The Company has its own in-house staff responsible for marketing and sales of the Company’s products, as well as after-sales service. The Company also accredits and taps the services of external brokers to complement its in-house marketing and sales teams.

Status of Projects

Real Estate:

Alta Mira: The project was completed in 2000.

The Belle View: The project was completed in 1998.

The Country Club at Tagaytay Highlands, Inc.: The project was completed in 1996.

Fairfield: The project was completed in 2013.

Lakeside Fairways: As of December 31, 2019, the first seven phases (Kew Gardens, Terrazas de Alava, Lakeside Enclave, Tivoli Place, Cotswold, Katsura, and Yume) of the project were already 100% completed. In 2011, Belle launched its newest subdivision within Lakeside Fairways, Sycamore Heights, with its first three phases having more than 23 hectares in gross land area, comprising 352 residential lots, averaging to 360 sqm per lot. As of December 31, 2019, Sycamore Heights Phases 1-4 were already complete.

Lakeview Heights: The project was completed in 2002.

Nob Hill: The project was completed in 2017.

The Parks at Saratoga Hills: The Parks at Saratoga Hills ("The Parks"), located in Tanauan, Batangas, was launched in 2005. As of December 31, 2007, land development for The Parks was fully completed.

Plantation Hills: Only a few remaining slots in The Sanctuary, The Ridge, The Meadows, The Heights (Phases 1, 2, 3, and 5 of Plantation Hills, respectively) were unsold, and construction of these phases was fully completed, as of December 31, 2007. Plantation Hills is a farm lots subdivision.

Tagaytay Highlands International Golf Club, Inc. ("THIGCI"): THIGCI comprises a clubhouse with restaurant and conferences facilities; and an 18-hole golf course. It was completed by Belle in 1994.

Tagaytay Midlands Golf Club, Inc.: The golf clubhouse and a 27-hole golf course are fully complete and operational.

The Parks at Saratoga Hills: The Parks at Saratoga Hills ("The Parks"), located in Tanauan, Batangas, was launched in 2005. As of December 31, 2007, land development for The Parks was fully completed.

The Verandas at Saratoga Hills: The Verandas at Saratoga Hills ("The Verandas"), located in Tanauan, Batangas beside The Parks, was launched in 2006. It was fully completed as of December 31, 2007.

The Spa and Lodge at Tagaytay Highlands: The Spa and Lodge was completed in 2001. The Spa and Lodge structure is a hotel-like facility that boasts 25 five-star suites and spa facilities.

The Woodlands: Belle started the delivery of units to homeowners in 1998. The project was completed in 1999.

Gaming

On April 14, 2011, the Company acquired PLAI, which holds a License from PAGCOR, through the issuance of 2.7 billion new common shares, then valued at ₱1.95 per share, in exchange for 100% of the outstanding capital stock of PLAI. This marked the Company's strategic entry into the Integrated Resort Industry. In October 2012, the Company entered into a Cooperation Agreement with Melco, which placed Belle as a co-licensee and owner of the land and buildings and Melco's Philippine affiliate MRP as co-licensee, developer and operator of the integrated resort, which was subsequently branded as "City of Dreams Manila". City of Dreams Manila is sited on 6.2 hectares of prime land at the corner of Roxas Boulevard and Aseana Avenue in Parañaque City, at the entrance of PAGCOR's Entertainment City complex. The construction of the integrated resort was substantially complete as of its Grand Launch in February 2, 2015, with approximately 300 hectares of gross floor area containing approximately 2.2 hectares of gaming areas, more than 2 hectares of retail and restaurant facilities, with more than 900 hotel rooms of 4-star, 5-star, and 6-star quality and other entertainment facilities. City of Dreams Manila is only about 1 kilometer away from the Mall of Asia Complex.

Melco's major shareholder is Melco International Development Limited, a developer and owner of integrated resort facilities focused on the Macau market. Its operating complex in Macau's Cotai Strip, knows as the “City of Dreams”, is a highly successful project that houses a gaming facility, four luxury hotels (the Morpheus Hotel, Nuwa Hotel, a Grand Hyatt Hotel and the Countdown Hotel) and an upscale retail operation, along with a mix of bars and restaurants that are drawing crowns mainly from Hong Kong and China. The “City of Dreams” is also known for its spectacular show called “The House of Dancing Water”, which has become one of Macau’s major tourist attractions. During 2015, Melco launched its second integrated resort in Macau, called “Studio City”.

Pacific Online, incorporated in 1993, leases online betting equipment to the PCSO for their lottery operations. It listed it shares on the Philippine Stock Exchange on April 12, 2007.

Competition
Property development has been Belle’s historical core business area. Belle believes that its large-scale, self-contained, and community-type leisure its developments in Tagaytay Highlands and Tagaytay Midlands are unique in the Philippines. In general, Belle competes somewhat with the developers such as Ayala Land, Inc., Landco Pacific Corporation and Megaworld Corporation with respect to its residential and subdivision projects. Some of these developers, like Ayala Land, Inc., are bigger in size than Belle. Nevertheless, Belle is able to effectively compete with the above companies primarily on the basis of product quality, reliability to deliver the projects as promised, project location, and high-end property development expertise. Furthermore, Belle has a market base of more than 7,000 wealthy individuals who are existing members of Tagaytay Highlands International Golf Club, The Country Club at Tagaytay Highlands, and Tagaytay Midlands, which provides a marketing advantage.

In gaming, City of Dream Manila competes against casinos operated by PAGCOR and the other three licensees that are already operating – Resorts World Manila of Travelers International Hotel Group, Inc. (“Travelers”), Solaire Resort and Casino of Bloomberry Resorts Corporation, and Okada Manila of Universal Entertainment Corporation. Travelers has also broken ground on its planned Westside City (formerly known as Resorts World Bayshore) project in PAGCOR City, with the opening of the casino in Westside City reportedly estimated by Travelers in late 2021.

Suppliers
The Company has a broad base of local and foreign suppliers. As is the case with most property development companies, there is a risk that contractual arrangements with contractors my not meet the Company’s performance standards. To serve as safeguards to these eventualities, therefore, performance bonds are normally required for these contractors.

Customers
Belle’s market base includes wealthy local and foreign individual and institutional clients. The Company has historically sold its real estate projects (residential units and lots) to its golf or country club members.

Transactions with and / or Dependence on Related Parties
No director or executive officer or any member of their immediate family, during the last two (2) years, had a direct, or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

Licenses
Belle acquired all the shares of Premium Leisure & Amusement, Inc. (“PLAI”) through the issuance of 2.7 billion new common shares. PLAI is a grantee by Philippine Amusement and Gaming Corporation (“PAGCOR”) of a Certificate of Affiliation and License (“the License”) to operate integrated resorts, including casinos, in the vicinity of the Bagong Nayong Pilipino Manila Bay Entertainment City (“Entertainment City” or “PAGCOR City”). PLAI’s License, which was issued by PAGCOR as a Provisional License in 2008, runs concurrent with the PAGCOR’s Congressional Franchise, which expires in 2033 unless renewed for another 25 years by the Philippine Congress. Belle started construction of foundation and structure of the integrated resorts in 2010 on a 6.2-hectare land along the entrance of

Entertainment City. In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco Crown Entertainment Limited, now called Melco Resorts & Entertainment Limited, and its Philippine affiliates (collectively, "Melco"). The Cooperation Agreement placed Belle as a co-licensee and the owner of the land and buildings and Melco's Philippine affiliate, Melco Resorts & Entertainment (Philippines) Corporation ("MRP"), as a co-licensee, developer and operator of all facilities within the integrated resort, which was subsequently branded as "City of Dreams Manila". Belle, PLAI and MRP fully complied with all the PAGCOR requirements under the License as of the date of the soft opening, and in May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

Government Approvals / Regulations
As part of its normal course of real estate operation, the Company secures government approvals such as the Environment Compliance Certificate, Development Permits, DAR Clearances, and Licenses to Sell, etc.

The Company is also subject to the regulations of PAGCOR for its Gaming License and Philippine Economic Zone Authority (PEZA) as the developer of the City of Dreams Manila.

Effect of Existing or Probable Government Regulations on the Business
Belle has complied with all the government requirements necessary for its operations. Future government regulations are perceived to have no material impact to the normal operations of the Company.

Amount Spent on Research and Development Activities and Compliance and Environmental Laws
Consultancy fees, engineering and architectural design, surveying, ECC, permits and licenses, etc. are being added to the cost of the project. Generally, these costs represent about 4% of gross revenues.

Number of Employees
As of December 31, 2020, Belle had eighty-five (85) employees, all of whom are full-time employees. Belle employees are not subject to Collective Bargaining Agreements. Belle's management had generally not encountered any significant difficulties with its labor force, and no major strikes had been staged in the past.

The following are the breakdown of Belle employees according to type:

Executive	9
Senior Manager	2
Manager	11
Assistant Manager	8
Supervisor	21
Rank and File	34
Total	85

Aside from the basic salary and 13^{th} month pay, other supplemental benefits or incentives that re being provided by Belle to its employees include: health card, life and accident insurance, retirement plan and salary loan facilities, among others.

Risks
Some of the risks that the Company and its related subsidiaries and affiliates may be exposed to are the following:

Economic and Political Conditions
The Company's business is mainly the development and sale of high-end leisure properties in the Philippines which is generally influenced by the Philippine political and macroeconomic climate. Events and conditions that may negatively impact the Philippine economy as a whole may also adversely affect the Company's ability to sell its real estate projects.

Competition
The degree of competition in the property industry varies considerably be sector and geography. In general, Belle may compete with other developers for purchases of land, as well as clientele for its residential and club projects.

Changes in Local and International Interest Rates
Belle's local and foreign-denominated borrowings may be adversely affected by drastic increases in interest rates.

Changes in the Value of the Peso
The Company is not exposed to the risk of depreciation of the Peso since it does not have material financial assets and liabilities denominated in foreign currencies.

Contractors and Suppliers
As is the case with most property development companies, there is a risk that contractual arrangements with contractors may not meet the Company's performance standards. To serve as safeguards to these eventualities, therefore, performance bonds are normally required for these contractors.

Government Regulations
Belle's property development business is subject to certain laws and regulations of various branches of the government, such as the local governments, the Department of Environment and Natural Resources ("DENR"), and the Housing and Land Use Regulatory Board ("HLURB"). Belle has complied with the licensing and regulatory requirements necessary for its operations.

Belle's gaming businesses are also subject to certain laws and regulations. Belle's involvement in the lottery run by the PCSO is via its ownership in Pacific Online, which holds an equipment lease agreement with the PCSO for the operation on on-line lottery system in the Visayas – Mindanao regions. Belle's subsidiary PLC owns PLAI, which holds a License granted to it by PAGCOR to operate integrated resorts, including casinos, within Entertainment City.

Changes to the Philippine Laws and Regulations
Although laws and regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of Belle, including its subsidiaries and affiliates.

In order to mitigate the risks mentioned above, the Company will continue to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.

Working Capital
Belle finances its working capital requirements through a combination of internally-generated funds, pre-selling and borrowings.

Credit Risks
Customers who wish to purchase Belle properties on credit terms are subject to credit verification procedures, and receivable balances are monitored to reduce exposure to bad debts.

Information Technology
With the current business environment, Information technology risks are ever increasing. These cover unauthorized access to confidential data, loss or release of critical information, corruption of data, regulatory violation, and possible increase in costs and inefficiencies.

In order to address these risks, Belle has a co-location arrangement with redundant capability and automatic fail-over ser-up disaster recovery. It also continues to implement enterprise security solutions to manage external and internal threats. Annual review of technology roadmap to ensure the alignment between the business and information technology is performed.

Data Privacy
Belle may be at risk for breach of data privacy as detailed information is gathered from customers and prospective buyers, suppliers, contactors, and other business partners. The risk is mitigated through company-wide orientation on the Data Privacy Act, the topics of which include legal bases and implementing rules and regulations, rights of the individuals owning the information, exercising breach reporting procedures and other advisories.

Enterprise Risk Management Committee
The Company has an Enterprise Risk Management Committee (ERMC), comprised of certain Directors and Executives of the Company, which is an oversight committee created to act as the monitoring body for the individual risk management activities of the Company. The ERMC has the responsibility of developing a formal framework to assist the Company in managing its risks and is mandated to report regularly to the Risk Oversight Committee of the Board of Directors on any risk concerns.

DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

No principal accountant or independent accountants of the registrant has resigned, was dismissed, or has ceased to perform services during the two (2) most recent fiscal years or any subsequent interim period.

There have been no disagreements with any accountant on any matter of accounting principles or practices, financial statements disclosure or auditing scope of procedure.

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE AND FINANCIAL CONDITION

March 31, 2021 versus March 31, 2020 Results of Operations (in thousands)

		3 Months Ended March 31			Horizontal Analysis		Vertical Analysis	
		2021		2020	Increase (Decrease)		2021	2020
REVENUE								
Gaming revenue share	**P**	**431,051**	P	445,037	**(13,986)**	-3%	**33%**	31%
Lease income - Building		**549,658**		618,105	**(68,447)**	-11%	**42%**	44%
Equipment rental, distribution and commission (POSC)		**122,816**		180,108	**(57,292)**	-32%	**9%**	13%
Sale of real estate		**74,596**		50,497	**24,099**	48%	**6%**	4%
Lease income		**43,834**		47,702	**(3,867)**	-8%	**3%**	3%
Revenue from property management		**45,714**		43,381	**2,333**	5%	**4%**	3%
Others		**29,112**		33,790	**(4,678)**	-14%	**2%**	2%
TOTAL REVENUES		**1,296,781**		1,418,620	**(121,839)**	-9%	**100%**	100%
COST OF GAMING OPERATIONS		**(4,232)**		(4,268)	**36**	-1%	**0%**	0%
COST OF LEASE INCOME		**(257,533)**		(195,185)	**(62,348)**	32%	**-20%**	-14%
COST OF LOTTERY SERVICES		**(107,625)**		(174,895)	**67,270**	-38%	**-8%**	-12%
COST OF REAL ESTATE SOLD		**(54,536)**		(26,202)	**(28,334)**	108%	**-4%**	-2%
COST OF PROPERTY MANAGEMENT SERVICES		**(35,503)**		(28,692)	**(6,811)**	24%	**-3%**	-2%
GENERAL AND ADMINISTRATIVE EXPENSES		**(399,120)**		(385,689)	**(13,431)**	3%	**-31%**	-27%
TOTAL COSTS AND EXPENSES		**(858,549)**		(814,931)	**(43,618)**	5%	**-66%**	-57%
INCOME FROM OPERATIONS		**438,232**		603,689	**(78,221)**	-13%	**34%**	43%
UNREALIZED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		**(3,582)**		(14,225)	**10,643**	-75%	**0%**	-1%
INTEREST EXPENSE AND OTHER FINANCE CHARGES		**(81,637)**		(85,357)	**3,720**	-4%	**-6%**	-6%
INTEREST INCOME		**6,449**		19,190	**(12,741)**	-66%	**0%**	1%
DIVIDEND INCOME		**-**		10,355	**(10,355)**	-100%	**0%**	1%
NET FOREIGN EXCHANGE LOSS		**-**		8	**(8)**	-100%	**0%**	0%
OTHER INCOME (CHARGES)		**6,092**		15,534	**(9,442)**	-61%	**0%**	1%
INCOME BEFORE INCOME TAX		**365,554**		549,194	**(183,640)**	-33%	**28%**	39%
PROVISION FOR INCOME TAXES								
Current		**7,044**		95,052	**88,008**	93%	**1%**	7%
Deferred		**(438,916)**		3,009	**441,925**	14687%	**-34%**	0%
		(431,872)		98,061	**529,933**	540%	**-33%**	7%
NET INCOME	**P**	**797,426**	P	451,133	**346,293**	77%	**61%**	32%

Belle Corporation ("Belle" or the "Company") realized consolidated net income of ₱797.4 million for the first quarter of 2021, which was higher by 77% compared to consolidated net income of Php 451.1 million for the first quarter of 2020. Belle's positive operating result for 2021 was achieved in spite of economic headwinds caused by the continuing Covid-19 pandemic. Consolidated revenues declined by ₱121.8 million (9%), from ₱1,418.6 million in the first quarter of 2020 to ₱1,296.8 million in the current period.

The effects of the Covid-19 pandemic began in early 2020 with declining tourist arrivals prior to the implementation of the community quarantines nationwide, and was compounded by the temporary suspension of gaming operations at City of Dreams Manila on March 16, 2020 in compliance with government initiatives to contain the virus. The share in the gaming revenues at City of Dreams Manila ("CODM") of Belle's subsidiary Premium Leisure Corporation ("PLC") declined by ₱14.0 million (3%), from ₱445.0 million in 2020 to ₱431.0 million in 2021, as gaming operations continued to be substantially limited during the first quarter of 2021.

The pandemic also caused weak results at Pacific Online Systems Corporation ("Pacific Online"), which leases online betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery and keno operations. Pacific Online, which is 50.1%-owned by PLC, posted a ₱57.3 million (32%) decrease in revenues, from ₱180.1 million for the 2020 period to ₱122.8 million for the 2021 period.

Belle's real estate operations recorded a ₱50.6 million (6%) decrease in revenues, to ₱742.9 million in the first quarter of 2021 from ₱793.5 million in the first quarter of 2020. Of real estate revenues in the first quarter of 2021, ₱593.5 million came from Belle's lease of the land and buildings comprising City of Dreams Manila to Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), which amount was ₱72.3 million (11%) lower than revenues therefrom of ₱665.8 million in the first quarter of 2020. Belle's real estate sales and property management activities at its Tagaytay Highlands complex contributed revenues of ₱149.4 million in the first quarter of 2021, which were ₱21.8 million (16%) higher than revenues of ₱127.6 million in the first quarter of 2020.

Revenues

Total consolidated revenues of ₱1,296.8 million for the three months ended March 31, 2021 were lower by ₱121.8 million (9%), compared to ₱1,418.6 million for the three months ended March 31, 2020. Revenue from the share of PLC in gaming earnings of CODM decreased by ₱14.0 million (3%), from ₱445.0 million for the 2020 period to ₱431.0 million for the current period. Revenues of Pacific Online decreased by ₱57.3 million (32%), from ₱180.1 million in the 2020 period to ₱122.8 million in the current period, and revenues from real estate development and management activities increased by ₱21.8 million (16%), from ₱127.6 million in the 2020 period to ₱149.4 million in the current period.

Costs of Lottery Services

Costs of lottery services at Pacific Online decreased by ₱67.3 million (38%), to ₱107.6 million in the current period from ₱174.9 million in the 2020 period, mainly due to the sale of Pacific Online's subsidiary and retail arm, Lucky Circle Corporation, in February 2020.

Costs of Real Estate sold

Costs of real estate sold increased by ₱28.3 million (108%) to ₱54.5 million in the current period, from ₱26.2 million in the 2020 period, due to the higher revenue therefrom recognized during the period.

Costs of Property Management Services

Costs of property management services increased by ₱6.8 million (24%), to ₱35.5 million for the current period, from ₱28.7 million for the 2020 period, due to higher utilities consumed.

General and Administrative Expenses

General and administrative expenses increased by ₱13.4 million (3%), to ₱399.1 million for the current period from ₱385.7 million for the 2020 period, due to higher depreciation expenses. Without the increase in depreciation expenses, general and administrative expenses would have actually decreased by ₱9.5 million (5%) because of cost saving measures being applied by the Company.

Financial Income (Expense)

Interest expense and other finance charges decreased by ₱3.7 million (4%) to ₱81.6 million for the current period, from ₱85.3 million for the 2020 period. The lower interest expense was due to lower interest rates on the Company's loans. As of March 31, 2021, the Company's total debt stood at ₱7,495.0 million, compared to ₱7,019.7 million as of March 31, 2020. Interest income decreased by ₱12.7 million (66%), to ₱6.4 million in the current period from ₱19.2 million in the 2020 period, due to lower average yields on investments.

Provision for Income Taxes

The Company's consolidated provision for income taxes decreased by ₱529.9 million (540%) during the first quarter of 2021, due to a nonrecurring tax adjustment of ₱495.0 million, resulting from the delayed implementation of the CREATE Bill, which lowered the marginal tax rate from 30% to 25% effective July 2020 (but was only passed in 2021), as well as lower current income taxes by ₱88.0 million (93%) from ₱95.0 million in the 2020 period to ₱7.0 million in the current period.

Net Income

As a result of the foregoing, the Company realized consolidated net income of ₱797.4 million for the three months ended March 31, 2021, which was higher by ₱346.3 million (77%) compared to the consolidated net income of ₱451.1 million for the three months ended March 31, 2020.

March 31, 2021 (Unaudited) vs December 31, 2020 (Audited) Statement of Financial Position (in thousands)

		As of Mar 31 2021		As of Dec 31 2020	Horizontal Analysis Inc (Dec)	Horizontal Analysis %	Vertical Analysis 2021	Vertical Analysis 2020
ASSETS								
Current Assets								
Cash and cash equivalents	P	**2,919,271**	P	2,592,070	327,201	13%	**6%**	5%
Financial assets at fair value through profit or loss		**80,678**		84,261	(3,583)	-4%	**0%**	0%
Receivables		**4,870,270**		5,034,824	(164,554)	-3%	**10%**	10%
Contract assets		**269,106**		39,903	229,203	574%	**1%**	0%
Real estate for sale		**469,661**		470,609	(948)	0%	**1%**	1%
Land held for future development		**3,019,360**		3,013,950	5,410	0%	**6%**	6%
Other current assets		**2,046,578**		1,872,788	173,790	9%	**4%**	4%
		13,674,924		13,108,405	566,519	4%	**27%**	26%
Noncurrent Assets								
Contract assets - net of noncurrent portion		**357,002**		315,902	41,100	13%	**1%**	1%
Financial assets at fair value through other comprehensive income		**4,551,609**		4,789,847	(238,238)	-5%	**9%**	10%
Intangible asset		**4,320,413**		4,349,372	(28,959)	-1%	**9%**	9%
Investment properties		**25,153,200**		25,437,299	(284,099)	-1%	**50%**	51%
Goodwill		**926,008**		926,008	-	0%	**2%**	2%
Property and equipment		**125,587**		143,911	(18,324)	-13%	**0%**	0%
Investments in and advances to associates - net		**77,933**		75,428	2,505	3%	**0%**	0%
Pension asset		**-**		14,012	(14,012)	-100%	**0%**	0%
Deferred tax asset		**82,415**		82,415	-	0%	**0%**	0%
Right of Use		**46,947**		71,732	(24,785)	-35%	**0%**	0%
Other noncurrent assets		**689,346**		641,649	47,697	7%	**1%**	1%
		36,330,460		36,847,575	(517,115)	-1%	**73%**	74%
TOTAL ASSET	P	**50,005,384**	P	49,955,980	49,404	0%	**100%**	100%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	P	**1,855,815**	P	2,338,806	(482,991)	-21%	**4%**	5%
Loans payable		**2,595,017**		2,525,017	70,000	3%	**5%**	5%
Income tax payable		**6**		6	-	0%	**0%**	0%
Current portion of:								
Long-term debt		**10,000**		121,111	(111,111)	-92%	**0%**	0%
Lease Liability - current		**212,991**		148,613	64,378	43%	**0%**	0%
		4,673,829		5,133,553	(459,724)	-9%	**9%**	10%
Noncurrent portion of:								
Long-term debt		**4,890,000**		4,445,556	444,444	10%	**10%**	9%
Lease Liability - noncurrent		**6,613,367**		6,538,881	74,486	1%	**13%**	13%
Pension liability		**48,124**		59,291	(11,167)	-19%	**0%**	0%
Deferred tax liabilities		**2,529,994**		2,968,910	(438,916)	-15%	**5%**	6%
Other noncurrent liability		**249,219**		375,672	(126,453)	-34%	**0%**	1%
		14,330,704		14,388,310	(57,606)	0%	**29%**	29%
TOTAL LIABILITIES		**19,004,533**		19,521,863	(517,330)	-3%	**38%**	39%
Equity								
Attributable to equity holders of parent:								
Common stock		**10,561,000**		10,561,000	-	0%	**21%**	21%
Additional paid-in capital		**5,503,731**		5,503,731	-	0%	**11%**	11%
Treasury stock		**(2,476,700)**		(2,476,700)	-	0%	**-5%**	-5%
Equity share in cost of Parent Company shares held by associates		**(2,501)**		(2,501)	-	0%	**0%**	0%
Cost of Parent Company common and preferred shares shares held by subsidiaries		**(1,464,322)**		(1,464,322)	-	0%	**-3%**	-3%
Unrealized gain on financial assets at fair value through other comprehensive income		**382,634**		616,228	(233,594)	-38%	**1%**	1%
Other reserves		**3,059,708**		3,059,708	-	0%	**6%**	6%
Excess of net asset value of an investment over cost		**252,040**		252,040	-	0%	**1%**	1%
Retained Earnings		**12,327,625**		11,580,786	746,839	6%	**25%**	23%
Total equity attributable to equity holders of the Parent		**28,143,215**		27,629,970	513,245	2%	**56%**	55%
Non-controlling interests		**2,857,636**		2,804,147	53,489	2%	**6%**	6%
TOTAL EQUITY		**31,000,851**		30,434,117	566,734	2%	**62%**	61%
TOTAL LIABILITIES AND EQUITY	P	**50,005,384**	P	49,955,980	49,404	0%	**100%**	100%

ASSETS

Total assets of the Company increased by ₱49.4 million (0.1%) to ₱50,005.4 million as of March 31, 2021, from ₱49,956.0 million as of December 31, 2020.

Cash and Cash equivalents
Cash and cash equivalents increased by ₱327.2 million (13%), to ₱2,919.3 million as of March 31, 2021 from ₱2,592.1 million as of December 31, 2020, due mainly to revenue collections net of payments of expenses for the period.

Financials Assets at Fair Value through Profit or Loss ("FVTPL")
The Company's FVTPL decreased by ₱3.6 million (4%), to ₱80.7 million as of March 31, 2021, from ₱84.3 million as of December 31, 2020, due to the decline in market value of listed shares held by Pacific Online.

Receivables and Contract Assets
Receivables and Contract Assets increased by ₱105.8 million (2%) to ₱5,496.4 million as of March 31, 2021 from ₱5,390.6 million as of December 31, 2020. The increase was due to an increase of ₱229.2 million in the Company's contract assets, from ₱39.9 million as of December 31, 2020 to ₱269.1 million as of March 31, 2021.

Financials Assets at Fair Value through Other Comprehensive Income ("FVOCI")
The Company's FVOCI decreased by ₱238.2 million (5%), to ₱4,551.6 million as of March 31, 2021 from ₱4,789.8 million as of December 31, 2020, due to decreases in market values of its investments. As at March 31, 2021, the Company's FVOCI consists of invesments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

Intangible Asset
This pertains to the cost of the PAGCOR License to operate integrated resorts that was granted by PAGCOR to PLAI. Belle and MRP are Co-Licensees under PLAI's PAGCOR License. Amortization of the intangible asset on the License started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Amortization expense for the three months ended March 31, 2021 amounted to ₱29.0 million.

Investment Properties
This account consists mainly of the carrying value of the CODM land and building in PAGCOR Entertainment City in Paranaque. The ₱284.1 million decrease during the first three months of 2021 is due to depreciation expense on the CODM building.

Right-of-Use Assets
Right-of-use assets (or "ROU Assets") represent a lessee's right to to operate, hold, or occupy leased property or equipment during the lease term. The ₱24.8 million decrease during the first three months of 2021 is due to the amortization of ROU Assets for this period.

Goodwill
The Company's goodwill amounted to ₱926.0 million as of both March 31, 2021 and December 31, 2020, as a result of consolidating Pacific Online.

Other Assets
Other assets increased by ₱221.5 million (9%), to ₱2,735.9 million as of March 31, 2021 from ₱2,514.4 million as of December 31, 2020, mainly due to higher prepaid expenses.

LIABILITIES
Total liabilities decreased by ₱517.3 million (3%), to ₱19,004.5 million as of March 31, 2021, from ₱19,521.9 million as of December 31, 2020, due mainly to payments of trade and other current liabilities, and adjustments in deferred tax liabilities of the Company due to the CREATE Bill, offset by the increase in the Company's long-term debt.

Trade and Other Current Liabilities
Trade and other current liabilities decreased by ₱483.0 million (21%) to ₱1,855.8 million as of March 31, 2021 from ₱2,338.8 million as of December 31, 2020, due payments to suppliers during the period.

Loans Payable and Long-Term Debt
Total consolidated debt, amounting to ₱7,495.0 million as of March 31, 2021 consists of Peso-denominated borrowings of Belle from various local financial institutions, with an average interest rate of approximately 4.32% per annum during the first quarter of 2021. The outstanding amount of total debt increased by 403.3 million (6%), from ₱7,091.7 million as of December 31, 2020, due to net additional borrowings during the period.

EQUITY
The Company's shareholders' equity as of March 31, 2021 of ₱31,000.9 million was higher by about ₱566.8 million (2%), compared to its shareholders' equity of ₱30,434.1 million as of December 31, 2020, due to the Company's net income of ₱797.4 million for the three months ended March 31, 2021, offset by the decrease in market value of FVOCI of ₱223.6 million.

Below are the comparative key performance indicators of the Company and its subsidiaries:

	Manner by which the Company calculates the key performance indicators	**31 March 2020 (unaudited)**	31 March 2020 (unaudited)	31 December 2020 (audited)
Asset to equity ratio	Total assets over equity	**1.61 : 1.00**	**1.42 : 1.00**	1.64: 1.00
Current or Liquidity ratio	Current assets over current liabilities	**2.93 : 1.00**	**2.12 : 1.00**	2.55: 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	**0.24 : 1.00**	**0.20 : 1.00**	0.23: 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents	**0.15 : 1.00**	**0.11 : 1.00**	0.15: 1.00
Interest rate coverage ratio	EBIT over interest expense	**5.40 :1.00**	**8.12 :1.00**	2.90:1.00
Return on assets	Annualized net income over average total assets during the period	**6.4%**	**5.3%**	1.9%
Return on equity	Annualized net income over average equity during the period	**10.4%**	**7.5%**	2.9%

The above performance indicators are calculated as follows:

Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity

Return on Equity	Net Income / Average equity during the period
Return on Assets	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of March 31, 2021, consolidated total debt of the Company of ₱7,495.0 million was comprised of borrowings from renewable short-term bank lines of ₱2,595.0 million and amortizing term loans from banks of ₱4,900.0 million. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of March 31, 2021, except for what has been noted in the preceding, there were no material events or uncertainties known to management that has a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

PART II - OTHER INFORMATION

Financial Risk Management Objectives and Policies

The Company's principal financial liabilities are composed of trade and other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal assets include cash and cash equivalents, receivables and installment receivables. The Company also holds financials assets at FVTPL, financials assets at FVOCI, deposits, refundable deposits and construction bonds, guarantee deposits, loan payable, long-term debt, lease liability, and obligations under finance lease.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which is subject to cash flow interest rate risk.

The Company's policy is to manage its interest cost by limiting its borrowings and entering only into borrowings at fixed and variable interest rates.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's investments held for trading. The Company monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, investments held for trading, receivables, finance lease receivables, advances to associates, financial assets at FVOCI, deposits, refundable deposits and construction bonds and guarantee bonds, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

Fair Value of Financial Assets and Financial Liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by category and by class of carrying values and fair values of all the Company's financial assets and liabilities:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying value	Fair Value	Carrying value	Fair Value
Financial assets measured at fair value				
Through profit or loss	80,678	80,678	84,261	84,261
Through other comphensive income	4,551,609	4,551,609	4,789,847	4,789,847
Financial assets for which fair value is disclosed	25,153,200	43,122,721.82	25,437,299	43,609,782
Financial liabilities for which fair value is disclosed				
Refundable deposit	65,409,261	42,368,673	64,904,390	46,901,956
Long term debt	4,900,000	5,091,933	4,566,667	4,946,284
Lease liability	6,793,945	6,793,945	6,696,360	7,243,504

Fair value is defined as the amount at which the financial assets and financial liabilities could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and other valuation models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities and Installment Payable. The carrying values of these financial assets approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVTPL and Financial Assets at FVOCI. The fair values of Financials Assets at FVTPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those share whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares, and there are no reliable sources of their fair values, therefore, these are carried at cost net of any impairment loss.

Long-term Debt. The fair value of long-term loans payable is determined by discounting the obligations' expected future cash flows using prevailing interest rates as at reporting dates.

Lease Liabilities. The fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments.

<u>Determination of Fair Value and Fair Value Hierarchy</u>

The Company has Investments held at FVTPL and at FVOCI in quoted equity securities recorded at Level 1 fair value. These are the only financial assets and financial liabilities carried at fair value.

Other Required Disclosures

A.) The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2020.

The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2020 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's consolidated financial statements when these amendments are adopted.

B.) Impact of Covid-19 to Belle's business and operations.

The Covid-19 continues to impact on the Company's business units, especially on the gaming-related businesses due to the limited capacity and temporary business suspensions imposed by the appropriate regulatory bodies in line with the country's efforts to contain the spread of the pandemic.

C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.

D.) Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.

E.) There were no material events subsequent to March 31, 2021 up to the date of this report that needs disclosure herein.

F.) There were no changes in contingent liabilities or contingent assets since March 31, 2021.

G.) There exist no material contingencies affecting the current interim period.

December 31, 2020 versus December 31, 2019 Results of Operations (in Thousands)

	2020	2019	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2020	Vertical Analysis 2019
REVENUE						
Lease income	P **2,663,226**	P 2,670,953	**(7,727)**	0%	**64%**	0%
Gaming revenue share	**635,217**	2,976,366	**(2,341,149)**	-79%	**15%**	40%
Equipment rental and instant scratch ticket sales	**281,763**	681,484	**(399,721)**	-59%	**7%**	0%
Sale of real estate	**234,965**	487,307	**(252,342)**	-52%	**6%**	0%
Revenue from property management	**168,296**	214,635	**(46,339)**	-22%	**4%**	0%
Distribution and commission income	**46,675**	308,381	**(261,706)**	-85%	**1%**	0%
Others	**143,258**	130,308	**12,950**	10%	**3%**	0%
TOTAL REVENUES	**4,173,400**	7,469,434	**(3,296,034)**	-44%	**100%**	100%
GENERAL AND ADMINISTRATIVE EXPENSES	**(1,312,959)**	(1,386,592)	**(73,633)**	-5%	**-31%**	-19%
COST OF LEASE INCOME	**(1,206,514)**	(836,938)	**369,576**	44%	**-29%**	-11%
COST OF LOTTERY SERVICES	**(494,211)**	(983,422)	**(489,211)**	-50%	**-12%**	-13%
COST OF GAMING OPERATIONS	**(135,692)**	(135,865)	**(173)**	0%	**-3%**	-2%
COST OF REAL ESTATE SOLD	**(134,934)**	(202,335)	**(67,401)**	-33%	**-3%**	-3%
COST OF PROPERTY MANAGEMENT SERVICES	**(100,957)**	(159,854)	**(58,897)**	-37%	**-2%**	-2%
TOTAL COSTS AND EXPENSES	**(3,385,267)**	**(3,705,006)**	**(126,471)**	-3%	**-9%**	-7%
INCOME FROM OPERATIONS	**788,133**	3,764,428	**(3,169,563)**	-84%	**91%**	93%
INTEREST EXPENSE AND OTHER FINANCE CHARGES	**(559,570)**	(478,880)	**80,690**	17%	**-13%**	-6%
INTEREST INCOME	**55,451**	75,157	**(19,706)**	-26%	**1%**	1%
UNREALIZED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS	**(6,196)**	(15,248)	**(9,052)**	59%	**0%**	0%
NET FOREIGN EXCHANGE LOSS	**(1,994)**	(2)	**1,992**	-99600%	**0%**	0%
OTHER INCOME (CHARGES)	**843,194**	(128,289)	**971,483**	757%	**20%**	-2%
INCOME BEFORE INCOME TAX	**1,119,018**	3,217,166	**(2,098,148)**	-65%	**27%**	43%
PROVISION FOR INCOME TAXES						
Current	**36,653**	274,033	**237,380**	87%	**1%**	4%
Deferred	**190,664**	19,406	**(171,258)**	883%	**5%**	0%
	227,317	293,439	**66,122**	23%	**5%**	4%
NET INCOME	P **891,701**	P 2,923,727	**(2,032,026)**	-70%	**21%**	39%

Belle Corporation ("Belle" or "The Company") realized consolidated net income of ₱891.7 million for 2020. While this is lower by 70% compared to consolidated income of ₱2,923.7 million for 2019, Belle's positive operating result for 2020 was achieved in spite of economic headwinds caused by the Covid-19 pandemic, as well as by the Taal Volcano eruption in January 2020 that affected its real estate operations in Tagaytay City and Batangas. Consolidated revenues declined by 44%, from ₱7,469.4 million in 2019 to ₱4,173.4 million in 2020.

The effects of the Covid-19 pandemic began with declining tourist arrivals prior to the implementation of the community quarantines nationwide, and was compounded by the temporary suspension of gaming operations at City of Dreams Manila on March 16, 2020 in compliance with government initiatives to contain the virus. The share in gaming revenues at City of Dreams Manila ("CODM") of Belle's subsidiary Premium Leisure Corporation ("PLC"), declined by 79%, from ₱2,976.4 million in 2019 to ₱635.2 million in 2020, as gaming operations were either suspended or substantially limited during the last nine months of 2020.

The pandemic also caused weak results at Pacific Online Systems Corporation ("Pacific Online"), which leases online betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery and keno operations. Pacific Online, which is 50.1%-owned by PLC, posted a 67% decrease in revenues, from ₱989.9 million for 2019 to ₱328.4 million for 2020.

Belle's real estate operations recorded an 8% decrease in revenues, to ₱3,209.7 million in 2020 from ₱3,503.2 million in 2019. Of real estate revenues in 2020, ₱2,663.2 million came from Belle's lease of the land and buildings comprising CODM to Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), which were slightly lower from ₱2,671.0 million in 2019. Belle's real estate sales and property management activities at its Tagaytay Highlands complex, which were affected by the community quarantines and the Taal Volcano eruption, contributed revenues of ₱546.5 million in 2020, which were 34% lower than revenues of ₱832.3 million in 2019.

Revenues
Total consolidated revenues of ₱4,173.4 million for 2020 were lower by ₱3,296.0 million (44%), compared to ₱7,469.4 million for 2019. All the business units of the Company experienced decline in revenues as a result of Covid-19 Pandemic. The lease revenue from the land and buildings of CODM decreased by ₱7.7 million (0.3%), from ₱2,671.0 million for 2019 to ₱2,663.2 million for 2020, gaming revenue share in CODM decreased by ₱2,341.1 million (79%) from ₱2,976.4 million in 2019 to ₱635.2 million in 2020, total revenues at Pacific Online decreased by ₱661.4 million (67%), from ₱989.9 million in 2019 to ₱328.4 million in 2020, and revenue from real estate development and management activities decreased by ₱285.8 million (34%), from ₱832.3 million in 2019 to ₱546.5 million in 2020.

General and Administrative Expenses
General and administrative expenses decreased by ₱73.6 million (5%), to ₱1,313.0 million for 2020 from ₱1,386.6 million for 2019, due to lower expenses at PLC and Pacific Online.

Costs of Lease Income
Costs of lease income in respect of the City of Dreams Manila property increased by ₱369.6 million (44%), to ₱1,206.5 million in 2020 from ₱836.9 million in 2019, mainly due to higher amortization of right of use asset on leases.

Costs of Lottery Services
Costs of lottery services at Pacific Online decreased by ₱489.2 million (50%), to ₱494.2 million in 2020 from ₱983.4 million in 2019, mainly due to lower consultancy and professional fees, as well as the deconsolidation of Lucky Circle Corporation brought about by its sale in February 2020.

Costs of Gaming Operations
The costs of gaming operations at PLC was virtually unchanged, from ₱135.9 million for 2019 to ₱135.7 million for 2020. PLAI has a direct economic participation in the gaming operations at City of Dreams Manila, by virtue of an operating agreement with MRP that accords PLAI a share of gaming revenue or earnings. MRP is a Philippine Corporation controlled by Melco Resorts and Entertainment Limited ("Melco"), a Hong Kong-based corporation which develops, owns and operates gaming and entertainment facilities around the world, mostly in Macau.

Costs of Real Estate sold
Costs of real estate sold decreased by ₱67.4 million (33%) to ₱134.9 million in 2020, from ₱202.3 million in 2019, due to the lower revenue therefrom recognized during the period.

Costs of Property Management Services
Costs of property management services decreased by ₱58.9 million (37%), to ₱101.0 million for 2020, from ₱159.9 million for 2019, due to lower utilities consumption due to decreased activities in the estate due to COVID-19 community quarantines and rationalization of costs.

Financial Income (Expense)
Interest expense and other finance charges increased by ₱80.7 million (17%) to ₱559.8 million for 2020, from ₱478.9 million for 2019. The increase in interest expense was largely due to higher imputed interest on Belle's lease liability. Interest income decreased by ₱19.7 million (26%), to ₱55.5 million in 2020, from ₱75.2 million in 2019, due to lower balances of and average yields on short-term investments.

Other Income
Other income increased by ₱971.5 million (757%) mostly due to the reversal of general provisions amounting to about ₱756.1 million in 2020.

Provision for Income Taxes
The Company's consolidated provision for income taxes decreased by ₱66.1 million (23%) in 2020, to ₱227.3 million from ₱293.4 million in 2019, due to lower operating income in 2020.

Net Income
As a result of the foregoing, the Company realized consolidated net income of ₱891.7 million for 2020, a decrease of ₱2,034.0 million (70%) from its 2019 consolidated net income of ₱2,923.7 million.

December 31, 2020 vs December 31, 2019 Statement of Financial Position (in thousands)

	December 31				Horizontal Analysis		Vertical Analysis	
		2020		2019	Inc (Dec)	%	2020	2019
ASSETS								
Current Assets								
Cash and cash equivalents	P	**2,592,070**	P	4,104,674	(1,512,604)	-37%	**5%**	9%
Financial assets at fair value through profit or loss		**84,261**		140,457	(56,196)	-40%	**0%**	0%
Receivables		**5,034,824**		2,463,605	2,571,219	104%	**10%**	6%
Contract assets		**39,903**		40,511	(608)	-2%	**0%**	0%
Real estate for sale		**470,609**		327,124	143,485	44%	**1%**	1%
Land held for future development		**3,013,950**		3,005,429	8,521	0%	**6%**	7%
Other current assets		**1,872,788**		1,637,773	235,015	14%	**4%**	4%
		13,108,405		11,719,573	1,388,832	12%	**26%**	26%
Noncurrent Assets								
Investment properties		**25,437,299**		20,257,604	5,179,695	26%	**51%**	45%
Financial assets at fair value through other comprehensive income		**4,789,847**		5,512,817	(722,970)	-13%	**10%**	12%
Intangible asset		**4,349,372**		4,465,206	(115,834)	-3%	**9%**	10%
Goodwill		**926,008**		1,343,809	(417,801)	-31%	**2%**	3%
Installment Receivable		**269,600**		404,518	(134,918)	-33%	**1%**	1%
Property and equipment		**143,911**		164,825	(20,914)	-13%	**0%**	0%
Deferred tax asset		**82,415**		52,825	29,590	56%	**0%**	0%
Investments in and advances to associates - net		**75,428**		77,950	(2,522)	-3%	**0%**	0%
Contract assets - net of noncurrent portion		**46,302**		89,612	(43,310)	-48%	**0%**	0%
Pension asset		**14,012**		10,312	3,700	36%	**0%**	0%
Right of Use		**71,732**		148,309	(76,577)	-52%	**0%**	0%
Other noncurrent assets		**641,649**		524,508	117,141	22%	**1%**	1%
		36,847,575		**33,052,295**	(1,568)	0%	**74%**	74%
TOTAL ASSET	P	**49,955,980**	P	44,771,868	1,387,264	3%	**100%**	100%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	P	**2,338,806**	P	2,301,824	36,982	2%	**5%**	5%
Loans payable		**2,525,017**		1,950,017	575,000	29%	**5%**	4%
Income tax payable		**6**		4,275	(4,269)	-100%	**0%**	0%
Current portion of:								
Long-term debt		**121,111**		944,444	(823,333)	-87%	**0%**	2%
Lease Liability - current		**148,613**		85,660	62,953	73%	**0%**	0%
		5,133,553		5,286,220	(152,667)	-3%	**10%**	12%
Noncurrent portion of:								
Long-term debt		**4,445,556**		3,566,667	878,889	25%	**9%**	8%
Lease Liability - noncurrent		**6,538,881**		918,275	5,620,606	612%	**13%**	2%
Pension liability		**59,291**		54,532	4,759	9%	**0%**	0%
Deferred tax liabilities		**2,968,910**		2,741,361	227,549	8%	**6%**	6%
Other noncurrent liability		**375,672**		343,424	32,248	9%	**1%**	1%
		14,388,310		7,624,259	6,764,051	89%	**29%**	17%
TOTAL LIABILITIES		**19,521,863**		12,910,479	6,611,384	51%	**39%**	29%
Equity								
Attributable to equity holders of parent:								
Common stock		**10,561,000**		10,561,000	-	0%	**21%**	24%
Additional paid-in capital		**5,503,731**		5,503,731	-	0%	**11%**	12%
Treasury stock		**(2,476,700)**		(2,476,700)	-	0%	**-5%**	-6%
Equity share in cost of Parent Company shares held by as		**(2,501)**		(2,501)	-	0%	**0%**	0%
Cost of Parent Company common and preferred shares h		**(1,464,322)**		(1,493,752)	29,430	-2%	**-3%**	-3%
Other reserves		**3,675,936**		4,379,383	(703,447)	-16%	**7%**	10%
Excess of net asset value of an investment over cost		**252,040**		252,040	-	0%	**1%**	1%
Retained Earnings		**11,580,786**		11,707,576	(126,790)	-1%	**23%**	26%
Total equity attributable to equity holders of the Parent		**27,629,970**		28,430,777	(800,807)	-3%	**55%**	64%
Non-controlling interests		**2,804,147**		3,430,612	(626,465)	-18%	**6%**	8%
Total Equity		**30,434,117**		31,861,389	(1,427,272)	-4%	**61%**	71%
TOTAL LIABILITIES AND EQUITY	P	**49,955,980**	P	44,771,868	5,184,112	12%	**100%**	100%

ASSETS
Total assets of the Company increased by ₱5,184.1 million (12%) to ₱49,956.0 million as of December 31, 2020, from ₱44,771.9 million as of December 31, 2019.

Cash and Cash equivalents
Cash and cash equivalents decreased by ₱1,512.6 million (37%), to ₱2,592.1 million as of December 31, 2020 from ₱4,104.7 million as of December 31, 2019, due mainly to lower cash flows from operations and the payment of the regular cash dividend of ₱1,171.5 million on March 27, 2020.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")
The Company's FVTPL decreased by ₱56.2 million (40%), to ₱84.3 million as of December 31, 2020 from ₱140.5 million as of December 31, 2019, due to the decrease in market value of listed shares held by Pacific Online. As at December 31, 2020, the Company's consolidated FVTPL consists of investments of Pacific Online in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc., and PLDT, Inc.

Receivables and Contract Assets
Receivables and Contract Assets increased by ₱2,392.4 million (80%), to a total of ₱5,390.6 million as of December 31, 2020 from ₱2,998.2 million as of December 31, 2019.

Real Estate for Sale
Real estate for sale increased by ₱143.5 million (44%), to ₱470.6 million as of December 31, 2020 from ₱327.1 million as of December 31, 2019, due to additional finished inventory of real estate added in 2020.

Investment Properties
This account consists mainly of carrying value of the CODM property and right of use assets for leases in Paranaque City. The ₱5,179.7 million (26%) increase of Investment Properties, from ₱20,257.6 million as of December 31, 2019 to ₱25,437.3 million as of December 31, 2020, was due to the right of use asset recognized for leased property at Paranaque City, offset by the depreciation expense on the CODM building and amortization of right of use assets.

Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")
The Company's FVOCI decreased by ₱722.9 million (13%), to ₱4,789.8 million as of December 31, 2020 from ₱5,512.8 million as of December 31, 2019, due decreases in the market values of these investments.

Intangible Asset
This pertains to the cost of the License to operate integrated resorts that was granted by the Philippine Amusement and Gaming Corp ("PAGCOR") to PLAI. Belle and MRP are Co-Licensees under PLAI's PAGCOR License. Amortization of the intangible asset on the License started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Intangible assets decreased by ₱115.8 million (3%), from ₱4,465.2 million as of December 31, 2019 to ₱4,349.4 million as of December 31, 2020, mainly due to amortization expense on the PAGCOR License.

Goodwill
Goodwill decreased by ₱417.8 million (31%), from ₱1,343.8 million on December 31, 2019 to ₱926.0 million on December 31, 2020, due to provisions for impairment on Pacific Online's Goodwill booked during 2020.

Right of Use Assets
Right of use assets decreased by ₱76.6 million (52%) from ₱148.3 million as of December 31, 2019 to ₱71.7 million as of December 31, 2020, mainly due to amortization expense.

Other Assets
Other assets increased by ₱352.2 million (16%), to ₱2,14.4 million as of December 31, 2020 from ₱2,162.3 million as of December 31, 2019, mainly due to increases in prepaid taxes.

LIABILITIES
Total liabilities increased by ₱6,611.4 million (51%), to ₱19,521.9 million as of December 31, 2020, from ₱12,910.5 million as of December 31, 2019, mainly due to the increase in contractual liabilities from leases and additional borrowings from local banks.

Trade and Other Current Liabilities
Trade and other current liabilities slightly increased from ₱2,301.8 million as of December 31, 2019 to ₱2,338.8 million as of December 31, 2020.

Loans Payable and Long-Term Debt
Total consolidated debt, amounting to ₱7,091.7 million as of December 31, 2020, consists of Peso-denominated borrowings of Belle from various local financial institutions, with an average interest rate of approximately 5.57% per annum during 2020. The outstanding amount of total debt increased by ₱630.6 million (10%) from ₱6,461.1 million as of December 31, 2019, due to financing requirements.

Other Liabilities
Other Liabilities increased by ₱5,720.6 million (408%) to ₱7,122.5 million as of December 31, 2020, from ₱1,401.9 million as of December 31, 2018, mainly due to increase in liabilities from long-term operating leases.

EQUITY
The Company's shareholders' equity as of December 31, 2020 of ₱30,434.1 million was lower by ₱1,427.3 million (4%), compared to its shareholders' equity of ₱31,861.4 million as of December 31, 2019, due to the decreases in market value of financial assets at fair value through other comprehensive income of ₱718.7 million (54%) and the ₱1,171.5 million regular cash dividend paid to its shareholders on March 27, 2020. The decreases were offset by Company's consolidated net income of ₱891.7 million for 2020.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Belle Corporation (consolidated)

	December 31, 2020	December 31, 2019
Asset to equity ratio	**1.64 : 1.00**	1.41 : 1.00
Current or Liquidity ratio	**2.55 : 1.00**	2.19 : 1.00
Debt-to-equity ratio	**0.23 : 1.00**	0.20 : 1.00
Net debt-to-equity ratio	**0.15 : 1.00**	0.07 : 1.00
Interest rate coverage ratio	**2.90 : 1.00**	7.56 : 1.00
Return on assets	**1.9%**	6.7%
Return on equity	**2.9%**	9.5%

Premium Leisure Corp. (consolidated)

	December 31, 2020	December 31, 2019
Asset to equity ratio	**1.07 : 1.00**	1.11 : 1.00
Current or Liquidity ratio	**5.75 : 1.00**	4.35 : 1.00
Debt-to-equity ratio	**0.00 : 1:00**	0.01 : 1.00
Interest rate coverage ratio	**48.15**	215.38
Return on assets	**1.72%**	10.74%
Return on equity	**1.87%**	11.82%

Pacific Online Systems Corporation (consolidated)

	December 31, 2020	December 31, 2019
Asset to equity ratio	**1.28 : 1.00**	1.30 : 1.00
Current or Liquidity ratio	**2.92 : 1.00**	2.40 : 1.00
Debt-to-equity ratio	**0.28 : 1.00**	0.30 : 1.00
Net debt-to-equity ratio	**0.00 : 1.00**	0.00 : 1.00
Interest rate coverage ratio	**(74.86): 1.00**	(55.40): 1.00
Return on assets	**-38.75%**	-18.7%
Return on equity	**-49.54%**	-24.4%

The above performance indicators are calculated as follows:

Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity
Return on Equity	Net Income / Average equity during the period
Return on Assets	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2020, consolidated total debt of the Company of ₱7,091.7 million was comprised of borrowings from renewable short-term bank lines of ₱2,525.0 million and amortizing term loans from banks of ₱4,566.7 million. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2020, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

a. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
b. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
d. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
e. Any Known Trends, Events or Uncertainties (Material Impact on Sales)
f. Any Significant Elements of Income or Loss (from continuing operations)

PART II – OTHER INFORMATION

Financial Risk Management Objectives and Policies

The Company's principal financial assets and financial liabilities are composed of cash and cash equivalents, receivables, investments held for trading, AFS financial assets, trade and other current liabilities, loans payables, long-term debt, nontrade liability, installment payable, obligations under finance lease and assignment of receivables with recourse. The main purpose of these financial assets and financial liabilities is to raise finances for the Company's operations. The Company has various other financial assets and financial liabilities such as receivables, advances to associates and other related parties and trade and other liabilities, which arise directly from its real estate operations.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which is subject to cash flow interest rate risk. Re-pricing of FRNs is done every nine months while re-pricing of long-term debt is normally done every three months.

The Company's policy is to manage its interest cost by limiting its borrowings.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's investments held for trading. The Company monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, short-term investments, receivables, finance lease receivables, advances to associates and other related parties and AFS financial assets, deposits and guarantee bonds, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

Fair Value of Financial Assets and Financial Liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by category and by class of carrying values and fair values of all the Company's financial assets and liabilities:

	December, 31 2020		December 31, 2019	
	(Amounts in Php Thousands)			
Financial assets measured at fair value				
Through profit or loss	84,261	84,261	140,457	140,457
Through other comphensive income	4,789,847	4,789,847	5,512,817	5,512,817
Financial assets for which fair value is disclosed	25,437,299	63,711,991	17,537,249	43,609,782
Financial liabilities for which fair value is disclosed				
Refundable deposit	64,904,390	46,906,307	16,778,195	15,188,477
Long term debt	4,566,667	4,946,284	4,511,111	4,705,396
Lease liability	7,316,343	7,316,343	1,226,294	1,226,294

Fair value is defined as the amount at which the financial assets and financial liabilities could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and other valuation models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Short-term Investments, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities. The carrying values of these financial assets approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Trade Receivables and Finance Lease Receivable. The fair value of these instruments is determined by discounting the estimated cash flows using prevailing interest rates as at reporting dates.

Investments Held for Trading and AFS Financial Assets. The fair values of investments held for trading and AFS financial assets in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Nontrade Liability. The fair value of nontrade liability is determined by discounting estimated cash flows using prevailing interest rates as at reporting dates.

Long-term Debt. The fair value of long-term debt is determined by discounting the obligations' expected future cash flows using prevailing interest rates as at reporting dates.

Obligations under Finance Lease. The fair value of installment payable and obligations under finance lease with fixed interest rate is based on the discounted net present value of cash flows using the prevailing MART 2 rates as at reporting dates.

Determination of Fair Value and Fair Value Hierarchy
The Company has Investments held for trading and AFS investments in quoted equity securities recorded at Level 1 fair value. These are the only financial assets and financial liabilities carried at fair value.

Other Required Disclosures

A. The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2019.

   The adoption of the following PFRS standards enumerated below does not have significant impact on its consolidated financial statements which are effective January 1, 2020.

   i. Amendments to PFRS 3, Definition of a Business
   ii. Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

   The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2019 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's consolidated financial statements when these amendments are adopted.

B. Impact of Covid-19 to Belle's business and operations.

   The Covid-19 pandemic has disrupted the business operations of the Company and its impact was explained in the management discussion and analysis of financial performance and financial condition.

C. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.

D. Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.

E. There were no material events subsequent to March 31, 2020 up to the date of this report that needs disclosure herein.

F. There were no changes in contingent liabilities or contingent assets since March 31, 2020.

G. There exist no material contingencies affecting the current interim period.

December 31, 2019 versus December 31, 2018 Results of Operations (in thousands)

	December 31			Horizontal Analysis		Vertical Analysis	
	2019		2018	Increase (Decrease)		2019	2018
REVENUE							
Gaming revenue share	P	**2,976,366**	P 3,211,857	**(235,491)**	**-7%**	**40%**	38%
Lease income - Building		**2,670,953**	724,431	**1,946,522**	**269%**	**36%**	9%
Equipment rental and instant scratch ticket sales (POSC)		**681,484**	1,448,318	**(766,834)**	**-53%**	**9%**	17%
Sale of real estate		**487,307**	670,527	**(183,220)**	**-27%**	**7%**	8%
Distribution and commission income (POSC)		**308,381**	487,626	**(179,245)**	**-37%**	**4%**	6%
Revenue from property management		**214,635**	186,194	**28,441**	**15%**	**3%**	2%
Interest income on finance lease accounting		**-**	1,663,824	**(1,663,824)**	**-100%**	**0%**	20%
Others		**157,092**	122,235	**34,857**	**29%**	**2%**	1%
TOTAL REVENUES		**7,496,218**	8,515,012	**(1,018,794)**	**-12%**	**100%**	100%
COST OF GAMING OPERATIONS		**(135,865)**	(178,264)	**(42,399)**	**24%**	**-2%**	-2%
COST OF LEASE INCOME		**(836,938)**	(341,600)	**495,338**	**-145%**	**-11%**	-4%
COST OF LOTTERY SERVICES		**(983,422)**	(1,270,160)	**(286,738)**	**23%**	**-13%**	-15%
COST OF REAL ESTATE SOLD		**(202,335)**	(363,568)	**(161,233)**	**44%**	**-3%**	-4%
COST OF PROPERTY MANAGEMENT SERVICES		**(159,854)**	(134,960)	**24,894**	**-18%**	**-2%**	-2%
GENERAL AND ADMINISTRATIVE EXPENSES		**(1,386,592)**	(1,802,136)	**(415,544)**	**23%**	**-18%**	-21%
TOTAL COSTS AND EXPENSES		**(3,705,006)**	(4,090,688)	**(385,682)**	**9%**	**-49%**	-48%
INCOME FROM OPERATIONS		**3,791,212**	4,424,324	**(633,112)**	**-14%**	**51%**	52%
UNREALIZED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		**(15,248)**	(11,903)	**(3,345)**	**28%**	**0%**	0%
INTEREST EXPENSE AND OTHER FINANCE CHARGES		**(478,880)**	(464,861)	**14,019**	**-3%**	**-6%**	-5%
INTEREST INCOME		**75,157**	58,251	**16,906**	**29%**	**1%**	1%
NET FOREIGN EXCHANGE LOSS		**(2)**	(683)	**681**	**-100%**	**0%**	0%
OTHER INCOME (CHARGES)		**(155,073)**	(191,084)	**36,011**	**-19%**	**-2%**	-2%
INCOME BEFORE INCOME TAX		**3,217,166**	3,814,044	**(596,878)**	**-16%**	**43%**	45%
PROVISION FOR INCOME TAXES							
Current		**274,033**	225,415	**48,618**	**22%**	**4%**	3%
Deferred		**19,406**	363,495	**(344,089)**	**-95%**	**0%**	4%
		293,439	588,910	**(295,471)**	**-50%**	**4%**	7%
NET INCOME	P	**2,923,727**	P 3,225,134	**(301,407)**	**-9%**	**39%**	38%

Belle realized consolidated revenues of ₱7,496.2 million for the year ended December 31, 2019, down 12% compared to revenues of ₱8,515.0 million for 2018. As a result, Belle's consolidated net income of ₱2,923.7 million for 2019 was 9% lower than consolidated net income of ₱3,225.1 million for 2018.

Belle's overall operating performance was affected by weaker results at Pacific Online Systems Corporation ("Pacific Online"), which leases online betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery and keno operations. Pacific Online, which is 50.1%-owned by Belle's subsidiary Premium Leisure Corp. ("PLC"), posted a 49% decrease in revenues, from ₱1,935.9 million in 2018 to ₱989.9 million in 2019. This was due to competition from the small-town lottery, and the temporary suspension of lottery and keno operations by the PCSO during the third quarter of 2019. With the suspensions since lifted, Pacific Online is working closely with the PCSO and its network of agents to boost the attractiveness of the pari-mutuel games it offers, and is working to implement cost efficiency measures across its operations.

Belle's real estate operations realized a 5% increase in revenues, to ₱3,530.0 million in 2019 from ₱3,367.2 million in 2018. Of real estate revenues in 2019, ₱2,671.0 million came from Belle's lease of the land and buildings comprising City of Dreams Manila to Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), which was a 12% improvement over 2018. Belle's real estate sales and property management activities at its Tagaytay Highlands complex contributed the balance of ₱859.0 million during 2019.

Belle's primary growth driver, its share in the gaming revenues at City of Dreams Manila, remains resilient. PLC registered a ₱2,976.4 million share in gaming earnings of City of Dreams Manila in 2019, which was lower by 7% compared to ₱3,211.9 million in 2018. To mitigate this, Belle decreased its total costs and expenses by 9%, to ₱3,705.0 million in 2019 from ₱4,090.7 million in 2018. As a result, excluding extraordinary and non-recurring items, Belle's recurring net income of ₱3,437.6 million for 2019 was within range of its recurring net income of ₱3,464.2 million for 2018.

Revenues
Total consolidated revenues of ₱7,496.2 million for 2019 were lower by ₱1,018.8 million (12%), compared to ₱8,515.0 million for 2018. The lease revenue from the land and buildings of City of Dreams Manila increased by ₱282.7 million (12%) in 2019, from ₱2,388.3 million for 2018 to ₱2,671.0 million for 2019. This was offset by decreases in revenues of Pacific Online by ₱946.1 million (49%), from ₱1,935.9 million in 2018 to ₱989.9 million in 2019, gaming revenue share in City of Dreams Manila by ₱235.5 million (7%) from ₱3,211.9 million in 2018 to ₱2,976.4 million in 2019 and revenue from real estate development and management activities by ₱120.0 million (12%), from ₱979.0 million in 2018 period to ₱859.0 million in 2019.

Costs of Gaming Operations
The costs of gaming operations at PLC decreased by ₱42.4 million (24%) to ₱135.9 million for 2019, from ₱178.3 million for 2018, due to lower consultancy fees and other costs at PLC's wholly-owned subsidiary, Premium Leisure and Amusement Inc. ("PLAI"). PLAI has a direct economic participation in the gaming operations at City of Dreams Manila, by virtue of an operating agreement with MRP that accords PLAI a share of gaming revenue or earnings. MRP is a Philippine Corporation controlled by Melco Resorts and Entertainment Limited ("Melco"), a Hong Kong-based corporation which develops, owns and operates gaming and entertainment facilities around the world, mostly in Macau.

Costs of Lease Income
Costs of lease income in respect of the City of Dreams Manila property increased by ₱495.3 million (145%), to ₱836.9 million in 2019 from ₱341.6 million in 2018, mainly due to depreciation expense recognized as a result of the change in the accounting basis for the lease of the buildings at City of Dreams Manila from finance lease to operating lease, starting in October 2018 and adoption of PFRS 16, Leases.

Costs of Lottery Services
Costs of lottery services at Pacific Online decreased by ₱286.8 million (23%), to ₱983.4 million in 2019 from ₱1,270.2 million in 2018, mainly due to lower consultancy and professional fees.

Costs of Real Estate Sold
Costs of real estate sold decreased by ₱161.3 million (44%) to 202.3 million in 2019, from ₱363.6 million in 2018, due to the lower revenue therefrom recognized during the period.

Costs of Property Management Services
Costs of property management services increased by ₱24.9 million (18%), to ₱159.9 million for 2019, from ₱135.0 million for 2018, due to additional depreciation on service equipment.

General and Administrative Expenses
General and administrative expenses decreased by ₱415.5 million (23%), to ₱1,386.6 million for 2019 from ₱1,802.1 million for 2018, due to lower expenses at PLC.

Financial Income (Expense)
Interest expense and other finance charges increased by ₱14.0 million (3%) to ₱478.9 million for 2019, from ₱464.9 million for 2018. In 2019, as a result of PFRS 16 (Leases) adoption, the Company recognized an interest expense on lease liabilities amounting to ₱71.4 million. The interest expense paid to financial institutions was lower by ₱57.4 million (12%) due to a ₱1,076.7 million (14%) reduction in the Company's total interest-bearing debt in 2019, to ₱6,461.1 million as of December 31, 2019, from ₱7,537.8 million as of December 31, 2018. Interest income increased by ₱16.9 million (29%), to ₱75.2 million in 2019, from ₱58.3 million in 2018, due to higher balances of and average yields on short-term investments.

Provision for Income Taxes
The Company's consolidated provision for income taxes decreased by ₱295.5 million (50%) in 2019, to ₱293.4 million from ₱588.9 million in 2018, due to the net operating loss at Pacific Online during 2019.

Net Income
As a result of the foregoing, the Company realized consolidated net income of ₱2,923.8 million for 2019. While the Company's total consolidated net income was ₱301.3 million (9%) lower than consolidated net income of ₱3,225.1 million for 2018, Belle's core operations continued to be stable. Earnings before interest, taxes, depreciation and amortization ("EBITDA") excluding Pacific Online for 2019 increased by ₱665.1 million (14%) to ₱5,554.2 million, compared to ₱4,889.1 million for the 2018 period.

Belle's consistent profitability allowed the Company to declare a regular cash dividend to its shareholders on February 27, 2020 in the amount of ₱1,171.5 million (0.12 per outstanding share), payable on March 27, 2020 to shareholders of record as of March 13, 2020.

December 31, 2019 vs December 31, 2018 Statement of Financial Position (in thousands

		December 31			Horizontal Analysis		Vertical Analysis	
		2019		2018	Inc (Dec)	%	2019	2018
ASSETS								
Current Assets								
Cash and cash equivalents	P	**4,104,674**	P	2,653,717	1,450,957	55%	**9%**	6%
Financial assets at fair value through profit or loss		**140,457**		155,705	(15,248)	-10%	**0%**	0%
Receivables		**2,463,605**		1,688,453	775,152	46%	**6%**	4%
Contract assets		**40,511**		37,892	2,619	7%	**0%**	0%
Real estate for sale		**327,124**		475,785	(148,661)	-31%	**1%**	1%
Land held for future development		**3,005,429**		2,998,577	6,852	0%	**7%**	7%
Other current assets		**1,637,773**		1,763,057	(125,284)	-7%	**4%**	4%
		11,719,573		9,773,186	1,946,387	20%	**26%**	23%
Noncurrent Assets								
Contract assets - net of noncurrent portion		**89,612**		130,123	(40,511)	-31%	**0%**	0%
Installment receivables		**404,518**		510,446	(105,928)	-21%	**1%**	1%
Financial assets at fair value through other comprehensive income		**5,512,817**		4,770,772	742,045	16%	**12%**	11%
Investments in and advances to associates - net		**77,950**		78,017	(67)	0%	**0%**	0%
Investment properties		**19,491,825**		20,094,843	(603,018)	-3%	**44%**	47%
Intangible asset		**4,465,206**		4,581,040	(115,834)	-3%	**10%**	11%
Goodwill		**1,343,809**		1,721,327	(377,518)	-22%	**3%**	4%
Property and equipment		**164,825**		363,939	(199,114)	-55%	**0%**	1%
Right of Use		**914,088**		-	914,088	N/A	**2%**	0%
Pension asset		**10,312**		7,856	2,456	31%	**0%**	0%
Deferred tax asset		**52,825**		8,864	43,961	496%	**0%**	0%
Other noncurrent assets		**524,508**		450,673	73,835	16%	**1%**	1%
		33,052,295		32,717,900	334,395	1%	**74%**	77%
TOTAL ASSET	**P**	**44,771,868**	P	42,491,086	2,280,782	5%	**100%**	100%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	**P**	**2,301,824**	P	2,110,143	191,681	9%	**5%**	5%
Loans payable		**1,950,017**		1,500,017	450,000	30%	**4%**	4%
Income tax payable		**4,275**		9,415	(5,140)	-55%	**0%**	0%
Current portion of:								
Long-term debt		**944,444**		2,091,319	(1,146,875)	-55%	**2%**	5%
Lease Liability		**85,660**		-	85,660	N/A	**0%**	0%
Obligations under finance lease		**-**		19,379	(19,379)	-100%	**0%**	0%
		5,286,220		5,730,273	(444,053)	-8%	**12%**	13%
Noncurrent portion of:								
Long-term debt		**3,566,667**		3,911,111	(344,444)	-9%	**8%**	9%
Lease Liability		**918,275**		-	918,275	N/A	**2%**	0%
Obligations under finance lease		**-**		15,995	(15,995)	-100%	**0%**	0%
Pension liability		**54,532**		8,582	45,950	535%	**0%**	0%
Deferred tax liabilities		**2,741,361**		2,667,581	73,780	3%	**6%**	6%
Other noncurrent liability		**343,424**		312,313	31,111	10%	**1%**	1%
		7,624,259		6,915,582	708,677	10%	**17%**	16%
TOTAL LIABILITIES		**12,910,479**		12,645,855	264,624	2%	**29%**	30%
Equity								
Attributable to equity holders of parent:								
Common stock		**10,561,000**		10,561,000	-	0%	**24%**	25%
Additional paid-in capital		**5,503,731**		5,503,731	-	0%	**12%**	13%
Treasury stock		**(2,476,700)**		(2,476,700)	-	0%	**-6%**	-6%
Equity share in cost of Parent Company shares held by associates		**(2,501)**		(2,501)	-	0%	**0%**	0%
Cost of Parent Company common and preferred shares held by subsidiaries		**(1,493,752)**		(1,695,369)	201,617	-12%	**-3%**	-4%
Unrealized gain on financial assets at fair value through other comprehensive income		**1,386,615**		1,047,057	339,558	32%	**3%**	2%
Other reserves		**2,992,768**		3,059,718	(66,950)	-2%	**7%**	7%
Excess of net asset value of an investment over cost		**252,040**		252,040	-	0%	**1%**	1%
Retained Earnings		**11,707,576**		10,221,830	1,485,746	15%	**26%**	24%
Total equity attributable to equity holders of the Parent		**28,430,777**		26,470,806	1,959,971	7%	**64%**	62%
Non-controlling interests		**3,430,612**		3,374,425	56,187	2%	**8%**	8%
Total Equity		**31,861,389**		29,845,231	2,016,158	7%	**71%**	70%
TOTAL LIABILITIES AND EQUITY	**P**	**44,771,868**	P	42,491,086	2,280,782	5%	**100%**	100%

ASSETS
Total assets of the Company increased by ₱2,280.8 million (5%) to ₱44,771.9 million as of December 31, 2019, from ₱42,491.1 million as of December 31, 2018.

Cash and Cash equivalents
Cash and cash equivalents increased by ₱1,451.0 million (55%), to ₱4,104.7 million as of December 31, 2019 from ₱2,653.7 million as of December 31, 2018, due mainly to cash flows from operations, offset by the regular cash dividend of ₱1,171.5 million paid on March 28, 2019.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")
The Company's FVTPL decreased by ₱15.2 million (10%), to ₱140.5 million as of December 31, 2019 from ₱155.7 million as of December 31, 2018, due to the decrease in market value of listed shares held by Pacific Online. As at December 31, 2019, the Company's consolidated FVTPL consists of investments of Pacific Online in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc., and PLDT, Inc.

Receivables, Contract Assets and Installment Receivables
Receivables, Contract Assets and Installment Receivables increased by ₱631.3 million (27%), to ₱2,998.2 million as of December 31, 2019 from ₱2,366.9 million as of December 31, 2018.

Real Estate for Sale
Real estate for sale decreased by ₱148.7 million (31%), to 327.1 million as of December 31, 2019 from ₱475.8 million as of December 31, 2018, due to sales of real estate.

Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")
The Company's FVOCI increased by ₱742.0 million (16%), to ₱5,512.8 million as of December 31, 2019 from ₱4,770.8 million as of December 31, 2018, due increases in the market values of these investments.

Intangible Asset
This pertains to the cost of the License to operate integrated resorts that was granted by the Philippine Amusement and Gaming Corp ("PAGCOR") to PLAI. Belle and MRP are Co-Licensees under PLAI's PAGCOR License. Amortization of the intangible asset on the License started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Intangible assets decreased by ₱115.8 million (3%) in 2019 mainly due to amortization expense on the License.

Investment Properties
This account consists mainly of carrying value of the City of Dreams Manila land and building in Entertainment City in Aseana Business Park in Paranaque City. The ₱603.0 million (3%) decrease during 2019 were due to depreciation expense on the City of Dreams Manila building.

Goodwill
Goodwill decreased by ₱377.5 million due to provision for impairment on Pacific Online's Goodwill in 2019.

Right-Of-Use Assets
Right-Of-Use Assets increased in 2019 by ₱914.0 million due to the adoption of PFRS 16, Leases starting January 1, 2019.

Other Assets
Other assets decreased by ₱51.4 million (2%), to ₱2,162.3 million as of December 31, 2019 from ₱2,213.7 million as of December 31, 2018, mainly due to decreases in advances to contractors.

LIABILITIES
Total liabilities increased by ₱264.6 million (2%), to ₱12,910.5 million as of December 31, 2019, from ₱12,645.8 million as of December 31, 2018, due to the recognition of contractual liabilities from leases as a result of the adoption of PFRS 16 (Leases) starting January 1, 2019.

Trade and Other Current Liabilities
Trade and other current liabilities increased by ₱191.7 million (9%) to ₱2,301.8 million as of December 31, 2019, from ₱2,110.1 million as of December 31, 2018, due to increases in trade payables.

Loans Payable and Long-Term Debt
Total consolidated debt, amounting to ₱6,461.1 million as of December 31, 2019, consists of Peso-denominated borrowings of Belle from various local financial institutions, with an average interest rate of approximately 5.57% per annum during the year ended December 31, 2019. The outstanding amount of total debt decreased by ₱1,076.7 million (14%) from ₱7,537.8 million as of December 31, 2018, due to debt principal repayments.

Other Noncurrent Liabilities
Other Noncurrent Liabilities increased by ₱1,069.1 million (35%) to ₱4,057.6 million as of December 31, 2019, from ₱2,988.5 million as of December 31, 2018, due to the recognition of liabilities from long-term operating leases as a result of the adoption of PFRS 16 (Leases).

EQUITY
The Company's shareholders' equity as of December 31, 2019 of ₱31,861.4 million was higher by ₱2,016.2 million (7%), compared to its shareholders' equity of ₱29,845.2 million as of December 31, 2018, due to the Company's consolidated net income of ₱2,923.8 million for 2019 and the ₱339.6 million increase in market values of financials assets at FVOCI. The increases were offset by the ₱1,541.9 million regular cash dividend paid to its shareholders on March 28, 2019.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Belle Corporation (consolidated)

	December 31, 2019	December 31, 2018
Asset to equity ratio	**1.41 : 1.00**	1.42: 1.00
Current or Liquidity ratio	**2.22 : 1.00**	1.71: 1.00
Debt-to-equity ratio	**0.20 : 1.00**	0.25: 1.00
Net debt-to-equity ratio	**0.07 : 1.00**	0.16: 1.00
Interest rate coverage ratio	**7.56 : 1.00**	9.08:1.00
Return on assets	**6.7%**	7.7%
Return on equity	**9.5%**	10.7%

Premium Leisure Corp. (consolidated)

	December 31, 2019	December 31, 2018
Asset to equity ratio	**1.11 : 1.00**	1.09 : 1.00
Current or Liquidity ratio	**4.35 : 1.00**	4.58 : 1.00
Debt-to-equity ratio	**0.008 : 1:00**	0.00 : 1:00
Net debt-to-equity ratio	**0.00 : 1.00**	(0.17) : 1.00
Interest rate coverage ratio	**215.38 : 1:00**	5.996 : 1:00
Return on assets	**10.74%**	12.2%
Return on equity	**11.82%**	13.3%

Pacific Online Systems Corporation (consolidated)

	December 31, 2019	December 31, 2018
Asset to equity ratio	**1.30 : 1.00**	1.19 : 1.00
Current or Liquidity ratio	**2.40 : 1.00**	4.00 : 1.00
Debt-to-equity ratio	**0.30 : 1.00**	0.19 : 1.00
Net debt-to-equity ratio	**0.00 : 1.00**	(0.30) : 1.00
Interest rate coverage ratio	**(55.40): 1.00**	79.04 : 1.00
Return on assets	**-18.7%**	14.5%
Return on equity	**-24.4%**	17.3%

The above performance indicators are calculated as follows:

Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity
Return on Equity	Net Income / Average equity during the period
Return on Assets	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2019, consolidated total debt of the Company of ₱6,461.1 million was comprised of borrowings from renewable short-term bank lines of ₱1,950.0 million and amortizing term loans from banks of ₱4,511.1 million. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2019, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

g. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
h. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
i. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

j. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
k. Any Known Trends, Events or Uncertainties (Material Impact on Sales)
l. Any Significant Elements of Income or Loss (from continuing operations)

December 31, 2018 versus December 31, 2017 Results of Operations (in thousands)

		For year ended December 31			Horizontal Analysis		Vertical Analysis	
		2018		2017	**Increase (Decrease)**		**2018**	2017
REVENUE								
Gaming revenue share	**P**	**3,211,857**	P	2,609,353	**602,504**	23.1%	**37.7%**	32.6%
Interest income on finance lease accounting		**1,663,824**		2,069,841	**(406,017)**	-19.6%	**19.5%**	25.8%
Equipment rental and instant scratch ticket sales (POSC)		**1,448,318**		1,840,521	**(392,203)**	-21.3%	**17.0%**	23.0%
Sale of real estate		**670,527**		596,667	**73,860**	12.4%	**7.9%**	7.4%
Lease income - Building		**532,539**		-	**532,539**	n/a	**6.3%**	0.0%
Distribution and commission income (POSC)		**487,626**		479,472	**8,154**	1.7%	**5.7%**	6.0%
Revenue from property management		**186,194**		115,939	**70,255**	60.6%	**2.2%**	1.4%
Lease income		**191,892**		190,021	**1,871**	1.0%	**2.3%**	2.4%
Others		**122,235**		110,246	**11,989**	10.9%	**1.4%**	1.4%
TOTAL REVENUES		**8,515,012**		8,012,060	**502,952**	6.3%	**100.0%**	100.0%
COST OF GAMING OPERATIONS		**(178,264)**		(234,630)	**(56,366)**	-24.0%	**-2.1%**	-2.9%
COST OF LEASE INCOME		**(341,600)**		(196,831)	**144,769**	-73.5%	**-4.0%**	-2.5%
COST OF LOTTERY SERVICES		**(1,270,160)**		(1,238,442)	**31,718**	-2.6%	**-14.9%**	-15.5%
COST OF REAL ESTATE SOLD		**(363,568)**		(256,500)	**107,068**	41.7%	**-4.3%**	-3.2%
COST OF PROPERTY MANAGEMENT SERVICES		**(134,960)**		(68,907)	**66,053**	95.9%	**-1.6%**	-0.9%
GENERAL AND ADMINISTRATIVE EXPENSES		**(1,668,051)**		(1,467,255)	**200,796**	13.7%	**-19.6%**	-18.3%
TOTAL COSTS AND EXPENSES		**(3,956,603)**		(3,462,565)	**494,038**	14.3%	**-46.5%**	-43.2%
INCOME FROM OPERATIONS		**4,558,409**		4,549,495	**8,914**	-0.2%	**53.5%**	56.8%
UNREALIZED GAIN (LOSS) ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		**(11,903)**		67,705	**(79,608)**	-117.6%	**-0.1%**	0.8%
INTEREST EXPENSE AND OTHER FINANCE CHARGES		**(464,861)**		(503,665)	**(38,804)**	-7.7%	**-5.5%**	-6.3%
INTEREST INCOME		**58,251**		29,577	**28,674**	96.9%	**0.7%**	0.4%
NET FOREIGN EXCHANGE LOSS		**(683)**		(1,641)	**958**	-58.4%	**0.0%**	0.0%
OTHER INCOME (CHARGES)		**(325,169)**		166,149	**(491,318)**	-295.7%	**-3.8%**	2.1%
INCOME BEFORE INCOME TAX		**3,814,044**		4,307,620	**(493,576)**	-11.5%	**44.8%**	53.8%
PROVISION FOR INCOME TAXES								
Current		**225,415**		316,330	**(90,915)**	-28.7%	**2.6%**	3.9%
Deferred		**363,495**		480,649	**(117,154)**	-24.4%	**4.3%**	6.0%
		588,910		796,979	**(208,069)**	-26.1%	**6.9%**	9.9%
NET INCOME	**P**	**3,225,134**	P	3,510,641	**(285,507)**	-8.1%	**37.9%**	43.8%
Net profit attributable to:								
Equity holders of the parent	**P**	**2,647,757**	P	2,872,412	**(224,655)**	-7.8%	**31.1%**	35.9%
Non-Controlling Interests		**577,377**		638,229	**(60,852)**	-9.5%	**6.8%**	8.0%
	P	**3,225,134**	P	3,510,641	**(285,507)**	-8.1%	**37.9%**	43.8%

Belle Corporation ("Belle" or the "Company") reported consolidated revenues of ₱8,515.0 million for 2018, up 6% compared to ₱8,012.1 million in 2017. Belle's consolidated net income decreased 8% to ₱3,225.1 million in 2018, from ₱3,510.6 million the previous year; however, excluding capital gains on sales of non-core investments and extraordinary items, Belle's recurring net income of ₱3,610.6 million for 2018 was 10% higher than recurring net income of ₱3,287.8 million for 2017. Belle's revenues and recurring net income for 2018 were both record levels, driven primarily by growth in gaming revenues.

Through its subsidiary Premium Leisure Corp. ("PLC"), Belle reported a 23% increase in its share of gaming earnings from City of Dreams Manila, rising to ₱3,211.9 million in 2018 from ₱2,609.4 million a year earlier.

Belle's real estate business also contributed to its banner year with ₱3,367.2 million in revenues, up 9% from ₱3,082.7 billion in 2017. Of this, ₱2,388.3 million came from Belle's lease of land and building to Melco Resorts and Entertainment (Philippines) Corporation, a 6% improvement over 2017 levels. Belle's real estate sales and property management activities at its Tagaytay and Midlands residential and leisure complexes contributed the balance of ₱979.0 million, 19% more than previous year.

The strong 2018 results enabled Belle to declare a regular dividend of ₱0.12 per share on February 28, 2019, for a total dividend payment of approximately ₱1,171.5 million, payable on March 28, 2019 to shareholders of record as of March 14, 2019.

Revenues
Total revenues of ₱8,515.0 million for the year ended December 31, 2018 were higher by ₱503.0 million (6%), compared to ₱8,012.1 million for the year ended December 31, 2017, mainly due to: an increase in revenue from the share of PLC in gaming earnings of City of Dreams Manila by ₱602.5 million (23%), from ₱2,609.4 million for the 2017 period to ₱3,211.9 million for the 2018 period; an increase in lease revenue from the City of Dreams Manila buildings by ₱128.4 million (6%), from ₱2,259.9 million in the 2017 to ₱2,388.3 million during the 2018; an increase in distribution and commission income of Pacific Online Systems Corp. ("Pacific Online") by ₱8.2 million (2%), from ₱479.5 million in 2017 period to ₱487.6 million in the 2018 period; and an increase in revenue from real estate development and management activities by ₱156.1 million (19%), from ₱822.9 million in the 2017 period to ₱979.0 million in the 2018 period. This was offset by a ₱392.2 million (21%) decrease in revenues from Lotto and Keno equipment rental and instant scratch ticket sales of Pacific Online, from ₱1,840.5 million for the 2017 period to ₱1,448.3 million for the 2018 period.

Costs of Gaming Operations
The costs of gaming operations at PLC decreased by ₱₱56.4 million (24%) to ₱₱178.3 million for the 2018 period, from ₱₱234.6 million for the 2017 period, due to lower consultancy fees and other costs at PLC's wholly-owned subsidiary, Premium Leisure and Amusement Inc. ("PLAI"). PLAI has a direct economic participation in the gaming operations at City of Dreams Manila, by virtue of an operating agreement with Melco Resorts and Entertainment (Philippines) Corporation ("MRP") that accords PLAI a share of gaming revenue on earnings.

Costs of Lease Income
Costs of lease income, in respect of the City of Dreams Manila property, increased by ₱144.8 million (74%), to ₱341.6 million in the 2018 period from ₱196.8 million in the 2017 period, mainly due to depreciation recognized as a result of a change in the accounting basis for the lease of the buildings of City of Dreams Manila, from finance lease to operating lease, as well as to higher insurance and property taxes on the City of Dreams Manila.

Costs of Lottery Services
Costs of lottery services at Pacific Online increased by ₱31.7 million (3%), to ₱1,270.2 million in the 2018 period from ₱1,238.4 million in the 2017 period, mainly due to an increase in depreciation expenses for lottery equipment and professional fees.

Costs of Real Estate sold
Costs of real estate sold increased by ₱107.1 million (42%) to ₱363.6 million in the 2018 period, from ₱256.5 million in the 2017 period, due to the higher revenue therefrom recognized during the period.

Costs of Property Management Services
Costs of property management services increased by ₱66.1 million (96%), to ₱135.0 million for the 2018 period, from ₱68.9 million for the 2017 period, due to higher power and water usage by customers during the period.

General and Administrative Expenses
General and administrative expenses increased by ₱200.8 million (14%), to ₱1,668.0 million for the 2018 period from ₱1,467.3 million for the 2017 period, due to higher general expenses at PLC.

Financial Income (Expense)
Interest expense and other finance charges decreased by ₱38.8 million (8%) to ₱464.9 million for 2018 period, from ₱503.7 million for the 2017 period. This lower interest expense was due to the Company's debt principal repayments in 2018. Interest income increased by ₱28.7 million (97%), to ₱58.3 million in the 2018 period, from ₱29.6 million in the 2017 period, due to higher average yields on short-term investments.

Provision for Income Taxes
The provision for income taxes decreased by ₱208.1 million (26%) in 2018, to ₱588.9 million from ₱796.8 million in 2017, due to lower taxable income consolidated from Pacific Online in 2018.

Net Income

As a result of the foregoing, the Company realized consolidated net income of ₱3,225.1 million for the year ended December 31, 2018, which was ₱285.5 million (8%) lower than consolidated net income of ₱3,510.6 million for the year ended December 31, 2017. Excluding capital gains from sales of non-core investments and extraordinary items, Belle realized recurring net income of ₱3,610.6 million for the year ended December 31, 2018, which was ₱322.8 million (10%) higher than recurring net income of ₱3,287.8 million for the year ended December 31, 2017. Belle's consistent profitability allowed the Company to pay a regular cash dividend to its shareholders on March 23, 2018 in the amount of ₱1,267.3 million (₱0.12 per outstanding share).

December 31, 2018 vs December 31, 2017 Statement of Financial Position (in thousands)

		December 31, 2018		December 31, 2017	Horizontal Analysis		Vertical Analysis	
		Audited		Audited	Inc (Dec)	%	2018	2017
ASSETS								
Current Assets								
Cash and cash equivalents	**P**	**2,653,717**	P	3,711,248	(1,057,531)	-28.5%	**6.2%**	8.5%
Financial assets at fair value through profit or loss		**155,705**		2,279,666	(2,123,961)	-93.2%	**0.4%**	5.2%
Receivables		**1,309,181**		1,706,269	(397,088)	-23.3%	**3.1%**	3.9%
Contract assets		**417,164**		-	417,164	n/a	**1.0%**	0.0%
Real estate for sale		**475,785**		643,265	(167,480)	-26.0%	**1.1%**	1.5%
Land held for future development		**2,998,577**		3,099,166	(100,589)	-3.2%	**7.1%**	7.1%
Current portion of finance lease receivable		**-**		1,689,973	(1,689,973)	-100.0%	**0.0%**	3.9%
Other current assets		**1,763,057**		1,347,963	415,094	30.8%	**4.1%**	3.1%
		9,773,186		14,477,550	(4,704,364)	-32.5%	**23.0%**	33.1%
Noncurrent Assets								
Receivables - noncurrent portion		**-**		389,515	(389,515)	-100.0%	**0.0%**	0.9%
Contract assets - net of noncurrent portion		**640,569**		-	640,569	100.0%	**1.5%**	0.0%
Financial assets at fair value through other comprehensive income		**4,770,772**		2,475,287	2,295,485	92.7%	**11.2%**	5.7%
Intangible asset		**4,581,040**		5,001,237	(420,197)	-8.4%	**10.8%**	11.4%
Investment properties		**20,094,843**		1,869,025	18,225,818	975.2%	**47.3%**	4.3%
Goodwill		**1,721,327**		1,832,261	(110,934)	-6.1%	**4.1%**	4.2%
Property and equipment		**363,939**		648,444	(284,505)	-43.9%	**0.9%**	1.5%
Investments in and advances to associates - net		**78,017**		77,975	42	0.1%	**0.2%**	0.2%
Pension asset		**7,856**		15,440	(7,584)	-49.1%	**0.0%**	0.0%
Deferred tax asset		**8,864**		13,414	(4,550)	-33.9%	**0.0%**	0.0%
Finance lease receivable - net of current portion		**-**		16,393,208	(16,393,208)	-100.0%	**0.0%**	37.5%
Other noncurrent assets		**450,673**		540,337	(89,664)	-16.6%	**1.1%**	1.2%
		32,717,900		29,256,143	3,461,757	11.8%	**77.0%**	66.9%
TOTAL ASSET	**P**	**42,491,086**	P	43,733,693	(1,242,607)	-2.8%	**100.0%**	100.0%
								0
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	**P**	**2,110,143**	P	2,011,183	98,960	4.9%	**5.0%**	4.6%
Loans payable		**1,500,017**		2,500,017	(1,000,000)	-40.0%	**3.5%**	5.7%
Income tax payable		**9,415**		29,434	(20,019)	-68.0%	**0.0%**	0.1%
Contract liability -current								
Estimated liability on construction costs		**-**		18,646	(18,646)	-100.0%	**0.0%**	0.0%
Current portion of:								
Long-term debt		**2,091,319**		1,056,944	1,034,375	97.9%	**4.9%**	2.4%
Obligations under finance lease		**19,379**		39,489	(20,110)	-50.9%	**0.0%**	0.1%
		5,730,273		5,655,713	74,560	1.3%	**13.5%**	12.9%
Noncurrent portion of:								
Long-term debt		**3,911,111**		5,202,431	(1,291,320)	-24.8%	**9.2%**	11.9%
Obligations under finance lease		**15,995**		35,374	(19,379)	-54.8%	**0.0%**	0.1%
Pension liability		**8,582**		24,102	(15,520)	-64.4%	**0.0%**	0.1%
Deferred tax liabilities		**2,667,581**		2,220,559	447,022	20.1%	**6.3%**	5.1%
Other noncurrent liability		**312,313**		234,340	77,973	33.3%	**0.7%**	0.5%
		6,915,582		7,716,806	(801,224)	-10.4%	**16.3%**	17.6%
TOTAL LIABILITIES		**12,645,855**		13,372,519	(726,664)	-5.4%	**29.8%**	30.6%
Equity								
Attributable to equity holders of parent:								
Common stock		**10,561,000**		10,561,000	-	0.0%	**24.9%**	24.1%
Additional paid-in capital		**5,503,731**		5,503,731	-	0.0%	**13.0%**	12.6%
Treasury stock		**(2,476,700)**		(181,185)	(2,295,515)	1266.9%	**-5.8%**	-0.4%
Equity share in cost of Parent Company shares held by associates		**(2,501)**		(2,501)	-	0.0%	**0.0%**	0.0%
Cost of Parent Company common and preferred shares held by subsidiaries		**(1,695,369)**		(1,585,336)	(110,033)	6.9%	**-4.0%**	-3.6%
Unrealized gain on financial asset af fair value through other comprehensive income		**1,047,057**		1,365,375	(318,318)	-23.3%	**2.5%**	3.1%
Other reserves		**3,059,718**		3,045,886	13,832	0.5%	**7.2%**	7.0%
Excess of net asset value of an investment over cost		**252,040**		252,040	-	0.0%	**0.6%**	0.6%
Retained Earnings		**10,221,830**		8,194,187	2,027,643	24.7%	**24.1%**	18.7%
Total equity attributable to equity holders of the Parent		**26,470,806**		27,153,197	(682,391)	-2.5%	**62.3%**	62.1%
Non-controlling interests		**3,374,425**		3,207,977	166,448	5.2%	**7.9%**	7.3%
Total Equity		**29,845,231**		30,361,174	(515,943)	-1.7%	**70.2%**	69.4%
TOTAL LIABILITIES AND EQUITY	**P**	**42,491,086**	P	43,733,693	(1,242,607)	-2.8%	**100.0%**	100.0%

ASSETS
Total assets of the Company decreased by ₱1,242.6 million (3%) to ₱42,491.1 million as of December 31, 2018, from ₱43,733.7 million as of December 31, 2017.

Cash and Cash equivalents
Cash and cash equivalents decreased by ₱1,057.5 million (29%), to ₱2,653.7 million as of December 31, 2018 from ₱3,711.2 million as of December 31, 2017, due mainly to the regular cash dividend payment of ₱1,267.3 million on March 23, 2018.

Financials Assets at Fair Value through Profit or Loss ("FVTPL")
The Company's FVTPL decreased by ₱2,124.0 million (93%), to ₱155.7 million as of December 31, 2018 from ₱2,279.7 million as of December 31, 2017. Due to the adoption of Philippine Financial Reporting Standards (PFRS 9) *Financial Instruments*, Parent Company investments in the shares of Tagaytay Highlands International Golf Club, Inc. ("Tagaytay Highlands"), Tagaytay Midlands Golf Cub Inc. ("Midlands") and The Country Club at Tagaytay Highlands, Inc. ("Country Club") were reclassified to Financial Assets at Fair Value through Comprehensive Income ("FVOCI"). As at December 31, 2018, the Company's consolidated FVTPL consists of investments in Pacific Online in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc., DFNN, Inc., ISM Communications Corp. and Philippine Long Distance Telephone Company.

Finance Lease Receivables
Due to requirements under Philippine Accounting Standards 17 (PAS 17), the Company accounted its lease agreement with MRP for the City of Dreams Manila buildings as a finance lease until October 2018, even though there is neither a requirement nor any intention to transfer title therefor to Melco or MRP. The Company thus recorded a finance lease receivable in March 2013 equivalent to the estimated fair value of the leased property, amounting to ₱9.4 billion for the Phase 1 building structure of City of Dreams Manila. In January 2015, the Company recorded a finance lease receivable, amounting to ₱5.3 billion for the estimated fair value of the Phase 2 building structure of City of Dreams Manila. Fair valuation was determined by discounting minimum lease payments at the inception date of the lease agreement.

On October 14, 2018, MRP converted a portion of the leased parking spaces to a food and entertainment area. Consequently, the change in the usage of leased premises prompted the Company to reassess its lease accounting of the City of Dreams Manila building. After considering the impact of the changes introduced by the change in usage of leased premises, the Company has changed its lease accounting from finance lease to operating lease effective October 14, 2018. In accordance with PAS 17, the balance of Finance Lease Receivables as of the date of change amounting to ₱18,342.3 million was reclassified to Investment Property, and was considered as the new carrying amount of the City of Dreams Manila building.

Receivables and Contract Assets
Receivables and Contract Assets increased by ₱271.1 million (13%), to ₱2,366.9 million as of December 31, 2018 from ₱2,095.8 million as of December 31, 2017. The increase was mainly due to increases in trade receivables from lease income and real estate sales.

Real Estate for Sale
Real estate for sale decreased by ₱167.5 million (26%), to ₱475.8 million as of December 31, 2018 from ₱643.3 million as of December 31, 2017, due to real estate sales.

Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")
The Company's FVOCI increased by ₱2,295.5 million (93%), to ₱4,770.8 million as of December 31, 2018 from ₱2,475.3 million as of December 31, 2017, due to the adoption of PFRS 9 *Financial Instruments,* under which the Company reclassified its investments in shares of Tagaytay Highlands, Midlands and Country Club from FVPL to FVOCI.

Intangible Asset
This pertains to the cost of the PAGCOR License to operate integrated resorts that was granted by PAGCOR to PLAI. Belle and MRP are Co-Licensees under PLAI's PAGCOR License. As part of PLAI's practice of regular and continuous review of existing contracts, PLAI implemented an initiative to change its amortization policy to align the life of the license with the PAGCOR charter, which is renewable for another

25 years upon its expiration in 2033. Amortization of the intangible asset on the License started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Amortization expense for the year ended December 31, 2018 amounted to ₱115.8 million.

Goodwill

The Company's recognized goodwill decreased by ₱110.9 million (6%) from ₱1,832.6 million as of December 31, 2017 to ₱1,721.3 million as of December 31, 2018 due to the goodwill impairment recognized by Pacific Online in its investment in Falcon Resources Inc.

Other Assets

Other assets increased by ₱325.4 million (24%), to ₱2,213.7 million as of December 31, 2018 from ₱1,888.3 million as of December 31, 2017, mainly due to an increase in advances to contractors.

LIABILITIES

Total liabilities decreased by ₱726.7 million (1%), to ₱12,645.8 million as of December 31, 2018 from ₱13,372.5 million as of December 31, 2017, due mainly to net repayments of borrowings from local banks.

Trade and Other Current Liabilities

Trade and other current liabilities increased by ₱99.0 million (5%) to ₱2,110.1 million as of December 31, 2018, from ₱2,011.2 million as of December 31, 2017, due mainly to a decrease in trade payables.

Loans Payable and Long-Term Debt

Total debt, amounting to ₱7,537.8 million as of December 31, 2018, consists of ₱7,502.4 million in Peso-denominated borrowings of Belle from various local financial institutions, with an average interest rate of approximately 5.81% per annum during 2018, and ₱35.4 million in finance lease obligations of Pacific Online. The outstanding amount of total debt decreased by ₱1,296.4 million (15%) from ₱8,834.6 million as of December 31, 2017 due to scheduled repayments of principal of long term-debt. Pacific Online's finance lease obligations pertain to its lottery equipment under finance lease accounting. This decreased by ₱39.5 million (53%), from ₱74.9 million as of December 31, 2017 to ₱35.4 million as of December 31, 2018, due to the amortization of principal therein.

EQUITY

The Company's shareholders' equity as of December 31, 2018 of ₱29,845.2 million was lower by ₱515.9 million (2%), compared to its shareholders' equity of ₱30,361.2 million as of December 31, 2017, due to the Company's ₱1,267.3 million regular cash dividend paid to its shareholders on March 23, 2018 and purchase of treasury stock in the amount of ₱2,295.5 million in August 2018, offset by the consolidated net income recognized for the year ended December 31, 2018 amounting to ₱3,225.1 million. Excluding the dividend, the Company's shareholders' equity as of December 31, 2018 would have been ₱31,112.5 million, or approximately ₱751.3 million (2%) higher than at December 31, 2017.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Belle Corporation (consolidated)

	December 31, 2018	December 31, 2017
Asset to equity ratio	**1.42 : 1.00**	1.44 : 1.00
Current or Liquidity ratio	**1.71 : 1.00**	2.56 : 1.00
Debt-to-equity ratio	**0.25 : 1.00**	0.29 : 1.00
Net debt-to-equity ratio	**0.16 : 1.00**	0.17 : 1.00
Interest rate coverage ratio	**9.08 :1.00**	9.49 :1.00
Return on assets	**7.70%**	8.20%
Return on equity	**10.7%**	12.1%

Premium Leisure Corp. (consolidated)

	December 31, 2018	December 31, 2017
Asset to equity ratio	**1.09 : 1.00**	1.09 : 1.00
Current or Liquidity ratio	**4.58 : 1.00**	3.93 : 1.00
Debt-to-equity ratio	**0.00 : 1:00**	0.00 : 1:00
Net debt-to-equity ratio	**(0.17) : 1.00**	(0.17) : 1.00
Interest rate coverage ratio	**5,996 : 1:00**	239.2 : 1:00
Return on assets	**12.20%**	11.27%
Return on equity	**13.30%**	12.04%

Pacific Online Systems Corporation (consolidated)

	December 31, 2018	December 31, 2017
Asset to equity ratio	**1.19 : 1.00**	1.30 : 1.00
Current or Liquidity ratio	**4.00 : 1.00**	2.16 : 1.00
Debt-to-equity ratio	**0.19 : 1:00**	0.30 : 1:00
Net debt-to-equity ratio	**(0.30) : 1.00**	(0.18) : 1.00
Interest rate coverage ratio	**79.04 : 1.00**	67.46 : 1:00
Return on assets	**14.46%**	18.71%
Return on equity	**17.27%**	24.40%

The above performance indicators are calculated as follows:

Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity
Return on Equity	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2018, consolidated total debt of the Company of ₱7,537.8 million was comprised of borrowings from renewable short-term bank loans of ₱1,500.0 million, amortizing term loans from banks of ₱6,002.4 million and obligations under finance leases of ₱35.4 million. Belle has real estate projects, lease agreements and interests in subsidiaries from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2018, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

a. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;

b. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;

d. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures;

e. Any Known Trends, Events or Uncertainties (Material Impact on Sales);

f. Any Significant Elements of Income or Loss (from continuing operations).

2021 Plan of Operations

Belle shifted its principal activity from mining and oil exploration to property development when it developed Tagaytay Highlands in 1989. Residential projects in Tagaytay City include Pinecrest Village, The Villas, The Belle View, and The Woodlands. Residential projects in Batangas comprise the Midlands and Greenlands development areas. Among the Midlands residential projects are Alta Mira, Lakeview Heights, and Lakeside Fairways. Greenlands residential projects are Plantation Hills, The Parks at Saratoga Hills, The Verandas at Saratoga Hills, Fairfield and Nob Hill.

Development shifted to the Midlands starting with Alta Mira and Lakeview Heights, which were situated near the Tagaytay Midlands Golf Club. Midlands' themed residential subdivisions adjacent to the Tagaytay Midlands Golf Course were thereafter developed as Lakeside Fairways in 2007. Development of expansions in Lakeside Fairways continues to the present.

For the gaming side, construction of the Company's integrated resort at the entrance of PAGCOR's Entertainment City was completed in 2015. The site of the integrated resort is on a 6.2 hectare of prime land at the corner of Roxas Boulevard and Aseana Avenue in Parañaque City, and it is about one kilometer away from the Mall of Asia Complex. On October 25, 2012, Belle and PLAI signed a Cooperation Agreement placing Belle as the licensee and owner of the resort's land and buildings, while Melco's Philippine affiliate, Melco Resorts & Entertainment (Philippines) Limited ("MRP") will be the developer and operator of all facilities within the resort complex. Melco is the developer and owner of integrated resort facilities historically focused on the Macau market. Its highly successful "City of Dreams" integrated resort complex on Macau's Cotai Strip houses a gaming facility, several international luxury hotels, and an upscale retail operation, along with a mix of bars and restaurants that draw large crowds from Hong Kong and China on October 9, 2013, MRP announced the use of the name of Melco's flagship Macau resort to bran the integrated resort as "City of Dreams Manila", and later announced Crown Towers (changed to Nuwa in 2017), Hyatt and Nobu as the hotel brands to be used for the resort's more than 900 hotel rooms. City of Dreams Manila has approximately 30 hectares of gross floor area, which houses more than two hectares of gaming space, more than two hectares of retail and restaurant facilities, more than 900 high-quality hotel rooms, and various entertainment facilities. As of December 31, 2019, it is allowed to operate a maximum of approximately 302 gaming tables, 1,891 slot machines, and 234 electronic table games.

The combined investment of Belle and MRP in City of Dreams Manila as of the official opening date on February 2, 2015, including the estimated value of land used for the project, was approximately US$1.3 billion. The soft opening of City of Dreams Manila took place on December 14, 2014, and the Grand Launch took place on February 2, 2015. Belle and MRP already satisfied the US$1 billion minimum required level of investment and all other PAGCOR Guidelines by the time of its Grand Launch, resulting in City of Dreams Manila being the first property in Entertainment City to be issued a Regular License on May 5, 2015.

Existing investments will continue to be managed at Belle's listed gaming subsidiary, PLC. PLC, which is 78.7%-owned by Belle as of December 31, 2017, owns 100% of the capital stock of PLAI and 50.1% of all issued shared of Pacific Online. PLAI is a co-licensee with Belle and MRP under the PAGCOR license for City of Dreams manila, and is entitled to a share of gaming earning therefrom through an Operating Agreement with MRP. Pacific Online is a listed company that leases online equipment to the Philippine Charity Sweepstakes Office for its lottery and keno operations.

ANNEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) SECTION

Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of obligation

None. The Company does not foresee and events that may trigger material financial obligation to the Company, including default or acceleration of an obligation.

All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period

None. There were no material off-balance sheet transactions, arrangement, obligations, and other relationships of the Company with unconsolidated entities or other persons that the Company is aware of during the reporting period.

FINANCIAL STATEMENTS

The consolidated Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2020 listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Information Statement. Supplementary information are as follows:

k) Supplementary Schedules
   1. Financial Assets
   2. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (other than related parties)
   3. Amounts Receivable from related parties which are eliminated during consolidation of financial statements
   4. Intangible Assets – Other Assets
   5. Long-Term Debt
   6. Indebtedness to Related Parties
   7. Guarantees of Securities of Other Issuers
   8. Capital Stock
   9. Reconciliation of Retained Earnings Available for Dividend Declaration
   10. Key Financial Ratios

l) Schedule of all effective standards and interpretations

m) Map of the relationships of the companies within the group

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The principal market where the registrant's common equity is traded is the Philippine Stock Exchange ("PSE").

The high and low sales prices for each quarter within the last two (2) fiscal years of the registrant's common shares. As quoted on the PSE, are as follows:

Stock Prices in ₱		
	High	**Low**
2021		
First Quarter	**1.74**	**1.41**
2020		
First Quarter	**2.02**	**1.00**
Second Quarter	**1.49**	**1.2**
Third Quarter	**1.46**	**1.32**
Fourth Quarter	**1.77**	**1.33**
2019		
First Quarter	2.74	2.31
Second Quarter	2.57	2.20
Third Quarter	2.37	2.08
Fourth Quarter	2.08	1.96

As of May 11, 2021, Belle Corporation's market capitalization on 9,763,126,297 outstanding shares in the PSE amounted to ₱13,375,482,793.99 based on the closing price of ₱1.37.

Security Holders

Belle has 1,768 shareholders as of April 30, 2021. Common shares outstanding as of April 30, 2021 totaled 9,763,126,297.

The top 20 stockholders as of April 30, 2021, with their corresponding shareholdings and percentage thereof to total shares outstanding, are:

RANK	STOCKHOLDER'S NAME	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
1	BELLESHARES HOLDINGS, INC.	2,604,740,622	24.664
2	PCD NOMINEE CORPORATION (FILIPINO)	2,496,368,593	23.638
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	2,011,256,932	19.044
4	SYSMART CORPORATION	1,629,355,469	15.428
5	SYBASE EQUITY INVESTMENTS CORPORATION	531,320,577	5.031
6	SOCIAL SECURITY SYSTEM	442,402,786	4.189
7	JACINTO C. JR. NG	135,860,666	1.286
8	EASTERN SECURITIES DEV. CORP.	111,730,866	1.058
9	SINOPHIL CORPORATION	99,987,719	0.947
10	JACINTO L. SR. NG	88,835,833	0.841
11	PARALLAX RESOURCES INC.	86,308,131	0.817
12	SLW DEVELOPMENT CORPORATION	66,082,333	0.626
	F. YAP SECURITIES, INC.	57,803,732	0.547
13	EASTERN SEC. DEVT. CORP.	50,000,000	0.473
14	WILLY N. OCIER	32,092,709	0.304
16	JACINTO JR. NG &/OR ANITA C. NG	18,293,333	0.173

17	LIM SIEW KIM	6,200,000	0.059
18	JAMES GO	4,816,999	0.046
19	WILLIAM T. GABALDON	4,000,000	0.038
20	PACITA K. YAP OR PHILIP K. YAP	3,500,000	0.033
	PHILIP KING YAP OR PACITA K. YAP	3,500,000	0.033

Dividends

From 2015-2017, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.095 per share, totaling at least ₱1 billion payable in March of each year. The Company also paid a special dividend of ₱0.180 per share, totaling ₱1.9 billion, on March 9, 2015.

From 2018-2019, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.120 per share, totaling about ₱1.2 billion, payable in March of each year.

On February 27, 2020, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.120 per share, totaling about ₱1.2 billion, payable on March 27, 2020 to stockholders of record as of May 21, 2020.

There is no legal restriction that limits or would likely limit Belle's ability to pay dividends, aside from its retained earnings available for such.

Dividend Policy

a) Subject to the discretion of the Board of Directors, all shareholders have the right to receive dividends.
b) Dividends shall be paid to all shareholders within thirty (30) days from declaration.
c) The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:
    1. When justified by definite corporate expansion projects or programs approved by the Board;
    2. When the Company is prohibited from declaring dividends under any loan agreement with any financial institution or creditor, whether local or foreign, without its consent, and such consent has not been secured;
    3. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

Recent Sales of Unregistered Securities

The Company did not sell or issue securities within the past three (3) years that were not registered under the Securities Regulation Code.

DIRECTORS AND EXECUTIVE OFFICERS

Please refer to the portion of this Information Statement on "Directors and Executive Officers".

COMPLIANCE WITH THE REVISED MANUAL OF CORPORATE GOVERNANCE

Corporate Objectives:

1. **Deliver the finer things in life to our customers.**
   - Identify trends and opportunities in tourism and leisure industries.
   - Forge partnerships with world-class organizations: Belle has always looked for business partners with a proven track record, domain expertise, and similar values.
   - Enhance and launch prime leisure amenities and developments.

2. **Enhance a shareholder value.**
   - Realize sustained recurring earnings growth year on year.
   - Endeavor to model global good governance best practices, and continue to be one of the top 100 Philippine publicly-listed companies scoring above 90 points in the annual ASEAN Corporate Governance Scorecard.
   - Pay consistent dividends to shareholders.

3. **Establish a culture of sustainability across our business.**
   - Embed sustainability in its operations: Sustainability is a core value of Belle Corporation and working with the communities we operate in is a priority for our operations, including programs to lower use of fossil fuels, achieve more efficient waste management, care for the environment, and uplift the lives of the less privileged in our communities.
   - Establish social partnerships: Belle Kaagapay partners with a number of non-government organizations to expand the reach of its community initiatives.

   The company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

Board Attendance

Regular meetings of the Board are scheduled before the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. The Board and Committee Meetings for 2020 were scheduled during the Board Meeting in October 2020. A director's absence or non-participation in more than 50% of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2020, each of the Company's Directors have complied with the requirements. Below table shows the attendance of each board member in the meetings conducted during the year:

Attendance in Board of Directors' Meetings in 2020										
Director		02/27	03/17	03/19	04/07	05/07	06/22	10/22	10/24	12/17
1	Willy N. Ocier	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Elizabeth Anne C. Uychaco	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Manuel A. Gana	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Emilio S. De Quiros, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Cesar E.A. Virata (ID)	✓	✓	✓	-	✓	✓	✓	✓	✓
6	Jose T. Sio	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Jacinto C. Ng, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Ricardo L. Moldez	✓	✓	-	✓	✓	✓	✓	✓	✓
9	Virginia A. Yap	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Amando M. Tetangco, Jr. (ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Gregorio U. Kilayko (ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓

Board Performance Evaluation

The Company conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum Board performance. In this evaluation process, directors identify areas for improvement, some of which are: the timelines and integrity of information given to them, directors' access to management, the Corporate Secretary and Board Advisors, and other form of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised.

In line with governance best practices, the board evaluations shall be facilitated by a third-party independent assessor every three (3) years reckoned from January 1, 2017 (effectivity date of the 2016 Code of Corporate Governance for Publicly Listed Companies).

The Board members assessed the Board as a whole based on their balance/diversity, competencies, background and experience. Board efficiency and importance as well as board activities were also given the appropriate ratings.

The eight (8) Board Committees were also assessed based on their performance.

Individual performances were also assessed based on independence, participation and diligence.

Likewise, Chairperson and CEO were assessed for their leadership, integrity, diligence and adherence to corporation governance, while the following key officers were also evaluated for the over-all performance:

1. Chief Finance Officer
2. Chief Risk Officer
3. Chief Compliance Officer
4. Internal Audit Head

Continuing Education Programs

The Board identifies areas of continuing education on corporate governance topics they require. To keep the Board and key officers well-informed of governance related developments, regular annual education programs are conducted in coordination with SM Investments Corporation and training providers duly accredited by the Securities and Exchange Commission.

In 2020, the annual continuing education was conducted in October by the Institute of Corporate Directors.

Revised Manual on Corporate Governance

In compliance with the initiative of the Securities and Exchange Commission ("SEC"), BELLE submitted its Revised Manual on Corporate Governance (the "Manual") to the SEC. This manual institutionalizes the principles of good corporate governance in the entire Company. The Company believes that corporate governance, the framework of rules, systems, and processes governing the performance of the Board of Directors and Management of their respective duties and responsibilities, and from which the organization's values and ethics emerge, is of utmost importance to the Company's shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government, and community in which it operated. The Company undertakes every effort possible to create awareness throughout the entire organization.

The Board approved on February 24, 2021 the Revised Corporate Governance Manual and has been posted in the Company's website:
https://www.bellecorp.com/sites/default/files/governance/Amended%20MCG%2002242021%20-%20WEBSITE.pdf

Board Committees

Even prior to the submission of its Manual, however, the Company already created various Board-level committees. These committees were comprised of:

1. Executive Committee – to oversee the management of the Company and is responsible for the Company's goals, finances and policies;
2. Audit Committee – to review financial and accounting matters;
3. Compensation and Remuneration Committee – to look into an appropriate remuneration system;
4. Risk Oversight Committee – to review the policies and procedures relating to the identification, analysis, management, monitoring, and reporting of financial and non-financial risks.

Subsequently, the following Board Committees were created:

5. Related Party Transactions Committee – to assess material agreements with related parties to ensure that the RPT are conducted at market rates and on arm's length basis;
6. Corporate Governance Committee – to assist and advise the Board of Directors in performing corporate governance compliance responsibilities in relation with the Company's Revised Manual on Corporate Governance, the Philippine Code of Corporate Governance, and the disclosure rules of the SEC and the PSE;
    - Nomination Committee – for the selection and evaluation of qualifications of directors and officers. This Committee was merged with the Corporate Governance Committee in April 2017;
7. Corporate Social Responsibility Committee – to help strengthen the Company's commitment to social development, and aims to balance the business objectives of the Company with social good; and;
8. Environmental and Social Committee – to help protect and sustain the environment and promote the welfare of the communities it operates in.

Risk Oversight Committee

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

The Risk Oversight Committee (ROC) evaluates the effectiveness of the Company's risk management system on an annual basis. The Board of Directors, through the ROC, has reviewed the Company's risk management system for 2020 and has found the same effective and adequate.

The Audit Committee

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with for the year 2020.

Code of Business Conduct and Ethics

The Company remains committed to align with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly Listed Companies. In addition to the Revised Manual on Corporate Governance (Manual), the Company's Code of Business Conduct and Ethics (CBCE) defines good governance, ethics and compliance practices expected throughout the organization. The Manual and CBCE are communicated to directors, officers and employees to ensure familiarity and adherence. These documents are also made public through the Company's corporate website.

Governance Policies

Company policies on governance were developed, submitted to and approved by the Board to protect the interests and rights of the shareholders and stakeholders and to promote transparency and accountability. Such governance related policies are shown below and may be viewed through the BELLE Corporate website: https://www.bellecorp.com/corporate-governance/company-policies. These policies and procedures are initially cascaded throughout the organization via email blast, intranet portal and annual corporate governance trainings.

a) Accountability, Integrity, and Vigilance (Whistle-Blowing)
b) Alternative Dispute Resolution
c) Board Diversity
d) Conflict of Interest
e) Corporate Disclosures
f) Data Privacy Act (Records Management)
g) Directors' Board Seats Held in Other Companies
h) Employees' Safety, Health and Welfare
i) Gifts / Hospitality / Entertainment
j) Guidelines of Placing of Advertisements
k) Insider Trading
l) Material Related Party Transactions
m) Safeguarding Creditors' Rights
n) Succession Planning and Retirement Age for Directors and Key Officers
o) Tenure of Independent Directors
p) Vendor Accreditation and Selection

Board Diversity

The Company values and promotes a diversity policy in the composition of our Company's Board of Directors to reinforce its effectiveness in providing strategic direction, oversight, and compliance with laws and regulations.

The Belle Board matrix below demonstrates compliance with this policy.

BELLE Board Skill Set Matrix				INDUSTRY EXPERIENCE / EXPERTISE / COMPETENCIES																			
NAME and DESIGNATION	AGE	GENDER	EDUCATIONAL BACKGROUND	Accounting / Audit	Anti-Money Laundering	Banking	Construction	Corp. Gov.	Economics	Finance	Hospitality / Leisure	IT / Comm	Insurance	Investment	Internal Control	Law	Management	Marketing	Mining	Real Estate	Retail	Risk Management	Sales & Mktg.
Willy N. Ocier Chairman Executive Director	64	M	Bachelor of Arts in Economics					✔	✔	✔	✔	✔		✔			✔			✔	✔	✔	✔
Elizabeth Anne C. Uychaco Vice-Chairperson Non-Executive Director	65	F	Bachelor of Arts Degree Master in Business Economics Master in Business Administration				✔	✔	✔	✔	✔	✔	✔	✔			✔	✔		✔	✔	✔	
Emilio S. De Quiros, Jr. Non-Executive Director Non-Executive Director	72	M	Bachelor of Arts in Economics Master of Arts in Economics		✔	✔		✔	✔	✔			✔	✔			✔		✔	✔		✔	
Manuel A. Gana President & CEO Executive Director	63	M	Bachelor of Arts in Economics Bachelor of Science in Accounting Master of Business Administration	✔	✔	✔		✔	✔	✔	✔	✔		✔	✔		✔	✔		✔		✔	
Jacinto C. Ng, Jr. Non-Executive Director	51	M	Bachelor of Science Degree Architecture	✔	✔	✔	✔	✔	✔	✔	✔			✔			✔			✔		✔	✔
Ricardo L. Moldez Non-Executive Director	73	M	Accounting Degree Master in Business Administration	✔	✔	✔	✔	✔	✔	✔	✔			✔	✔		✔		✔	✔	✔	✔	
Jose T. Sio Non-Executive Director	81	M	Accounting Degree Master in Business Administration	✔	✔	✔	✔	✔	✔	✔	✔			✔	✔		✔		✔	✔	✔	✔	
Virginia A. Yap Non-Executive Director	69	F	Bachelor of Science Degree Commerce, Accounting Major	✔				✔	✔	✔		✔		✔			✔			✔		✔	
Gregorio U. Kilayko, Jr. Independent Director	65	M	Bachelor Degree Master in Business Administration	✔	✔	✔		✔	✔	✔	✔			✔			✔			✔		✔	
Amando M. Tetangco, Jr. Independent Director	68	M	AB Economics Degree Master in Business Administration Master in Public Policy & Administration		✔	✔		✔	✔	✔		✔		✔			✔			✔		✔	
Cesar E.A. Virata Lead Independent Director	90	M	Bachelor Degree in Mechanical Engineering Bachelor in Business Administration Master in Business Administration		✔	✔	✔	✔	✔	✔	✔	✔		✔			✔			✔		✔	

Insider Trading Policy

Belle Corporation prohibits the Company's directors, officers, and employees from using privileged company information for personal gain.

Directors' disclosures on self-dealing and related party transactions.

All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment.

The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.

All Directors, Officers and Employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.

All Directors, Officers and Employees are required to disclose in writing to the Management, within forty-eight (48) hours, any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of Management.

Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.

The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms-length basis and at prevailing market rates.

Directors, Officers and Employees are prohibited from buying or selling (trading) shares of stock of Belle Corp. using material non-public information and obtained by reason of position, contact within or other relationship with the Company. They are also prohibited from passing on such information to someone else who then buys or sells the Company's shares of stock.

Trading Restriction Period – Directors, Officers and Employees and covered persons mentioned above are prohibited from trading in Belle shares within the period five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information.

This is pursuant to Section 13.2 of the PSE Disclosure Rules – "A Director or Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclosed."

Reporting Requirements – Directors, Officers and Employees are required to report to the Governance, Corporate Affairs and Investor Relations (GCAIR) Department all dealings in Belle shares within three (3) business days from the date of trading. All Directors and Key Officers covered by the SEC and PSE's reporting requirements with regard to their shareholdings in the Company shall do so immediately and correctly.

Below is a summary of our directors' self-dealings of Belle shares as of April 30, 2021:

Name of Director / Officer	Number of Shares held as of 12.31.2019	Acquisition (+)	Disposition (-)	Number of Shares held as of 04.30.2021	% of Ownership
Jacinto C. Ng, Jr.	135,860,666	-	-	135,860,666	1.39
Willy N. Ocier	60,002,702	10,419,000	-	70,421,702	0.72
Virginia A. Yap	160,000	-	-	160,000	0.000
Manuel A. Gana	51,000	-	-	51,000	0.000
Emilio S. De Quiros, Jr.	50,001	-	-	50,001	0.000
Jose T. Sio	1,000	-	-	1,000	0.000
Elizabeth Anne C. Uychaco	1,000	-	-	1,000	0.000
Amando M. Tetangco, Jr.	1,000	-	-	1,000	0.000
Gregorio U. Kilayko	1	-	-	1	0.000
Cesar E.A. Virata	1	-	-	1	0.000
Ricardo L. Moldez	1	-	-	1	0.00
TOTALS	196,127,372	10,419,000	0	206,546,372	2.110

Directorships of Non-Executive Directors in Other Listed Companies

In February 2018, the Board of Directors has approved the setting of a maximum limit of five (5) publicly-listed corporations, including Belle Corporation, for Non-Executive Directors to simultaneously hold at any given time.

Tenure of Independent Directors

Further, the Board has approved the setting of maximum tenure of nine (9) years with year 2012, or the commencements of their term assuming it is later than January 2012, as reckoning date. The Independent Director (ID) may serve as a Non-Executive Director after his term as an ID.

Chief Compliance Officer

The Company, through its Chief Compliance Officer, stresses full compliance with applicable laws and adherence to ethical practices as stated in the Code of Business Conduct and Ethics (CBCE) and the Revised Manual on Corporate Governance.

The Board established the major goals, policies, and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Revised Manual on Corporate Governance, by any of its directors, officers or employees.

For governance related issues or concerns, stakeholders may refer to:

Governance and Corporate Affairs Department
5th Floor Tower A, Two E-com Center
Palm Coast Avenue, Mall of Asia Complex
Pasay City 1300 Philippines
Tel. No.:(632) 8662-8888
Email: governance@bellecorp.com

Investor Relations
Michelle T. Hernandez
Vice President -Governance and Corporate Affairs, Belle Corporation
5th Floor Tower A, Two E-com Center
Palm Coast Avenue, Mall of Asia Complex
Pasay City 1300 Philippines
Tel.No.:(632) 8662-8888
Email: michelle,hernandez @bellecorp.com

UNDERTAKING TO PROVIDE PRINTED COPIES OF THE INFORMATION STATEMENT AND ANNUAL REPORT

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

ATTY. JASON C. NALUPTA
Corporate Secretary

BELLE CORPORATION
5th FLOOR TOWER A, TWO E-COM CENTER
PALM COAST AVENUE, MALL OF ASIA COMPLEX
CBP-1, PASAY CITY 1300, PHILIPPINES
Email: governance@bellecorp.com
Tel No.: 632-8662-8888
Fax no.: 632-6862-8890

2021 ANNUAL STOCKHOLDERS’ MEETING

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2021 Annual Stockholders’ Meeting (**ASM**) of Belle Corporation (“**Belle”** or the “**Company”**) will be held on **June 25, 2021** at 2:00 P.M. and the Board of Directors of the Company has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on **May 27, 2021** (“**Record Date”**) as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The Board of Directors of the Company has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote *in absentia* or by proxy. This is in view of the community quarantine currently implemented in various areas of the country and in consideration of health and safety concerns of everyone involved.

REGISTRATION

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until June 22, 2021, 12:00 noon via ***asmregister.bellecorp.com*** and by submitting the following requirements and documents, subject to verification and validation:

1. Individual Stockholders
   - 1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver’s license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholder (up to 2MB)
   - 1.2. Stock certificate number
   - 1.3. Active e-mail address/es
   - 1.4. Active contact number/s, with area and country codes

2. Multiple Stockholders or with joint accounts
   - 2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver’s license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders (up to 2MB)
   - 2.2. Stock certificate number/s
   - 2.3. Active e-mail addresses of the stockholders
   - 2.4. Active contact numbers, with area and country codes
   - 2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account

3. Corporate Stockholders
   - 3.1. Digital copy of the Secretary’s Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
   - 3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver’s license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
   - 3.3. Active e-mail address/es of the authorized representative
   - 3.4. Active contact number of an authorized representative, with area and country codes

4. PCD Participants/Brokers
    4.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD participant/broker
    4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker
    4.3. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
    4.4. Active e-mail address/es of the authorized representative
    4.5. Active contact number of the authorized representative, with area and country codes

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as these can result in failed registration. All documents/information shall be subject to verification and validation by the Company.

An active/valid email address is required for the registration. Any single email address can be used to register up to five (5) times for multiple shareholdings with the Company under different classifications, i.e., single, joint, multiple/joint, corporate and under broker account. If you have exceeded this number of allowable requests, please contact the Company's Governance and Corporate Affairs Department at (+632) 8662-8888 local 2179 or via email at governance@bellecorp.com.

ONLINE VOTING

Stockholders who have successfully registered shall be notified via email of their unique log-in credentials for the voting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Access the voting portal by clicking the link, and log in using the unique credentials sent by email to the email-address of the stockholder provided to the Company.

2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended as **Annex A** to the Notice of Meeting.

    2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

    2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees (abstain), or vote for certain nominees only.

    Note: *A stockholder may vote such number of his/her 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 (11 directors for the Company) 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 shall not exceed the number of shares owned by the stockholder.*

    Example*: A stockholder who has one hundred (100) shares in the Company will have one thousand one hundred (1100) votes (one hundred shares multiplied by eleven directors to be elected) to distribute among the candidates. Thus, he or she may 1) divide all votes among all candidates equally; or 2) allocate all votes to one or some candidates in any manner so long as the total number of votes does not exceed one thousand one hundred (1100).*

3. Once the stockholder has finalized his or her vote, he or she can proceed to submit the same by clicking the "Submit" button.

4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overwritten and replaced by the system with the new votes cast.

ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will also be posted atbellecorp.com/ASM2021.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request.

OPEN FORUM

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2021 Open Forum" to corsec@bellecorp.com on or before 24 June 2021. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Investor Relations.

For any concerns, please contact the Company's Governance and Corporate Affairs Department at (+632) 8662-8888 local 2111 or via email at governance@bellecorp.com.

For complete information on the annual meeting, please visit (bellecorp.com/ASM2021 in the DIS).

BELLE
CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Metro Manila Philippines

The management of Belle Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

WILLY N. OCIER
Chairman of the Board

MANUEL A. GANA
President and Chief Executive Officer

JACKSON T. ONGSIP
Executive Vice President
and Chief Financial Officer

Signed April 14, 2021

SUBSCRIBED AND SWORN to before me this 14th day of April 2021 affiants exhibiting to me their Passports/TIN, as follows:

NAME	PASSPORT/ TIN No.	DATE OF ISSUE	PLACE OF ISSUE
Willy N. Ocier		November 19, 2016	DFA Manila
Manuel A. Gana		August 9, 2016	DFA Manila
Jackson T. Ongsip		January 25, 2020	DFA Manila

MAKATI CITY
APR 14 2021

Doc. No. 284
Page No. 57
Book No. 101
Series of 2021

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M-65 until 12/31/2021
PTR No. 8531012. Jan. 4, 2021 Until Dec. 31 2021 Makati City
Roll No. Lifetime N. 04897
MCLE No. VI-0016565 / Jan. 14, 2019
G/F Fedman Suites 199 Salcedo Street
Legaspi Village, Makati City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						5	2	4	1	2

C O M P A N Y   N A M E

BELLE CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@bellecorp.com	8662-8888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,772	4th Monday of April	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Jackson T. Ongsip	info@bellecorp.com	8662-8888	0917-5578203

CONTACT PERSON's ADDRESS

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, CBP-1A, Pasay City

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Belle Corporation
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill in Pacific Online Systems Corporation (POSC)

Under PFRS, the Company is required to annually test the amount of goodwill for impairment. As at December 31, 2020, goodwill arising from the acquisition of POSC amounted to ₱926.0 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rate, discount rate and the long-term growth rate.

The Company's disclosures about goodwill are included in Note 18 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rate, discount rate and the long-term growth rate. We compared the key assumptions used, such as revenue growth and long-term growth rates against the historical performance of the cash generating unit and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Accounting for Lease Concessions (As Lessor)

In 2020, the Company granted lease concessions (i.e., lease reduction) to its lessee of land and building as a response to the call by the government to offer lease concessions during the coronavirus pandemic. The Company accounted for the lease concessions as a lease modification to the operating lease that gives rise to a new lease from the effective date of the modification, considering any accrued lease payments relating to the original lease as part of the lease payments for the new lease. The Company's accounting of lease concession under PFRS 16 is significant to our audit because the recorded amounts are material to the consolidated financial statements; and accounting for lease concession involves application of significant judgment and estimation in determining whether the lease concession will be accounted for as lease modification.

The disclosures related to the lease concessions granted by the Company are included in Note 36 to the consolidated financial statements.

Audit Response

We obtained an understanding of the type, extent and periods covered in the lease concessions granted by the Company. We inspected the communications of the Company in connection with the lease concessions granted and traced the contractual terms and conditions to the calculation of the financial impact of lease concession prepared by management. We test computed the lease concession impact prepared by management. We obtained management assessment, and a legal opinion from the Company's external legal counsel supporting the assessment that the lease concession granted is accounted for as a lease modification. We involved our internal specialist in evaluating the legal basis supporting the management assessment and legal position.

Accounting for Remeasurement of Lease Liability (As Lessee)

In 2020, the Company entered into various agreements with its lessor of land. The Company accounted for these agreements as linked transactions resulting to a lease modification. The Company recognized a gain on the partial termination of the lease for the decrease in the lease term and adjustment to right-of-use asset for the remeasurement of lease liability by discounting the revised lease payments using a revised discount rate. The Company's accounting of lease modification under PFRS 16 is significant to our audit because the recorded amounts are material to the consolidated financial statements; and accounting for lease modification involves application of significant judgment and estimation in determining whether the lease modification will not be accounted for as a separate lease agreement.

The disclosures related to the remeasurement of lease liability are included in Note 36 to the consolidated financial statements.

Audit Response

We inspected the amendments to the lease agreements entered into by the Company with its lessor in connection with the linked transactions and traced the revised contractual terms and conditions to the calculation of the financial impact of lease modification prepared by the management. We tested the reduction of lease term and remeasurement of lease liability impact prepared by management. We obtained management assessment to support that the lease modification is not accounted for as a separate lease.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
SEC Accreditation No. 0943-AR-3 (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 153-978-243
BIR Accreditation No. 08-001998-078-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534224, January 4, 2021, Makati City

April 14, 2021

BELLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8 and 42)	**₱2,592,070**	₱4,104,674
Financial assets at fair value through profit or loss (Notes 9 and 42)	**84,261**	140,457
Receivables (Notes 10 and 42)	**5,034,824**	2,463,605
Contract assets - current (Notes 10 and 42)	**39,903**	40,511
Real estate for sale - at cost (Note 11)	**470,609**	327,124
Land held for future development - at cost (Note 11)	**3,013,950**	3,005,429
Other current assets (Notes 12 and 42)	**1,872,788**	1,637,773
Total Current Assets	**13,108,405**	11,719,573
Noncurrent Assets		
Investment properties (Notes 13 and 36)	**25,437,299**	20,257,604
Financial assets at fair value through other comprehensive income (Notes 14 and 42)	**4,789,847**	5,512,817
Intangible asset (Note 15)	**4,349,372**	4,465,206
Goodwill (Note 18)	**926,008**	1,343,809
Installment receivables - net of current portion (Notes 10 and 42)	**269,600**	404,518
Property and equipment (Note 16)	**143,911**	164,825
Deferred tax assets - net (Note 35)	**82,415**	52,825
Investments in and advances to associates - net (Notes 17, 38 and 42)	**75,428**	77,950
Right-of-use assets (Note 36)	**71,732**	148,309
Contract assets - net of current portion (Notes 10 and 42)	**46,302**	89,612
Pension asset (Note 37)	**14,012**	10,312
Other noncurrent assets (Notes 19 and 42)	**641,649**	524,508
Total Noncurrent Assets	**36,847,575**	33,052,295
TOTAL ASSETS	**₱49,955,980**	₱44,771,868
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current liabilities (Notes 20, 38 and 42)	**₱2,338,806**	₱2,301,824
Loans payable (Notes 21 and 42)	**2,525,017**	1,950,017
Income tax payable	**6**	4,275
Current portion of:		
Long-term debt (Notes 23 and 42)	**121,111**	944,444
Lease liabilities (Note 36)	**148,613**	85,660
Total Current Liabilities	**5,133,553**	5,286,220

(Forward)

	December 31	
	2020	2019
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Note 23)	**₱4,445,556**	₱3,566,667
Lease liabilities (Note 36)	**6,538,881**	918,275
Pension liability (Note 37)	**59,291**	54,532
Deferred tax liabilities - net (Note 35)	**2,968,910**	2,741,361
Other noncurrent liabilities (Note 22)	**375,672**	343,424
Total Noncurrent Liabilities	**14,388,310**	7,624,259
TOTAL LIABILITIES	**19,521,863**	12,910,479
Equity Attributable to Equity Holders of the Parent		
Common stock (Note 24)	**10,561,000**	10,561,000
Additional paid-in capital	**5,503,731**	5,503,731
Treasury shares (Note 24)	**(2,476,700)**	(2,476,700)
Equity share in cost of Parent Company shares held by associates (Note 17)	**(2,501)**	(2,501)
Cost of Parent Company common shares held by subsidiaries (Note 24)	**(1,464,322)**	(1,493,752)
Other reserves (Notes 2, 14 and 37)	**3,675,936**	4,379,383
Excess of acquisition cost over net assets of acquired subsidiaries	**252,040**	252,040
Retained earnings (Note 24)	**11,580,786**	11,707,576
Total Equity Attributable to Equity Holders of the Parent	**27,629,970**	28,430,777
Non-controlling Interests	**2,804,147**	3,430,612
Total Equity	**30,434,117**	31,861,389
TOTAL LIABILITIES AND EQUITY	**₱49,955,980**	₱44,771,868

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Per Share Amounts)

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Lease income (Notes 13 and 36)	**₱2,663,226**	₱2,670,953	₱724,431
Gaming revenue share - net (Notes 25 and 39)	**635,217**	2,976,366	3,211,857
Equipment rental (Notes 36 and 39)	**328,438**	681,484	1,448,318
Sale of real estate	**234,965**	487,307	670,527
Revenue from property management	**168,296**	214,635	186,194
Commission and distribution income (Note 39)	–	308,381	487,626
Interest income on finance lease (Note 36)	–	–	1,663,824
Others (Note 26)	**143,258**	130,308	95,237
	4,173,400	7,469,434	8,488,014
COSTS AND EXPENSES			
General and administrative expenses (Note 32)	**(1,312,959)**	(1,386,592)	(1,802,136)
Cost of lease income (Note 30)	**(1,206,514)**	(836,938)	(341,600)
Cost of lottery services (Note 27)	**(494,211)**	(983,422)	(1,270,160)
Cost of gaming operations (Note 28)	**(135,692)**	(135,865)	(178,264)
Cost of real estate sold (Notes 11 and 29)	**(134,934)**	(202,335)	(363,568)
Cost of services for property management (Note 31)	**(100,957)**	(159,854)	(134,960)
	(3,385,267)	(3,705,006)	(4,090,688)
OTHER INCOME (EXPENSES)			
Interest expense (Note 33)	**(559,570)**	(478,880)	(464,861)
Interest income (Note 33)	**55,451**	75,157	58,251
Unrealized loss on financial asset at fair value through profit or loss (Note 9)	**(6,196)**	(15,248)	(11,903)
Net foreign exchange loss	**(1,994)**	(2)	(683)
Other income (loss) - net (Note 34)	**843,194**	(128,289)	(164,086)
	330,885	(547,262)	(583,282)
INCOME BEFORE INCOME TAX	**1,119,018**	3,217,166	3,814,044
PROVISION FOR INCOME TAX (Note 35)			
Current	**36,653**	274,033	225,415
Deferred	**190,664**	19,406	363,495
	227,317	293,439	588,910
NET INCOME	**₱891,701**	₱2,923,727	₱3,225,134

(Forward)

	Years Ended December 31		
	2020	2019	2018
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on financial assets at FVOCI (Note 14)	**(₱713,764)**	₱477,455	₱283,020
Remeasurement gain (loss) of pension asset/liability - net (Note 37)	**24,316**	(34,708)	23,430
Income tax effect	**(7,295)**	10,412	(7,029)
	(696,743)	453,159	299,421
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱194,958**	₱3,376,886	₱3,524,555
Net income attributable to:			
Equity holders of the parent (Note 41)	**₱1,001,281**	₱2,609,733	₱2,647,757
Non-controlling interests	**(109,580)**	313,994	577,377
	₱891,701	₱2,923,727	₱3,225,134
Total comprehensive income attributable to:			
Equity holders of the parent	**₱302,824**	₱2,891,414	₱2,944,525
Non-controlling interests	**(107,866)**	485,472	580,030
	₱194,958	₱3,376,886	₱3,524,555
Basic/Diluted Earnings Per Share (EPS) (Note 41)	**₱0.106**	₱0.276	₱0.267

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent													
						Other Reserves								
	Common Stock (Note 24)	**Additional Paid-in Capital**	**Treasury Shares** (Note 24)	**Equity Share in Cost of Parent Company Shares Held by Associates** (Note 17)	**Cost of Parent Company Common Shares Held by Subsidiaries** (Note 24)	**Unrealized Gain on Financial Assets at FVOCI - net** (Note 14)	**Share in Unrealized Gain on Financial Assets at FVOCI of Associates** (Note 17)	**Remea-surement of Pension Income (Expense)** (Note 37)	**Transactions with Non-Controlling Interests**	**Excess of Acquisition Cost over Net Assets of Acquired Subsidiaries**	**Retained Earnings** (Note 24)	**Total**	**Non-controlling Interests** (Note 24)	**Total Equity**
Balance at January 1, 2020	**₱10,561,000**	**₱5,503,731**	**(₱2,476,700)**	**(₱2,501)**	**(₱1,493,752)**	**₱1,334,901**	**₱14,061**	**(₱13,707)**	**₱3,044,128**	**₱252,040**	**₱11,707,576**	**₱28,430,777**	**₱3,430,612**	**₱31,861,389**
Net income	–	–	–	–	–	–	–	–	–	–	**1,001,281**	**1,001,281**	**(109,580)**	**891,701**
Unrealized loss on financial assets at FVOCI - net (Note 14)	–	–	–	–	–	**(713,683)**	–	–	–	–	–	**(713,683)**	**(81)**	**(713,764)**
Remeasurement gain on pension asset (liability) - net	–	–	–	–	–	–	–	**15,226**	–	–	–	**15,226**	**1,795**	**17,021**
Total comprehensive income (loss) for the year	–	–	–	–	–	**(713,683)**	–	**15,226**	–	–	**1,001,281**	**302,824**	**(107,866)**	**194,958**
Realized gain on financial assets at FVOCI transferred to retained earnings	–	–	–	–	–	**(4,990)**	–	–	–	–	**4,990**	–	–	–
Cash dividends (Note 24)	–	–	–	–	–	–	–	–	–	–	**(1,133,061)**	**(1,133,061)**	–	**(1,133,061)**
Purchase of treasury shares of a subsidiary (Note 24)	–	–	–	–	–	–	–	–	–	–	–	–	**(220,430)**	**(220,430)**
Dividend declared by subsidiary (Notes 2)	–	–	–	–	–	–	–	–	–	–	–	–	**(298,169)**	**(298,169)**
Sale of Parent shares by subsidiary (Note 24)	–	–	–	–	**29,430**	–	–	–	–	–	–	**29,430**	–	**29,430**
Balance at December 31, 2020	**₱10,561,000**	**₱5,503,731**	**(₱2,476,700)**	**(₱2,501)**	**(₱1,464,332)**	**₱616,228**	**₱14,061**	**₱1,519**	**₱3,044,128**	**₱252,040**	**₱11,580,786**	**₱27,629,970**	**₱2,833,577**	**₱30,434,117**

	Attributable to Equity Holders of the Parent													
						Other Reserves								
	Common Stock (Note 24)	Additional Paid-in Capital	Treasury Shares (Note 24)	Equity Share in Cost of Parent Company Shares Held by Associates (Note 17)	Cost of Parent Company Common Shares Held by Subsidiaries (Note 24)	Unrealized Gain on Financial Assets at Fair Value Through OCI - net (Note 14)	Share in Unrealized Gain on Financial Assets at FVOCI of Associates (Note 17)	Remea-surement of Pension Income (Expense) (Note 37)	Transactions with Non-Controlling Interests	Excess of Acquisition Cost over Net Assets of Acquired Subsidiaries	Retained Earnings (Note 24)	Total	Non-controlling Interests (Note 24)	Total Equity
Balance at January 1, 2019	₱10,561,000	₱5,503,731	(₱2,476,700)	(₱2,501)	(₱1,695,369)	₱1,047,057	₱14,061	₱1,529	₱3,044,128	₱252,040	₱10,221,830	₱26,470,806	₱3,374,425	₱29,845,231
Net income	–	–	–	–	–	–	–	–	–	–	2,609,733	2,609,733	313,994	2,923,727
Unrealized gain on financial assets at FVOCI - net (Note 14)	–	–	–	–	–	296,917	–	–	–	–	–	296,917	180,538	477,455
Remeasurement loss on pension asset (liability) - net	–	–	–	–	–	–	–	(15,236)	–	–	–	(15,236)	(9,060)	(24,296)
Total comprehensive income (loss) for the year	–	–	–	–	–	296,917	–	(15,236)	–	–	2,609,733	2,891,414	485,472	3,376,886
Sale of Parent shares by subsidiary (Note 24)	–	–	–	–	201,617	–	–	–	–	–	–	201,617	–	201,617
Dividend declared by subsidiary (Note 2)	–	–	–	–	–	–	–	–	–	–	–	–	(429,285)	(429,285)
Realized gain on financial assets at FVOCI transferred to retained earnings	–	–	–	–	–	(9,073)	–	–	–	–	9,073	–	–	–
Cash dividends (Note 24)	–	–	–	–	–	–	–	–	–	–	(1,133,060)	(1,133,060)	–	(1,133,060)
Balance at December 31, 2019	₱10,561,000	₱5,503,731	(₱2,476,700)	(₱2,501)	(₱1,493,752)	₱1,334,901	₱14,061	(₱13,707)	₱3,044,128	₱252,040	₱11,707,576	₱28,430,777	₱3,430,612	₱31,861,389

	Common Stock (Note 24)	Additional Paid-in Capital	Treasury Shares (Note 24)	Equity Share in Cost of Parent Company Shares Held by Associates (Note 17)	Cost of Parent Company Common Shares Held by Subsidiaries (Note 24)	Other Reserves: Unrealized Gain on Financial Assets at Fair Value Through OCI - net (Note 14)	Other Reserves: Share in Unrealized Gain on Financial Assets at FVOCI of Associates (Note 17)	Other Reserves: Remeasurement of Pension Income (Expense) (Note 37)	Other Reserves: Transactions with Non-Controlling Interests	Excess of Acquisition Cost over Net Assets of Acquired Subsidiaries	Retained Earnings (Note 24)	Total	Non-controlling Interests (Note 24)	Total Equity
	Attributable to Equity Holders of the Parent													
Balance at January 1, 2018	₱10,561,000	₱5,503,731	(₱181,185)	(₱2,501)	(₱1,585,336)	₱794,022	₱14,061	(₱12,303)	₱3,044,128	₱252,040	₱8,765,540	₱27,153,197	₱3,207,977	₱30,361,174
Net income	–	–	–	–	–	–	–	–	–	–	2,647,757	2,647,757	577,377	3,225,134
Unrealized gain on financial assets at FVOCI - net (Note 14)	–	–	–	–	–	282,936	–	–	–	–	–	282,936	84	283,020
Remeasurement gain on pension asset (liability) - net	–	–	–	–	–	–	–	13,832	–	–	–	13,832	2,569	16,401
Total comprehensive income (loss) for the year	–	–	–	–	–	282,936	–	13,832	–	–	2,647,757	2,944,525	580,030	3,524,555
Purchase of treasury shares	–	–	(2,295,515)	–	–		–	–	–	–	–	(2,295,515)	(16,607)	(2,312,122)
Acquisition of additional Parent Company shares by POSC (Note 24)	–	–	–	–	(110,033)	–	–	–	–	–	–	(110,033)	–	(110,033)
Dividend declared by subsidiary (Note 2)	–	–	–	–	–	–	–	–	–	–	–	–	(396,975)	(396,975)
Realized gain on financial assets at FVOCI transferred to retained earnings	–	–	–	–	–	(29,901)	–	–	–	–	29,901	–	–	–
Cash dividends (Note 24)	–	–	–	–	–	–	–	–	–	–	(1,221,368)	(1,221,368)	–	(1,221,368)
Balance at December 31, 2018	₱10,561,000	₱5,503,731	(₱2,476,700)	(₱2,501)	(₱1,695,369)	₱1,047,057	₱14,061	₱1,529	₱3,044,128	₱252,040	₱10,221,830	₱26,470,806	₱3,374,425	₱29,845,231

See accompanying Notes to Consolidated Financial Statements

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,119,018**	₱3,217,166	₱3,814,044
Adjustments for:			
Depreciation and amortization (Notes 13, 15, 16, 27, 28, 29, 30, 31, 32 and 36)	**1,277,876**	1,080,631	594,571
Gain from reversal of provisions (Note 34)	**(756,115)**	–	–
Interest expense (Note 33)	**559,570**	478,880	464,861
Impairment of goodwill (Notes 18 and 32)	**417,801**	377,518	110,934
Gain on disposal of net assets of subsidiaries (Notes 18 and 34)	**(70,338)**	–	–
Amortization of discount on trade receivables (Notes 10 and 26)	**(69,517)**	(80,854)	(68,619)
Interest income (Note 33)	**(55,451)**	(75,157)	(58,251)
Pension cost (Note 37)	**14,432**	8,786	13,503
Dividend income (Note 34)	**(13,995)**	(26,784)	(26,998)
Gain on termination of leases (Note 34)	**(13,114)**	–	–
Impairment loss on right-of-use assets (Notes 32 and 36)	**9,325**	–	–
Unrealized mark-to-market loss on financial assets at fair value through profit or loss (Note 9)	**6,196**	15,248	11,903
Equity in net loss of associates (Note 17)	**2,519**	–	–
Unrealized foreign exchange loss – net	**1,994**	2	683
Gain on sale of property and equipment (Notes 16 and 34)	**(16)**	(840)	(1,039)
Interest income on finance lease (Note 36)	**–**	–	(1,663,824)
Write-off of deposits (Note 34)	**–**	–	150,000
Write-off of intangible asset (Note 34)	**–**	–	292,512
Working capital adjustments:			
Decrease (increase) in:			
Receivables and contract assets	**(2,326,250)**	(575,963)	1,207,246
Other current assets	**(287,951)**	–	–
Real estate for sale and land held for future development	**(152,006)**	141,809	268,069
Increase in trade and other current liabilities	**1,204,806**	260,079	171,882
Net cash generated from operations	**868,784**	4,820,521	5,281,477
Increase (decrease) in noncurrent assets	**(218,070)**	58,931	(485,563)
Interest received	**55,453**	100,643	53,200
Income taxes paid	**(1,895)**	(277,022)	(152,262)
Retirement benefits paid (Note 37)	**(1,810)**	–	–
Net cash provided by operating activities	**702,462**	4,703,073	4,696,852
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures on investment properties (Note 13)	**(293,553)**	–	–
Payments of estimated on liability on constructions costs	**–**	–	(18,646)
Acquisitions of:			
Property and equipment (Note 16)	**(106,064)**	(45,323)	(66,567)
Financial assets through other comprehensive income (Note 14)	**(9,243)**	(310,769)	(15,350)
Proceeds from disposal of:			
Financial assets at fair value through other comprehensive income (Note 14)	**18,449**	46,179	104,068
Property and equipment (Notes 16 and 34)	**9,243**	992	1,706
Financial assets at fair value through profit or loss (Note 9)	**50,000**	–	12,420

(Forward)

	Years Ended December 31		
	2020	2019	2018
Dividends received (Note 34)	**₱13,995**	₱26,784	₱26,998
Proceeds from disposal of net assets of subsidiaries (Note 18)	**74,026**	–	–
Decrease (increase) in investments in and advances to associates and related parties	**3**	67	(42)
Net cash provided by (used in) investing activities	**(243,144)**	(282,070)	44,587
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long-term debt and loans payable (Notes 21 and 23)	**(4,044,444)**	(4,691,319)	(3,656,945)
Interest (Note 33)	**(574,152)**	(429,755)	(459,810)
Lease liabilities (Note 36)	**(404,102)**	(138,242)	–
Proceeds from:			
Availment of loans and long-term debt (Notes 21 and 23)	**4,675,000**	3,650,000	2,400,000
Acquisition of Parent Company shares held by a subsidiary	**–**	201,617	–
Dividends paid	**(1,431,230)**	(1,562,345)	(1,618,343)
Acquisition of:			
Treasury shares by PLC	**(220,430)**	–	–
Treasury shares by Parent Company (Note 24)	–	–	(2,295,515)
Treasury shares by POSC	**–**	–	(16,607)
Acquisition of Belle shares by a subsidiary (Note 24)	**–**	–	(110,033)
Decrease in obligations under finance lease	**–**	–	(39,489)
Net cash used in financing activities	**(1,969,928)**	(2,970,044)	(5,796,742)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,994)**	(2)	(683)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,512,604)**	1,450,957	(1,057,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,104,674**	2,653,717	3,711,248
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱2,592,070**	₱4,104,674	₱2,653,717

See accompanying Notes to Consolidated Financial Statements.

1. General Information

Corporate Information
Belle Corporation ("Belle" or "Parent Company") is a stock corporation organized in the Philippines on August 20, 1973 and was listed at the Philippine Stock Exchange (PSE) on February 2, 1977. The businesses of Belle, direct and through subsidiaries and associates, include mainly real estate development, principally in the high-end leisure property market, gaming and various investment holdings. Belle and its subsidiaries are collectively referred to as "the Company".

The registered office address of Belle is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City.

Authorization of the Issuance of the Consolidated Financial Statements
The accompanying consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on April 14, 2021.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, the Parent Company's functional and presentation currency, and all values are rounded to the nearest thousands, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include availment of the reliefs granted by the Securities and Exchange Commission (SEC) under Memorandum Circular (MC) Nos. 14-2018 and No. 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry.

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
b. Treatment of land in the determination of the percentage-of-completion (POC);
c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
d. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of *PIC Q&A 2018-12* for another other (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in Notes 3 and 4.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and all of its subsidiaries as at December 31, 2020 and 2019. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee, if and only if, the Company has:

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

Generally, there is a presumption that a majority voting rights results in control. To support this presumption, and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements comprise the financial statements of Belle and the following subsidiaries that it controls:

		2020			2019		
		Percentage of Ownership			Percentage of Ownership		
Subsidiaries	Industry	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
Belle Bay Plaza Corporation (Belle Bay Plaza)*	Investment	**100.0**	–		100.0	–	
Belle Infrastructure Holdings, Inc., (formerly Metropolitan Leisure and Tourism Corporation)*	Investment	**100.0**	–	**100.0**	100.0	–	100.0
Parallax Resources, Inc. (Parallax)*	Investment	**100.0**	–	**100.0**	100.0	–	100.0
SLW Development Corporation (SLW)*	Investment	**100.0**	–	**100.0**	100.0	–	100.0
Belle Grande Resource Holdings Inc. (BGRHI)	Investment	**100.0**	–	**100.0**	100.0	–	100.0
Premium Leisure Corp. (PLC) and Subsidiaries:	Gaming	**79.5**	**0.3**	**79.8**	78.7	0.3	79.0
PremiumLeisure and Amusement, Inc. (PLAI)	Gaming	–	**100.0**	**100.0**	–	100.0	100.0
Foundation Capital Resources Inc.*	Investment	–	**100.0**	**100.0**	–	100.0	100.0
Sinophil Leisure and Resorts Corporation*	Investment	–	**100.0**	**100.0**	–	100.0	100.0
Pacific Online Systems Corporation (POSC) and Subsidiaries:	Gaming	–	**50.1**	**50.1**	–	50.1	50.1
Loto Pacific Leisure Corporation (LotoPac)	Gaming	–	**100.0**	**100.0**	–	100.0	100.0
Lucky Circle Corporation (LCC) and Subsidiaries **	Gaming	–	–	–	–	100.0	100.0
Athena Ventures, Inc. **	Gaming	–	–	–	–	100.0	100.0
Avery Integrated Hub, Inc. **	Gaming	–	–	–	–	100.0	100.0
Circle 8 Gaming Ventures, Inc. **	Gaming	–	–	–	–	100.0	100.0
Luckydeal Leisure, Inc. **	Gaming	–	–	–	–	100.0	100.0
Luckyfortune Business Ventures, Inc. **	Gaming	–	–	–	–	100.0	100.0
Luckypick Leisure Club Corp. **	Gaming	–	–	–	–	100.0	100.0
Luckyventures Leisure Corp. **	Gaming	–	–	–	–	100.0	100.0
Lucky Games Entertainment Ventures Inc. **	Gaming	–	–	–	–	100.0	100.0
Orbis Valley Corporation **	Gaming	–	–	–	–	100.0	100.0
Total Gaming Technologies, Inc. (TGTI)	Gaming	–	**98.9**	**98.9**	–	98.9	98.9
Falcon Resources Inc. (FRI)	Gaming	–	**100.0**	**100.0**	–	100.0	100.0
TGTI Services, Inc.	Gaming	–	**100.0**	**100.0**	–	100.0	100.0

**Non-operating*
*** Sold on February 13, 2020 (see Note 18).*

The Company's subsidiaries are all incorporated in the Philippines.

Material Partly-owned Subsidiaries

PLC

The non-controlling interests in PLC are material to the Company in 2020, 2019 and 2018. NCI hold 20.2% and 21.0% as at December 31, 2020 and 2019, respectively.

The summarized financial information of PLC is provided below. This information is based on amounts before intercompany eliminations.

Summarized consolidated statements of financial position as at December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Total current assets	**₱6,753,160**	₱8,030,050
Total noncurrent assets	**11,057,854**	11,900,872
Total current liabilities	**1,172,208**	1,847,671
Total noncurrent liabilities	**63,219**	65,527
Total equity	**₱16,557,587**	₱18,017,724
Attributable to:		
Equity holders of the Parent	**₱16,220,076**	₱17,478,838
Non-controlling interests	**337,511**	538,886
Total	**₱16,557,587**	₱18,017,724

Summarized consolidated statements of comprehensive income for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
		(In Thousands)	
Revenue	**₱963,656**	₱3,966,232	₱5,147,801
Costs and expenses	**(1,697,851)**	(2,186,175)	(3,068,792)
Other income - net	**1,054,855**	262,150	411,649
Income before income tax	**320,660**	2,042,207	2,490,658
Benefit from (provision for) income tax	**3,056**	59,417	(181,005)
Net income	**323,716**	2,101,624	2,309,653
Other comprehensive loss	**(43,462)**	(71,381)	(248,876)
Total comprehensive income	**₱280,254**	₱2,030,243	₱2,060,777
Attributable to:			
Equity holders of the Parent	**₱481,629**	₱2,210,285	₱1,954,908
Non-controlling interests	**(201,375)**	(180,042)	105,869
Total	**₱280,254**	₱2,030,243	₱2,060,777

Summarized consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
		(In Thousands)	
Operating	**₱578,921**	₱3,046,487	₱3,071,022
Investing	**47,273**	(326,356)	(2,103,213)
Financing	**(1,944,958)**	(1,497,068)	(1,616,433)
Net increase (decrease) in cash and cash equivalents	**(₱1,318,764)**	₱1,223,063	(₱648,624)

Dividends paid in 2020, 2019 and 2018 to non-controlling interests amounted to ₱298.2 million, ₱429.3 million and ₱397.0 million, respectively.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- *Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

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

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

- Adoption of PIC Q&A 2020-05, *Accounting for Cancellation of Real Estate Sales (Supersedes PIC Q&A 2018-14)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively upon approval of the Financial Reporting Standards Council (FRSC).

  The Company did not avail of the relief provided by the SEC and adopted the PIC Q&A prospectively from approval of the FRSC on November 11, 2020. Prior to adoption, the Company records the repossessed inventory at fair value. The Company has opted to implement the same approach in its accounting for sales cancellation. Thus, the adoption of PIC Q&A 2020-05 did not have impact on the Company's consolidated financial statements.

- *Adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry*

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34, Series of 2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Company did not avail of the relief provided by the SEC and instead adopted the IFRIC agenda decision retrospectively effective January 1, 2018. The adoption of the IFRIC agenda decision did not have impact in the financial statements of the Company since there were no borrowing costs that were capitalized to projects.

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

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Company enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- *Conceptual Framework for Financial Reporting issued on March 29, 2018*

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;

- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The Company adopted the amendments beginning January 1, 2020. In 2020, the Company received rent concessions (i.e., rent reduction and rent deferral) on its right-of-use office space, right-of-use land and right-of-use building. The rent reduction on right-of-use office space amounting to ₱0.3 million was accounted for as variable lease and recognized as reduction to rent expense (see Notes 32 and 36). The Company received deferral of lease payments on right-of-use land and right-of-use building totaling ₱100.0 million (see Note 36).

4. **Future Changes in Accounting Policies**

The Company intends to adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its consolidated financial statements.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.
  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
  The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have an impact to the Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Company availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12, except for the treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E and accounting for CUSA charges discussed in PIC Q&A No. 2018-12-H, where the Company's accounting policy is already consistent with PIC Q&A No. 2018-12.

Had the other provisions been adopted, the Company assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, sale of real estate, installment receivables, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Company has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.

b. The exclusion of uninstalled materials in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced sale of real estate, cost of real estate sold and installment receivables; increased real estate inventories and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Company's financial reporting during the period of deferral as follows:

a. The financial statements are not considered to be in accordance with PFRS and should specify in the "*Basis of Preparation of the Financial Statements*" section of the financial statements that the accounting framework is:

   PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:
   - Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
   - Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)

b. The Auditor's report will:
   i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

- 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 FRSC 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.

5. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks earns interest at the prevailing bank deposit rates.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less from date of acquisition and are subject to an insignificant risk of change in value.

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

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

The Company's management determines the policies and procedures for both recurring and nonrecurring fair value measurements.

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

"Day 1" Difference
When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Financial Instruments - Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Date of Recognition of Financial Assets. The Company recognizes financial assets in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition and Subsequent Measurement of Financial Assets. Financial assets are classified as financial assets measured at amortized cost, FVTPL and FVOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contract with Customers*.

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

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

The Company has no FVOCI with recycling of cumulative gains or losses (debt instruments) as at December 31, 2020 and 2019.

- *Financial Assets at FVTPL.* Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

  This category includes listed equity investments held for trading. Dividends on listed equity investments are recognized as other income in the profit or loss when the right of payment has been established.

  Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments as defined by PFRS 9. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  As at December 31, 2020 and 2019, the Company's investments held for trading are classified as financial assets at FVTPL. The Company has no derivatives designated as hedging instruments as at December 31, 2020 and 2019.

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

  Financial assets at amortized cost are classified as current assets when the Company expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, this category includes the Company's cash and cash equivalent, receivables, installment receivables, advances to contractors, advances to associates, refundable deposits and construction bonds and guarantee bonds (presented as part of "other noncurrent assets").

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

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

  The Company elected to classify irrevocably certain equity investments under this category. As at December 31, 2020 and 2019, this category includes the Company's investments in shares of stock.

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash

flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Date of Recognition of Financial Liabilities. The Company recognizes financial liabilities in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

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

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

Subsequent Measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at FVTPL
- Financial liabilities at amortized cost (loans and borrowings)

As at December 31, 2020 and 2019, the Company has no financial liabilities at FVTPL.

Financial Liabilities at Amortized Cost (Loans and Borrowing).
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss.

This category includes the Company's trade payables and other current liabilities, loans payable and lease liabilities.

Derecognition of Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

Classification of Financial Instruments between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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

Real Estate for Sale and Land Held for Development
Property acquired or being constructed for sale in the ordinary course of business, rather than held for rental or capital appreciation, is considered as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes land acquisition cost, amounts paid to contractors for construction and development, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to complete and the estimated costs of sale. The cost of inventory property recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and allocation of any non-specific costs based on the relative size of the property sold. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Investments in Associates
An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and

operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or control are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associates since their respective acquisition dates. Goodwill relating to the associates is included in the carrying amount of the investments and is not tested for impairment individually.

The profit or loss in the consolidated statement of comprehensive income reflects the Company's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes and discloses this, when applicable, as part of other comprehensive income and in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Company's share in income or loss of associates is shown on the face of the consolidated statement of comprehensive income. This is the income or loss attributable to equity holders of the associates and therefore is income or loss after tax and non-controlling interest in the subsidiaries of the associates.

If the Company's share of losses of an associate equals or exceeds the carrying amount of an investment, the Company discontinues including its share of further losses. After the Company's investment is reported at zero value, additional losses are provided for and a liability is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits exceeds the share of net losses not recognized.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investment in its associates. The Company determines at each reporting date whether there is any objective evidence that each of the investment in associates is impaired. If such evidence exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment in associate and its carrying value and recognizes the loss in profit or loss in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the investment in associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss in the consolidated statement of comprehensive income.

The financial statements of the associates are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Investment Properties
Investment properties comprise of land and building held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing

commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation and accumulated impairment, if any. Land is stated at cost less accumulated impairment loss, if any.

Building is depreciated over its economic life which ranges from 17 to 40 years.

Investment properties are derecognized when either they have been disposed of or when permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with policy stated under property and equipment up to the date of the change in use. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale, the deemed cost of the subsequent accounting is the fair value of the date of change in use.

Business Combinations

Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

For accounting similar to pooling of interest method, the assets, liabilities and equity of the acquired companies for the reporting period in which the common control business combinations occur, and for any comparative periods presented, are included in the consolidated financial statements of the Company at their carrying amounts as if the combinations had occurred from the date when the acquired companies first became under the control of the Company. The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized under "Excess of acquisition cost over net assets of acquired subsidiaries" account in the equity section of the consolidated statement of financial position.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling inter costs and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of comprehensive income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company measures in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Company also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company’s cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment.*

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the goodwill is allocated. These budgets and forecasts calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

When business combination involves more than one exchange transaction (occurs in stages), each exchange transaction is treated separately by the Company, using the cost of transaction and fair value information at the date of each exchange transactions, to determine the amount of goodwill associated with that transaction. Any adjustment to fair value relating to the previously held interest is a revaluation and is accounted for as such.

When subsidiaries are sold, the difference between the selling price and the net assets plus goodwill is recognized in profit or loss.

<u>Property and Equipment</u>
Property and equipment, except land, are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes of the cost of replacing part of the property and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are charged against profit or loss in the consolidated statement of comprehensive income as incurred. Land is carried at cost net of accumulated impairment losses, if any.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Lottery equipment	4–10 years or term of lease, whichever is shorter
Leasehold improvements	15 years or the term of the lease, whichever is shorter
Machinery and equipment	5 years
Condominium units and improvements	17 years
Transportation equipment	4–5 years or the term of the lease, whichever is shorter
Office furniture, fixtures and equipment	3–5 years

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Construction-in-progress represents property and equipment under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed. Construction-in-progress is not depreciated until such time that assets are completed and available for use.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the consolidated statement of comprehensive income in the year the asset is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use.

Intangible Assets

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

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of intangible assets.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

The Company made upfront payments to purchase a license. The license has been granted for a period of 18.6 years, renewable for another 25 years, by the relevant government agency. The license was assessed as having a finite life and is amortized on a straight-line basis over the period of the license, i.e., 43.6 years.

Instant Scratch Tickets, Spare Parts and Supplies
Instant scratch tickets, spare parts and supplies are included under "Other current assets" account in the consolidated statement of financial position. Instant scratch tickets are valued at cost, less any impairment loss. Spare parts and supplies are valued at the lower of cost and NRV. Cost, which includes all costs attributable to acquisition, is determined using the first-in, first-out method. NRV spare parts and supplies is its current replacement cost.

Impairment of Nonfinancial Assets (excluding Goodwill)
The Company assesses at each reporting date whether there is an indication that right-of-use assets, investments in associates, investment properties, property and equipment and intangible asset may be impaired. If any such indication exists and when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Any impairment loss is recognized in profit or loss in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired assets.

For asset excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Equity
Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Retained earnings represent the accumulated earnings of the Company, net of dividends declared to date.

Treasury Shares
Treasury shares represent issued Parent Company shares which were subsequently repurchased. These are recorded at cost and shown in the consolidated statements of financial position as a deduction from equity. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid in capital.

Equity Share in Cost of Parent Company Shares Held by Associates
Equity share in cost of Parent Company common shares held by associates represents the amount that reduces the Company's "Investments in and advances to associates" account and equity balance by the Company's effective ownership in Parent Company common shares held by associates.

Cost of Parent Company Common Shares Held by Subsidiaries
Cost of Parent Company common shares held by subsidiaries are equity instruments which are reacquired (treasury shares) and are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other reserves.

NCI
NCI represents the portion of profit or loss and the net assets not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a non-controlling shareholder of a consolidated subsidiary in excess of the non-controlling shareholder's equity in the subsidiary are charged against the NCI even if this results in NCI having a deficit.

NCI represent the equity interest in PLC and POSC not held by the Parent Company.

Revenue Recognition

Revenue from Contract with Customers
The Company is in the business of sale of real estate, gaming, leasing and distribution. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for commission income, wherein it is acting as agent.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 6.

Sale of Real Estate. The Company derives its real estate revenue from sale of lots, house and lots and construction of house. Revenue from the sale of these real estate project spread over time across the course of the construction since the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In determining the transaction price, the Company considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties without consideration of significant financing component under PFRS 15 as allowed by the SEC as discussed in Note 2 to the consolidated financial statements.

In measuring the progress of its performance obligation over time, the Company uses output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using performance completed to date. This is based on the monthly project accomplishment report prepared by the Company's engineers which integrates the surveys of performance to date of the construction activities and includes uninstall materials in the determination of measure of progress (see Note 2).

Estimated development costs include costs of land development, house construction costs, building costs, professional fees and payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as “Real estate sales and installment receivables” under “Receivables” account and “Installment receivables – net of current portion” account in the consolidated statements of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the “Contract liabilities” account in the liabilities section of the consolidated statements of financial position.

Cost Recognition
The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land acquisition cost and connection fees. These include costs of land, land development costs, building costs, professional fees and permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Company recognizes as an asset, only the costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Receivables (Including Installment Receivables)
A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the consideration received from the customer and the transferred goods or services to a customer.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The contract liabilities also include payments received by the Company from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Cost to obtain a contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of real estate sold" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment asset
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Gaming Revenue Share - net. Revenue representing monthly payments from Melco Resorts Leisure (PHP) Corporation (Melco) based on the performance of gaming operations of City of Dreams Manila integrated resort and casino is recognized when earned pursuant to an Operating Agreement and is measured at the fair value of the consideration received or receivable, net of Philippine Amusement and Gaming Corporation (PAGCOR) license fee.

In determining the transaction price for gaming revenue share, the Company considers the effect of variable consideration. The Company estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Interest Income. Interest income from trade receivables and finance lease receivables is recognized as the interest accrues using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount. Interest income from bank deposits is recognized as it accrues.

Equipment Rental. Revenue is recognized based on a certain percentage of gross sales of the lessee's online lottery operations, as computed by the lessee in accordance with the agreement, or a fixed annual rental per terminal in commercial operations, whichever is higher.

Commission and Distribution Income. Revenues from the distribution of lottery, sweepstakes and scratch tickets to customers, including retailers and sub-distributors, representing the Company's share from the sales, are recognized upon delivery of the tickets to the customers. Revenue from the monthly fixed payment from Powerball Marketing & Logistics Corp. (PMLC), formerly Powerball Gaming and Entertainment Corporation, is recognized monthly in accordance with the Outsourcing Memorandum of Agreement (OMOA).

Lease Income. Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the terms of the lease.

Revenue from Property Management. Revenue is recognized as services of providing utilities and maintenance are performed.

Gain on Finance Lease. Gain on finance lease pertains to the income arising from the difference between the fair value of an asset and its cost. Gain on finance lease is recognized when incremental economic benefit will flow to the entity and the amount can be measured reliably. This is presented under "Other income (expenses)" account in the statement of comprehensive income.

Dividends (presented under "Other income (loss)" account). Revenue is recognized when the Company's right to receive the payment is established.

Income from Forfeitures (presented under "Other revenue" account). This represents income from forfeitures of the deposits and, to a certain extent, installments from customers in the event of a default and/or from cancellations of sales. Revenue is recognized upon approval of cancellation.

Penalty (presented under "Other revenue" account). Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Income from Playing Rights (presented under "Other revenue" account). Revenue from sale of club shares and playing rights are recognized when the risk and rewards of ownership of the shares and playing rights have been passed to the buyer and the amount of revenue can be reliably measured.

Brand and Trademark Income (presented under "Other income (loss)" account). Income is recognized at point in time upon transfer of a non-assignable, non-transferable and exclusive right to use of instant scratch tickets' brand and trademarks.

Other Income. Revenue is recognized when there is an incremental economic benefit, other than the usual business operations, that will flow to the Company and the amount of the revenue can be measured reliably.

Costs and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss in the consolidated statement of comprehensive income on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of real estate sold includes all direct materials and labor costs, and those indirect costs related to contract performance. Cost of real estate sold before the completion of the development includes estimated costs for future development work, all estimated by the Company's project engineers. When it is probable that the labor contract cost will exceed total contract revenue, the expected loss is recognized immediately. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins, are recognized in the year in which the revisions are determined. The cost of inventory recognized in profit or loss in the consolidated statement of comprehensive income upon sale is determined with reference to the specific costs incurred on the property, allocated to the saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Leases Starting January 1, 2019 (Upon Adoption of PFRS 16, *Leases*)

Leases. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee. The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- *Right-of-use Assets.* The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

Land	16 years and 4 months
Building	16 years and 4 months
Air rights	14 years and 6 months
Equipment	1 year
Office and warehouse	1 year to 2 years
Corporate Suites	2 years and 5 months

Right-of-use assets are subject to impairment.

- *Lease Liabilities.* At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term Leases.* The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date or initial application of PFRS 16 and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

- *Lease Modification (As Lessee).* Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

  A lessee shall account for a lease modification as a separate lease if both:

  - The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
  - The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall:

- Allocate the consideration in the modified contract;
- Determine the lease term of the modified lease; and
- Remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, of the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined. The lessee shall account for the remeasurement of the lease liability by:

  - Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to partial or full termination of the lease.
  - Making corresponding adjustment to the right-of-use asset for all other lease modifications.

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of Covid-19 pandemic is a lease modification and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and,
- There is no substantive change to other terms and conditions of the lease.

Rent concession from lessors were accounted for as negative variable lease payments in profit or loss.

Company as Lessor. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated income to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Lease Modification (As Lessor). Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Leases Prior to January 1, 2019 (Prior to adoption of PFRS 16)

Leases. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that asset is (or those assets are) not explicitly specified in the arrangement.

Company as Lessee. A lease is classified at the inception date as a finance lease or an operating lease.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are charged against profit or loss in the consolidated statement of income on a straight-line basis over the lease term.

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Company as Lessor. Leases where the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in “Real estate for sale – at cost”, “Land held for future development - cost” and “Investment properties” accounts in the consolidated statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Pension Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Foreign Currency-denominated Transactions and Translations
Transactions denominated in foreign currency are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of transaction. Monetary assets and monetary liabilities denominated in foreign currencies are translated using the Philippine peso closing exchange rate at the reporting date. All differences arising from settlement or translation are recognized in profit or loss in the consolidated statement of comprehensive income. Nonmonetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income Taxes

Current Income Tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences the carry forward benefits of unused tax credits and any unused tax losses from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits and unused tax losses can be utilized except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value-Added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, if applicable:

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of “Input VAT” under “Other current assets” account or “Withholding and output tax payable” under “Trade and other current liabilities” account, respectively, in the consolidated statements of financial position.

<u>Earnings Per Share (EPS)</u>
Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

As the Company has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

Operating Segments
For management purposes, the Company is organized into business units based on the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and, a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented as part of profit or loss in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the reporting period (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

6. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future periods.

Judgments and estimates are continually evaluated and are based on experience and other factors, including expectations of future events that are to believe to be reasonable under the circumstances.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Recognition of Revenue and Cost of Sale of Real Estate

Existence of a contract
The Company's primary document for a contract with a customer is a signed contract to sell, which contain all the criteria to qualify as contract with the customer under PFRS 15. In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history of customer, age of receivables and contract assets and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the customers.

Identifying performance obligation
The Company has various contracts to sell covering (a) serviced lot and (b) condominium unit. The Company concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering condominium unit, the developer has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Company's service is to transfer the title of the real estate unit to the customer.

Recognition of Revenue and Cost of Sale of Real Estate. Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on sufficiency of cumulative payments by the buyer, completion of development and existence of a binding sales agreement between the Company and the buyer. The completion of development is determined based on actual costs incurred over the total estimated development costs reconciled with the Company engineer's judgment and estimates on the physical portion of contract work done if the development cost is beyond preliminary stage.

Business Combinations. The Company acquires subsidiaries which own real estate and gaming operations. At the time of acquisition, the Company considers whether the acquisition represents an acquisition of a business or a group of assets and liabilities. The Company accounts for an acquisition as a business combination where an integrated set of business processes is acquired in addition to the asset acquired. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary.

When the acquisition of subsidiary does not constitute a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values and no goodwill or deferred tax is recognized.

Please refer to Note 18 for the Company's business combinations in prior years.

Determining Subsidiaries with Material Non-controlling Interests and Material Associates. The Company is required to disclose certain financial information on its subsidiaries with material NCI and material associates. There are also qualitative considerations including the nature of relationship between the Company and the subsidiary or associate and the nature of their businesses.

Management determines material subsidiaries with material NCI as those with assets, non-controlling interests, revenues and net income greater than 5% of consolidated assets, NCI, revenues and net income. Material associates are those where the Company's carrying amount of investment or equity in net earnings is greater than 5% of the consolidated assets or net income at year end.

The Company has determined PLC as a subsidiary with material NCI in 2020 and 2019 (see Note 2). The Company has no material associates in 2020 and 2019 (see Note 17).

Determination of Lease Term of Contracts With Renewal – Company as a Lessee (Starting January 1, 2019 - Upon Adoption of PFRS 16). The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Estimating the Incremental Borrowing Rate (Starting January 1, 2019 – Upon Adoption of PFRS 16). The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Company's lease liabilities amounted to ₱6,687.5 million and ₱1,003.9 million as at December 31, 2020 and 2019, respectively (see Note 36).

Evaluation of Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys a right to use the asset.

Finance Lease - as a Lessor. The Parent Company has entered into a lease agreement with Melco for the lease of a building. Prior to October 2018, management has determined based on evaluation of the terms and conditions of the arrangement, that the Parent Company transfers substantially all the risks and benefits incidental to ownership of the building and that the present value of the minimum lease payments amounts to at least substantially all of the fair value of the building at the lease inception date. On those bases, the Parent Company accounted for the lease of the building structures under finance lease.

Interest income on finance lease in 2018 to ₱1,663.8 million. The outstanding balance of finance lease receivables as at December 31, 2018 amounted to nil (see Note 36).

Change in the Classification of Lease from Finance Lease to Operating Lease. The classification of the lease is determined at the inception of the lease, which is based on the risks and rewards incidental to ownership of leased asset. Risks include the possibilities of losses from idle capacity or technological obsolescence and variations in return because of changing economic conditions. Rewards may be represented by the expectation of profitable operation over the asset's economic life and gain from appreciation in value or realization of a residual value. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. If at any time, the lessor and lessee agree to change the provisions of the lease, other than by renewing the lease, in a manner that would have resulted in a different classification of the lease if the changed terms had been in effect at the inception of the lease, the revised agreement is regarded as a new agreement over its term.

In 2018, the parties agreed to change the use of a portion of the building. Also, in 2018, the Parent Company engaged a third party to study the actual use of the building. Based on the result of the study, Management believes that there is a substantial change in the use of the building from the inception of the lease (e.g., parking to retail, non-gaming to gaming). The changes in the use of the building from the inception of the lease resulted to different lease rates as indicated in the lease agreement. The Parent Company assessed that based on the terms of the new agreement and the fair value and useful life of the asset at the date of revision of terms results to change in the classification of lease from finance lease to operating lease. The change in the classification of lease resulted to increase in investment property, rental income and depreciation expense in 2018 by ₱18,225.8 million, ₱532.1 million and ₱116.5 million, respectively. Receivables and interest income decreased in 2018 by ₱18,418.0 million and ₱461.3 million, respectively. The change in the classification of the lease resulted in an annual increase in rental income and depreciation expense by ₱310.3 million and ₱483.9 million in succeeding periods and resulted to decrease in interest income on finance lease by ₱2,166.0 million in 2019 adjusted by the impact of EIR in succeeding period (see Note 13).

Operating Lease - as a Lessor. The Parent Company, as a lessor, has accounted for the lease agreements for its land and building under an operating lease. The Parent Company has determined that it has not transferred the significant risks and rewards of ownership of the leased properties to the lessee because of the following factors:

a) the lessee will not acquire ownership of the leased properties upon termination of the lease;
b) the lessee was not given an option to purchase the assets at a price that is sufficiently lower than the fair value at the date of the option;
c) the lease term is not a major part of the economic life of the asset; and
d) the present value of the minimum lease payments is not substantially all of the fair value of the leased asset.

Lease income earned from lease of land and building amounted to ₱2,663.2 million, ₱2,671.0 million and ₱724.4 million in 2020, 2019 and 2018, respectively (see Note 36).

POSC and TGTI leases to Philippine Charity Sweepstakes Office (PCSO) the lottery equipment it uses for its nationwide on-line lottery operations. POSC and TGTI have determined that it has retained substantially all the risks and benefits of ownership of the lottery equipment being leased to PCSO. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

Revenue from equipment rental amounted to ₱328.4 million, ₱681.5 million and ₱1,448.3 million 2020, 2019 and 2018, respectively (see Note 36).

Finance Lease - as a Lessee (Prior to January 1, 2019 - Prior to Adoption of PFRS 16). POSC also entered into various finance lease agreements covering certain lottery equipment. POSC determined that it bears substantially all the risks and rewards incidental to the ownership of the said properties under finance lease agreements.

Interest expense arising from finance lease obligation in 2018 amounted to ₱6.2 million (see Notes 33 and 36).

Operating Lease - as a Lessee (Prior to January 1, 2019 - Prior to Adoption of PFRS 16). The Company, as a lessee, has entered into lease agreements for its office space, land, parking lots, machinery, office and transportation equipment. The Company has determined that it has not acquired the significant risks and rewards of ownership of the leased properties, thus the Company recognized the lease agreements as operating leases.

Rent expense recognized from operating lease amounted to ₱189.5 million in 2018 (see Note 36).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, many changes due to market changes or circumstances arising that are beyond the control of the Company. Such changes are related in the assumptions when they occur.

Determination of Impairment of Receivables, Installment Contract Receivables and Advances to Associates. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company recognized provision for ECL amounting to ₱139.7 million, ₱2.1 million and nil in 2020, 2019 and 2018, respectively (see Notes 10 and 32). Allowance for doubtful accounts amounted to ₱520.9 million and ₱381.2 million as at December 31, 2020 and 2019, respectively (see Notes 10 and 17). The aggregate carrying values of receivables, installment receivables, contract assets, advances to contractors and advances to associates amounted to ₱5,490.4 million, ₱2,958.3 million and ₱2,367.5 million as at December 31, 2020, 2019 and 2018, respectively (see Notes 10 and 17).

Determination of NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Company writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. The carrying value is reviewed at least annually for any decline in value.

In 2020, the Company recognized provision for probable loss on spare parts and supplies amounting to ₱43.5 million (see Notes 12 and 32). No provision was recognized in 2019 and 2018. The carrying values of inventories and supplies inventory carried at lower of cost and NRV are as follows:

	2020	2019
	(In Thousands)	
Real estate for sale and land held for future development - at cost (see Note 11)	**₱3,484,559**	₱3,332,553
Spare parts and supplies* (see Note 12)	**21,785**	40,236

**Included under "Other current assets" account in the consolidated statements of financial position.*

Estimating Useful Life of Gaming License. The useful life of the Company's gaming license recognized as "Intangible asset" account in the consolidated statement of financial position is estimated based on the period over which the asset is expected to be available for use. The estimated useful life of intangible asset is reviewed periodically and updated if expectations differ from previous estimates. The gaming license runs concurrent with PAGCOR's congressional franchise which is set to expire in 2033, renewable for another 25 years by the Philippine Congress.

In 2020 and 2019, there were no changes in the estimated useful life of gaming license. The carrying value of the gaming license as at December 31, 2020 and 2019 amounted to ₱4,349.4 million and ₱4,465.2 million, respectively (see Note 15).

Estimating Impairment of Goodwill. Impairment exists when the carrying value of the CGU, including the goodwill, exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cashflows model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cashflows model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant the goodwill. The key assumptions used to determine the recoverable amount for the different cash generating unit is, including a sensitivity analysis, are disclosed and further explained in Note 18.

The Company recognized an impairment loss on goodwill amounting to ₱417.8 million, ₱377.5 million and ₱110.9 million in 2020, 2019 and 2018, respectively (see Notes 18 and 32). The carrying amount of goodwill as at December 31, 2020 and 2019 amounted to ₱926.0 million and ₱1,343.8 million, respectively (see Note 18).

Determination of Impairment of Nonfinancial Assets (Except Goodwill). The Company assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Investments in associates, investment properties, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible asset is reviewed annually for impairment while it is still not yet available for use. Determining the value in use of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Company to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's consolidated financial statements.

Provision for impairment loss on right-of-use asset amounted to ₱9.3 million in 2020 (see Note 32). No provision for impairment loss in 2019 and 2018. The carrying values of nonfinancial assets subjected to impairment review as at December 31, 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Investment properties (see Note 13)	**₱25,437,299**	₱20,257,604
Intangible asset (see Note 15)	**4,349,372**	4,465,206
Property and equipment (see Note 16)	**143,911**	164,825
Investments in associates (see Note 17)	**120,832**	123,351
Right-of-use assets (see Note 36)	**71,732**	148,309

Realizability of Deferred Tax Assets. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the deferred tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profit together with future tax planning strategies.

The carrying value of recognized deferred tax assets amounted to ₱2,588.6 million and ₱469.4 million as at December 31, 2020 and 2019, respectively. Unrecognized deferred tax assets amounted to ₱978.5 million and ₱936.7 million as at December 31, 2020 and 2019, respectively (see Note 35).

Determination and Computation of Pension Cost. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Pension asset amounted to ₱14.0 million and ₱10.3 million as at December 31, 2020 and 2019, respectively. Pension liability amounted to ₱59.3 million and ₱54.5 million as at December 31, 2020 and 2019, respectively (see Note 37). Pension cost recognized in profit or loss amounted to ₱23.6 million, ₱27.6 million and ₱23.5 million in 2020, 2019 and 2018, respectively. The remeasurement gain (loss) recognized in other comprehensive income amounted to ₱24.3 million, (₱34.7 million) and ₱23.4 million in 2020, 2019 and 2018, respectively (see Note 37).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Further details about the assumptions used are provided in Note 37.

Evaluation of Contingencies. The Company recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel (see Note 40).

7. Segment Information

The primary segment reporting format is presented based on business segments in which the Company's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company is primarily in the businesses of real estate development, property management and gaming and gaming-related activities. Others pertain to investment companies which are mostly dormant.

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, finance lease receivables, real estate for sale, land held for future development, investment properties, property and equipment and right use assets, net of accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances, and borrowings.

Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRSs.

Financial information about the Company's business segments are shown below:

	2020				
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
			(In Thousands)		
Earnings Information					
Revenue	**₱3,263,745**	**₱1,130,000**	**₱–**	**(₱220,345)**	**₱4,173,400**
Costs and expenses	**(2,140,490)**	**(1,696,940)**	**(5,967)**	**458,130**	**(3,385,267)**
Interest expense	**(719,114)**	**(6,800)**	**–**	**166,344**	**(559,570)**
Interest income	**3,820**	**217,964**	**11**	**(166,344)**	**55,451**
Other income – net	**1,276,563**	**842,781**	**18,528**	**(1,302,868)**	**835,004**
Income before income tax	**1,684,524**	**487,005**	**12,572**	**(1,065,083)**	**1,119,018**
Benefit from (provision for) income tax	**(230,374)**	**3,057**	**–**	**–**	**(227,317)**
Net income for the year	**₱1,454,150**	**₱490,062**	**₱12,572**	**(₱1,065,083)**	**₱891,701**
Net income attributable to equity holders of the parent	**₱1,454,150**	**₱517,573**	**₱12,572**	**(₱983,014)**	**₱1,001,281**
Other Information					
Investments in and advances to associates	**₱9,813,256**	**₱–**	**₱–**	**(₱9,737,828)**	**₱75,428**
Investments at FVTPL	**–**	**84,261**	**–**	**–**	**84,261**
Investments at FVOCI	**4,782,865**	**287,554**	**267,099**	**(547,671)**	**4,789,847**
Total assets	**50,485,244**	**17,793,014**	**418,139**	**(18,740,417)**	**49,955,980**
Total liabilities	**22,040,246**	**1,235,427**	**2,657,369**	**(6,411,179)**	**19,521,863**
Capital expenditures	**399,597**	**90,839**	**–**	**–**	**490,436**
Depreciation and amortization	**(1,064,149)**	**(336,366)**	**–**	**122,639**	**(1,277,876)**

	2019				
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
			(In Thousands)		
Earnings Information					
Revenue	₱3,557,203	₱4,180,360	₱–	(₱268,129)	₱7,469,434
Costs and expenses	(1,726,285)	(2,198,729)	(2,247)	222,255	(3,705,006)
Interest expense	(683,485)	(9,526)	–	214,131	(478,880)
Interest income	9,429	279,859	–	(214,131)	75,157
Other loss - net	1,475,574	(17,163)	(112,780)	(1,489,170)	(143,539)
Income before income tax	2,632,436	2,234,801	(115,027)	(1,535,044)	3,217,166
Provision for (benefit from) income tax	(352,850)	59,411	–	–	(293,439)
Net income for the year	₱2,279,586	₱2,294,212	(₱115,027)	(₱1,535,044)	₱2,923,727
Net income attributable to equity holders of the parent	₱2,279,586	₱2,283,665	(₱115,027)	(₱1,838,491)	₱2,609,733
Other Information					
Investments in and advances to associates	₱10,087,874	₱–	₱–	(₱10,009,924)	₱77,950
Investments at FVTPL	–	140,457	–	–	140,457
Investments at FVOCI	5,505,286	643,459	–	(635,928)	5,512,817
Total assets	43,566,040	20,304,508	136,746	(19,235,426)	44,771,868
Total liabilities	16,856,407	2,084,284	389,085	(6,419,297)	12,910,479
Capital expenditures	15,776	29,547	–	–	45,323
Depreciation and amortization	(677,458)	(525,812)	–	122,812	(1,080,631)

	2018				
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
			(In Thousands)		
Earnings Information					
Revenue	₱3,394,213	₱5,256,509	₱–	(₱162,708)	₱8,488,014
Costs and expenses	(1,446,903)	(3,095,624)	(18,212)	470,051	(4,090,688)
Interest expense	(567,382)	(6,187)	–	108,708	(464,861)
Interest income	9,412	157,478	69	(108,708)	58,251
Other loss - net	1,092,640	298,459	(134,212)	(1,433,559)	(176,672)
Income before income tax	2,481,980	2,610,635	(152,355)	(1,126,216)	3,814,044
Provision for income tax	407,905	181,005	–	–	588,910
Net income for the year	₱2,074,075	₱2,429,630	(₱152,355)	(₱1,126,216)	₱3,225,134
Net income attributable to equity holders of the parent	₱2,074,075	₱2,169,039	(₱152,355)	(₱1,443,002)	₱2,647,757
Other Information					
Investments in and advances to associates	₱9,970,452	₱–	₱11,222	(₱9,903,657)	₱78,017
Investments at FVTPL	–	155,705	–	–	155,705
Investments at FVOCI	4,764,540	746,827	–	(740,595)	4,770,772
Total assets	41,977,085	19,617,701	284,273	(19,387,973)	42,491,086
Total liabilities	17,085,830	1,713,648	373,843	(6,527,466)	12,645,855
Capital expenditures	20,883	45,684	–	–	66,567
Depreciation and amortization	(244,516)	(461,473)	(11,851)	123,269	(594,571)

Revenues from a certain customer in the Company’s real estate development business and gaming revenue share - net amounting to ₱3,298.4 million, ₱5,647.3 million and ₱5,600.1 million for the years ended December 31, 2020, 2019 and 2018, respectively, are solely collectible from Melco while revenues from the Company’s gaming and other gaming-related activities amounting to

₱328.4 million, ₱681.5 million and ₱1,448.3 million for the year ended December 31, 2020, 2019 and 2018 are solely collectible from PCSO.

The following illustrate the reconciliations of reportable segment revenues, net profit, assets and liabilities to the Company's corresponding amounts:

	2020	2019	2018
		(In Thousands)	
Revenues			
Total revenue for reportable segments	**₱4,393,745**	₱7,737,363	₱8,650,722
Elimination for intercompany revenue	**(220,345)**	(268,129)	(162,708)
Total consolidated revenues	**₱4,173,400**	₱7,469,234	₱8,488,014
Net Profit for the Year			
Total profit for reportable segments	**₱1,956,784**	₱4,458,771	₱4,351,350
Elimination for intercompany profits	**(1,065,083)**	(1,535,044)	(1,126,216)
Consolidated net profit	**₱891,701**	₱2,923,727	₱3,225,134
Assets			
Total assets for reportable segments	**₱45,006,444**	₱39,040,644	₱37,486,592
Investments in and advances to associates	**75,428**	77,950	78,017
Investments at FVOCI	**4,789,847**	5,512,817	4,770,772
Investments at FVTPL	**84,261**	140,457	155,705
Total assets	**₱49,955,980**	₱44,771,868	₱42,491,086
Liabilities			
Total liabilities for reportable segments	**₱9,423,168**	₱3,647,237	₱2,410,123
Loans payable	**2,525,017**	1,950,017	1,500,017
Long-term debt	**4,566,667**	4,511,111	6,002,431
Deferred tax liabilities – net	**2,968,910**	2,741,361	2,667,581
Advances from related parties*	**38,101**	60,753	65,703
Total liabilities	**₱19,521,863**	₱12,910,479	₱12,645,855

**Presented under "Trade payables and other current liabilities" account in the consolidated statements of financial position.*

The Parent Company's Executive Committee, the chief operating decision maker of the Company, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including interest expense and interest income) and income taxes are managed as a whole and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Disclosure of the geographical information regarding the Company's revenues from external customers and total assets have not been provided since all of the Company's consolidated revenues are derived from operations within the Philippines.

Capital expenditures consist of additions of property and equipment and expenditures on investment properties.

Disaggregated revenue information
Set out below is the disaggregation of the Company's revenue from contracts with customers for the year ended December 31, 2020 and 2019:

2020			
Type of service	**Real Estate Development and Property Management**	**Gaming and gaming related activities**	**Total**
		(In Thousands)	
Gaming revenue share - net	**₱–**	**₱635,217**	**₱635,217**
Sale of real estate	**234,965**	**–**	**234,965**
Revenue from property management	**168,296**	**–**	**168,296**
Revenue from contracts with customers	**₱403,261**	**₱635,217**	**₱1,038,478**

2019			
Type of service	Real Estate Development and Property Management	Gaming and gaming related activities	Total
		(In Thousands)	
Gaming revenue – share - net	₱–	₱2,976,366	₱2,976,366
Sale of real estate	487,307	–	487,307
Commission and distribution income	–	308,381	308,381
Revenue from property management	214,635	–	214,635
Revenue from contracts with customers	₱701,942	₱3,284,747	₱3,986,689

2018			
Type of service	Real Estate Development and Property Management	Gaming and gaming related activities	Total
		(In Thousands)	
Gaming revenue share - net	₱–	₱3,211,857	₱3,211,857
Sale of real estate	670,527	–	670,527
Commission and distribution income	–	487,626	487,626
Revenue from property management	186,194	–	186,194
Revenue from contracts with customers	₱856,721	₱3,699,483	₱4,556,204

All revenue from contracts with customers pertains to revenue transferred over time.

Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information follows:

2020

Type of service	**Real Estate Development and Property Management**	**Gaming and gaming related activities**	**Total**
		(In Thousands)	
Revenue per segment reporting	**₱3,263,745**	**₱1,130,000**	**₱4,393,745**
Lease income	**(2,663,226)**	**–**	**(2,663,226)**
Other revenues	**(143,258)**	**–**	**(143,258)**
Equipment rental	**–**	**(328,438)**	**(328,438)**
	457,261	**801,562**	**1,258,823**
Intracompany eliminated balances			
Other revenues	**(54,000)**	**(166,345)**	**(220,345)**
Total revenue from contracts with Customers	**₱403,261**	**₱635,217**	**₱1,038,478**

2019

Type of service	Real Estate Development and Property Management	Gaming and gaming related activities	Total
		(In Thousands)	
Revenue per segment reporting	₱3,557,203	₱4,180,360	₱7,737,563
Lease income	(2,670,953)	–	(2,670,953)
Other revenues	(130,308)	–	(130,308)
Equipment rental	–	(681,484)	(681,484)
Intracompany eliminated balances			
Other revenues	(54,000)	(214,129)	(268,129)
Total revenue from contracts with Customers	₱701,942	₱3,284,747	₱3,986,689

2018

Type of service	Real Estate Development and Property Management	Gaming and gaming related activities	Total
		(In Thousands)	
Revenue per segment reporting	₱3,394,213	₱5,256,509	₱8,650,722
Interest income on finance lease	(1,663,824)	–	(1,663,824)
Lease income	(724,431)	–	(724,431)
Other income	(95,237)	–	(95,237)
Equipment rental	–	(1,448,318)	(1,448,318)
Intracompany eliminated balances			
Other revenues	(54,000)	(108,708)	(162,708)
Total revenue from contracts with customers	₱856,721	₱3,699,483	₱4,556,204

8. Cash and Cash Equivalents

This account consists of:

	2020	2019
	(In Thousands)	
Cash on hand and in banks	**₱623,989**	₱910,484
Cash equivalents	**1,968,081**	3,194,190
	₱2,592,070	₱4,104,674

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱49.9 million, ₱66.6 million and ₱45.7 million in 2020, 2019 and 2018, respectively (see Note 33).

9. Financial Assets at Fair Value through Profit or Loss

This account consists of the Company's investments in shares of stock of Leisure and Resorts World Corporation (LRWC), Vantage Equities, Inc., APC Group, Inc. and Philippine Long Distance Telephone Company.

Movements in this account are as follows:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱140,457**	₱155,705
Disposals	**(50,000)**	–
Unrealized marked-to-market loss	**(6,196)**	(15,248)
Balance at end of year	**₱84,261**	₱140,457

The fair values of these securities are based on the quoted prices on the last market day of the year. The Company determines the cost of investments sold using specific identification method.

Mark-to-market loss in 2020, 2019 and 2018 amounting to ₱6.2 million, ₱15.2 million and ₱11.9 million, respectively, were recognized under "Unrealized loss on financial asset at fair value through profit or loss" account in the consolidated statements of income.

Realized gain from sale of investments held for trading amounted to nil in 2020 and 2019 and ₱1.5 million in 2018 were recognized in "Other income (loss) - net" account in the consolidated statements of income (see Note 34).

Dividend income realized from financial assets at FVTPL amounted to ₱2.4 million, ₱4.8 million and ₱5.0 million in 2020, 2019 and 2018, respectively (see Note 34).

10. **Receivables and Installment Receivables**

Receivables
This account consists of:

	2020	2019
	(In Thousands)	
Trade receivables:		
Leases (see Note 36)	**₱3,278,221**	₱1,120,406
Real estate sales and installment receivables	**1,448,246**	1,265,323
Gaming revenue share	**353,635**	205,877
Property management	**187,853**	164,812
Equipment rental and instant scratch ticket sales	**114,881**	126,603
Advances to LCC	**113,678**	–
Others	**182,476**	245,990
	5,678,990	3,129,011
Less allowance for doubtful accounts	**374,566**	260,888
	5,304,424	2,868,123
Less installment receivables – noncurrent portion	**269,600**	404,518
	₱5,034,824	₱2,463,605

- Trade receivables from real estate sales are noninterest-bearing and are generally collected in installment within 3 to 5 years.
- Trade receivables from equipment rentals and sales of instant scratch tickets, leases and property management are generally on a 30 to 60 days credit term.
- Gaming revenue share is collectible on a 20 days credit term. This pertains to the Company's receivable from Melco for the gaming revenue share in the operations of City of Dreams Manila.
- Other receivables pertain primarily to receivables from sale of land to third parties. These are noninterest-bearing and generally have 30 to 90 days term.

Movement in allowance for doubtful accounts is as follows:

		2020	
	Trade	**Others**	**Total**
		(In Thousands)	
Balance at beginning of year	**₱98,780**	**₱162,108**	**₱260,888**
Provisions (see Note 32)	**113,678**	–	**113,678**
Balance at end of year	**₱212,458**	**₱162,108**	**₱374,566**

		2019	
	Trade	Others	Total
		(In Thousands)	
Balance at beginning of year	₱96,633	₱167,880	₱264,513
Provisions (see Note 32)	2,147	–	2,147
Write-off	–	(5,772)	(5,772)
Balance at end of year	₱98,780	₱162,108	₱260,888

Movement of unamortized discount on trade receivables from real estate sales are as follows:

	2020	2019
	(In Thousands)	
Trade receivables at nominal amount	**₱1,532,285**	₱1,363,358
Less discount on trade receivables:		
Balance at beginning of year	**98,035**	98,382
Discount recognized during the year	**55,521**	80,507
Amortization during the year (see Note 26)	**(69,517)**	(80,854)
	84,039	98,035
Balance at end of year	**₱1,448,246**	₱1,265,323

As at December 31, 2020 and 2019, receivables from real estate with nominal amount of ₱1,532.3 million and ₱1,363.4 million, respectively, were recorded initially at fair value. The fair value of the receivables was obtained by discounting future cash flows using applicable interest rates ranging from 2.13% to 23.72% and 2.99% to 22.54% in 2020 and 2019, respectively. The unamortized discount amounted to ₱84.0 million and ₱98.0 million as at December 31, 2020 and 2019, respectively. Amortization of discount on trade receivables from real estate, shown under "Other revenue" account in the consolidated statements of comprehensive income, amounted to ₱69.5 million, ₱80.9 million and ₱68.6 million in 2020, 2019 and 2018, respectively (see Note 26).

Contract Asset
This account consists of:

	2020	2019
	(In Thousands)	
Contract asset	**₱112,205**	₱130,123
Less allowance for doubtful accounts (see Note 32)	**26,000**	–
	86,205	130,123
Current portion	**39,903**	40,511
	₱46,302	₱89,612

Contract asset was recognized for the earned consideration but not yet collected for the transfer of right to use POSC's brand and trademark license. Interest income earned during the period amounted to ₱5.6 million, ₱8.6 million and ₱12.6 million in 2020, 2019 and 2018, respectively (see Notes 33 and 39).

11. **Real Estate for Sale and Land Held for Future Development**

These accounts, measured at cost, consist of:

	2020	2019
	(In Thousands)	
Land held for future development	**₱3,013,950**	₱3,005,429
Real estate for sale	**470,609**	327,124
	₱3,484,559	₱3,332,553

Real Estate for Sale

A summary of the movement in real estate for sale is set out below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱327,124**	₱475,785
Repossession	**169,833**	51,478
Cost of real estate sold (see Note 29)	**(134,934)**	(202,335)
Construction/development costs incurred	**108,586**	2,196
Balance at end of year	**₱470,609**	₱327,124

Land Held for Future Development

A summary of the movement in land held for development in 2020 and 2019 is set out below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱3,005,429**	₱2,998,577
Land acquired/additional costs during the year	**8,521**	6,852
Balance at end of year	**₱3,013,950**	₱3,005,429

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. It includes certain parcels of land with a carrying value amounting to ₱909.9 million as at December 31, 2020 and 2019, which are already in the Company's possession but are not yet fully paid pending the transfer of certificates of title to the Company. Outstanding payable related to the acquisition shown under "Trade and other current liabilities" account in the consolidated statements of financial position amounted to ₱169.1 million as at December 31, 2020 and 2019 (see Note 20).

12. **Other Current Assets**

This account consists of:

	2020	2019
	(In Thousands)	
Creditable withholding tax (CWT) - net of allowance for probable loss of ₱4.3 million in 2020 and 2019 (see Note 32)	**₱790,229**	₱702,889
Input VAT - net of allowance for probable loss of ₱1.3 million in 2020 and 2019	**547,576**	445,235
Advances to contractors and suppliers - net of allowance for doubtful accounts of ₱14.9 million in 2020 and 2019	**278,500**	227,561
Prepaid expenses and others	**234,673**	216,484

(Forward)

	2020	2019
	(In Thousands)	
Spare parts and supplies - net of allowance for probable loss amounting to amounting to ₱47.3 million and ₱3.8 million in 2020 and 2019, respectively (see Note 32)	**₱21,785**	₱40,236
Advances to officers and employees - net of allowance for doubtful accounts of ₱3.5 million in 2020 and 2019	**–**	174
Others	**25**	5,194
	₱1,872,788	₱1,637,773

- CWT pertains to the withholding tax related to the goods sold and services rendered by the Company. Impairment of CWT amounted to ₱0.5 million 2020 and nil in 2019 and 2018 (see Note 32). In 2020, the Company written off the CWT amounting to ₱0.5 million.

- Advances to contractors and suppliers are noninterest-bearing and are expected to be applied against future billings.

- Prepaid expenses and others pertain to various prepaid expenses such as insurance, commission, subscription and refundable deposits for various contracts.

- Spare parts and supplies are carried at lower and cost or net realizable value. Impairment of spare parts amounted to ₱43.5 million in 2020 and nil in 2019 and 2018 (see Note 32).

- Advances to officers and employees are noninterest-bearing and are normally liquidated within a year.

13. Investment Properties

Movements in investment properties are as follows:

			2020		
	Land	**Building**	**Building Improvements**	**Right-of-use Land**	**Total**
			(In Thousands)		
Cost					
Balance at beginning of year, as previously presented	**₱1,869,025**	**₱18,342,299**	**₱–**	**₱–**	**₱21,027,041**
Reclassification from right-of-use assets (see Note 36)	**–**	**–**	**–**	**815,717**	**815,717**
Balance at beginning of year, as reclassified	**1,869,025**	**18,342,299**	**–**	**815,717**	**21,027,041**
Reclassification	**–**	**(2,509,013)**	**2,509,013**	**–**	**–**
Additions (see Note 36)	**–**	**–**	**–**	**6,298,832**	**6,298,832**
Termination of lease (see Note 36)	**–**	**–**	**–**	**(87,844)**	**(87,844)**
Balance at end of year	**1,869,025**	**15,833,286**	**2,509,013**	**7,026,705**	**27,238,029**
Accumulated Depreciation					
Balance at beginning of year, as previously presented	**–**	**719,499**	**–**	**–**	**719,499**
Reclassification from right-of-use assets (see Note 36)	**–**	**–**	**–**	**49,938**	**49,938**
Balance at beginning of year, as reclassified	**–**	**719,499**	**–**	**49,938**	**769,437**
Reclassification	**–**	**(401,910)**	**401,910**	**–**	**–**
Depreciation (see Note 30)		**483,674**	**158,244**	**389,375**	**1,031,293**
Balance at end of year	**–**	**801,263**	**560,154**	**439,313**	**1,800,730**
	₱1,869,025	**₱15,032,023**	**₱1,948,859**	**₱6,587,392**	**₱25,437,299**

2019					
	Land	Building	Building Improvements	Right-of-use Land	Total
			(In Thousands)		
Cost					
Balance at beginning and end of year, as previously presented	₱1,869,025	₱18,342,299	₱–	₱–	₱20,211,324
Reclassification from right-of-use assets (see Note 36)	–	–	–	815,717	515,717
Balance at beginning of year and end, as reclassified	1,869,025	18,342,299	–	815,717	21,027,041
Accumulated Depreciation					
Balance at beginning of year	–	116,481		–	116,481
Depreciation (see Note 30)		603,018	–	49,938	652,956
Balance at end of year	–	719,499	–	49,938	769,437
	₱1,869,025	₱17,622,800	₱–	₱765,779	₱20,257,604

On October 14, 2018, Melco converted a portion of the leased parking spaces to a food and entertainment area. Consequently, the change in the usage of leased premises prompted the Company to reassess its lease accounting of the City of Dreams Manila building. After considering the impact of the changes introduced by the change in usage of leased premises, the Company changed its lease accounting from finance lease to operating lease effective October 14, 2018. As part of the Company's accounting policy, the balance of finance lease receivables as of the date of change amounting to ₱18,342.3 million was reclassified to "Investment property" account, and was considered as the cost of the City of Dreams Manila building.

The fair value of investment properties as at December 31, 2020, January 18, 2018 and August 2, 2018 are higher than its carrying value as determined by management and an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment properties was based on income approach for the building and sales comparison approach for the land. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee and management's assessment.

In determining the fair value of the investment properties, management and the independent appraisers considered the neighborhood data, community facilities and utilities, land data, sales prices of similar or substitute properties and the highest and best use of investment properties. The Company assessed that the highest and best use of its properties does not differ from their current use.

ROU land is held for sublease. Thus, this was presented as part of "Investment properties" account in the 2020 consolidated statement of financial position. The 2019 was also reclassified from "Right of use assets" account to "Investment properties" account to align with the 2020 presentation (see Note 36). The reclassification has no impact in the Company's 2019 total noncurrent assets and total assets.

In 2020, the Company reclassified the building constructed on a leased land from building to building improvements.

Rent income generated from investment properties amounted to ₱2,663.2 million, ₱2,671.0 million and ₱724.4 million in 2020, 2019 and 2018, respectively. Direct cost related to the investment properties amounted to ₱1,206.5 million, ₱836.9 million and ₱341.6 million in 2020, 2019 and 2018, respectively (see Note 30).

14. **Financial Assets at Fair Value Through Other Comprehensive Income**

These accounts pertain to investments in equity instruments classified as financial assets at FVOCI as at December 31, 2020 and 2019.

These accounts consist of:

	2020	2019
	(In Thousands)	
Shares of stock:		
Quoted	**₱2,545,595**	₱2,652,566
Unquoted	**851**	851
Club shares	**2,243,401**	2,859,400
	₱4,789,847	₱5,512,817

The Company has a Development Agreement (DA) with TMGCI for the construction and development of a 36-hole golf course which was amended on December 15, 1999. The terms of the amended DA call for as many subscriptions as there are shares, such that the club shares issued by TMGCI to the Company as the development progresses were in proportion to pre-agreed amount of development cost, inclusive of the initial capital contribution.

The movements of financial assets at FVOCI in 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Cost		
Balance at beginning of year	**₱3,997,211**	₱3,723,548
Additions	**9,243**	310,769
Disposals	**(13,459)**	(37,106)
Balance at end of year	**3,992,995**	3,997,211
Cumulative unrealized mark to market gain (loss) on financial assets at FVOCI		
Balance at beginning of year, as restated	**1,515,606**	1,047,224
Unrealized gain (loss) during the year	**(713,764)**	477,455
Realized gain on disposal during the year	**(4,990)**	(9,073)
Balance at end of year	**796,852**	1,515,606
	₱4,789,847	₱5,512,817

Dividend income earned from financial assets at FVOCI amounted to ₱11.6 million in 2020 and ₱22.0 million in 2019 and 2018 were recognized in "Other revenue" account in the consolidated statements of income (see Note 34).

Realized gain from sale of financial assets at FVOCI amounted to ₱5.0 million and ₱9.1 million in 2020 and 2019, respectively, were reclassified from "Other reserves" account to "Retained earnings" account in the consolidated statement of financial position.

15. Intangible Asset

Intangible asset includes the gaming license granted by PAGCOR for which PLAI is a co-licensee to operate integrated resorts, including casinos. On April 29, 2015, PAGCOR granted the Regular Gaming License ("License"), which has the same terms and conditions of the provisional license. The License runs concurrent with PAGCOR's Congressional Franchise, set to expire in 2033, renewable for another 25 years by the Philippine Congress.

The amortization of the intangible asset started on December 14, 2014, the effectivity of the Notice to Commence Casino Operations granted by PAGCOR.

The movements in intangible asset are as follows:

	2020	2019
	(In Thousands)	
Cost		
Balance at beginning and end of year	**₱5,261,186**	₱5,261,186
Accumulated Amortization		
Balance at beginning of year	**795,980**	680,146
Amortization (see Note 28)	**115,834**	115,834
Balance at end of year	**911,814**	795,980
	₱4,349,372	₱4,465,206

The unamortized life of the license as at December 31, 2020 is 37.5 years.

16. Property and Equipment

The movements of this account are as follows:

	2020						
	Lottery Equipment	Land and Leasehold Improvements	Machinery and Equipment	Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
				(In Thousands)			
Cost							
Balance at beginning of year	**₱747,875**	**₱395,225**	**₱299,862**	**₱245,819**	**₱63,078**	**₱198,176**	**₱1,950,035**
Additions	**89,370**	**211**	**11,476**	**93**	**1,892**	**3,022**	**106,064**
Disposal	**(17,962)**	**(3,007)**	**–**	**–**	**(8,249)**	**(4,048)**	**(33,266)**
Disposal of subsidiaries	**–**	**(68,196)**	**–**	**–**	**(14,711)**	**(158,745)**	**(241,652)**
Balance at end of year	**819,283**	**324,233**	**311,338**	**245,912**	**42,010**	**38,405**	**1,781,181**
Accumulated Depreciation, Amortization and Impairment							
Balance at beginning of year	**707,806**	**387,672**	**248,831**	**241,980**	**27,969**	**170,952**	**1,785,210**
Depreciation and amortization for the year (see Notes 27, 31 and 32)	**71,476**	**2,578**	**6,216**	**820**	**2,621**	**9,835**	**93,546**
Disposal	**(17,962)**	**(3,007)**	**–**	**–**	**(2,638)**	**(432)**	**(24,039)**
Disposal of subsidiaries	**–**	**(64,845)**	**–**	**–**	**(10,618)**	**(141,984)**	**(217,447)**
Balance at end of year	**761,320**	**322,398**	**255,047**	**242,800**	**17,334**	**38,371**	**1,637,270**
Net Book Value	**₱57,963**	**₱1,835**	**₱56,291**	**₱3,112**	**₱24,676**	**₱34**	**₱143,911**

	2019							
	Lottery Equipment	Land and Leasehold Improvements	Machinery and Equipment	Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction-in-progress	Total
	(In Thousands)							
Cost								
Balance at beginning of year	₱916,895	₱392,328	₱289,287	₱244,267	₱62,610	₱191,118	₱1,130	₱2,097,635
Additions	7,759	2,985	9,445	1,552	12,761	10,821	–	45,323
Reclassification (see Notes 3 and 37)	(163,499)	–	1,130	–	–	–	(1,130)	(163,499)
Disposal	(13,280)	(88)	–	–	(12,293)	(3,763)	–	(29,424)
Balance at end of year	747,875	395,225	299,862	245,819	63,078	198,176	–	1,950,035
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	755,976	377,943	219,142	222,517	22,073	136,045	–	1,733,696
Depreciation and amortization for the year (see Notes 27, 31 and 32)	119,984	9,817	29,689	19,463	18,082	38,625	–	235,660
Reclassification	(154,874)	–	–	–	(45)	45	–	(154,874)
Disposal	(13,280)	(88)	–	–	(12,141)	(3,763)	–	(29,272)
Balance at end of year	707,806	387,672	248,831	241,980	27,969	170,952	–	1,785,210
Net Book Value	₱40,069	₱7,553	₱51,031	₱3,839	₱35,109	₱27,224	₱–	₱164,825

Allowance for impairment loss on property and equipment amounted to ₱186.3 million as at December 31, 2020 and 2019.

17. **Investments in and Advances to Associates** - net

This account mainly consists of investments in APC Group, Inc., an entity incorporated in the Philippines, where the Company has an effective interest of 48.8%.

	2020	2019
	(In Thousands)	
Investments in associates - net of impairment in value of ₱354.0 million in 2020 and 2019	**₱120,832**	₱123,351
Subscription payable	**(45,928)**	(45,928)
Advances to associates - net of allowance for doubtful accounts of ₱120.3 million in 2020 and 2019 (see Note 38)	**524**	527
	₱75,428	₱77,950

Investments in associates as of December 31, 2020 and 2019 consist of:

	2020	2019
	(In Thousands)	
Acquisition cost	**₱5,716,536**	₱5,716,536
Accumulated equity in net losses		
Balance at beginning of year	**(5,250,726)**	(5,250,726)
Share in net loss (see Note 34)	**(2,519)**	–
Balance at end of year	**(5,253,245)**	(5,250,726)

(Forward)

	2020	2019
	(In Thousands)	
Accumulated share in unrealized gain on financial assets at FVOCI of associates - Balance at beginning and end of year	**₱14,061**	₱14,061
Total	**477,352**	479,871
Allowance for impairment in value	**(354,019)**	(354,019)
Equity share in cost of Parent Company common shares held by associates	**(2,501)**	(2,501)
	₱120,832	₱123,351

Fair values of investment in APC, which is publicly listed in the Philippine stock exchange, amounted to ₱1,417.5 million and ₱1,365.0 million as at December 31, 2020 and 2019, respectively. Fair values were determined by reference to quoted market price at the close of business as at reporting date.

18. **Goodwill and Business Combination**

Goodwill acquired from business combinations as at December 31, 2020 and 2019 consist of:

	2020	2019
	(In Thousands)	
Acquisition of:		
POSC	**₱1,717,644**	₱1,717,644
FRI	**110,934**	110,934
LCC subsidiaries	**–**	3,683
	1,828,578	1,832,261
Allowance for impairment	**(902,570)**	(488,452)
	₱926,008	₱1,343,809

Movements in this account are as follow:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱1,343,809**	₱1,721,327
Impairment (see Note 32)	**(417,801)**	(377,518)
Balance at end of year	**₱926,008**	₱1,343,809

Movements in the allowance for impairment loss is as follows:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱488,452**	₱110,934
Impairment during the year (see Note 32)	**417,801**	377,518
Disposal of subsidiaries	**(3,683)**	–
Balance at end of year	**₱902,570**	₱488,452

The goodwill from the acquisitions have been subjected to the annual impairment review in 2020 and 2019. The recoverable amounts of the operations have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management. The cash flow projections cover five years, taking into consideration the effect of significant events (i.e., Covid-19) on the macroeconomic factors used in developing the assumptions.

On February 6, 2020, POSC's BOD approved the sale of LCC for POSC to focus its resources to its principal business of providing modern and efficient online gaming facilities and equipment to its customers. LCC operates and/or manages several outlets throughout the Philippines which sell products of the PCSO, including lotto, keno and instant scratch tickets. LCC is included as part of "Gaming and gaming related activities" in the Company's reportable segment.

On February 13, 2020, POSC has concluded the sale of all of the POSC's equity interest in LCC, equivalent to 125.0 million shares for ₱1.082 per share to a third party for a total consideration of ₱137.4 million. Cash received from the disposal of LCC, net of cash disposed amounted to ₱74.0 million. Gain from the disposal of the net assets of LCC group in 2020 amounting to ₱70.3 million was recognized under "Other income (expense) - net" (see Note 34).

In 2020, the Company recognized impairment of its goodwill in POSC amounting to ₱417.8 million and derecognized goodwill in LCC subsidiaries as a result of its disposal (see Note 32).

In 2019, the Company recognized impairment of its goodwill in POSC and LCC subsidiaries amounting to ₱373.8 million and ₱3.7 million, respectively (see Note 32).

In 2018, the Company recognized impairment of its goodwill in FRI amounting to ₱110.9 million (see Note 32).

<u>Key assumptions used in value in use calculations</u>
The calculation of value in use for the cash-generating units are most sensitive to the following assumptions explained as follows:

<u>POSC</u>

Discount Rate. Discount rate reflects management's estimate of the risks specific to the cash-generating unit. The pre-tax discount rate of 8.80% and 8.45% was used in 2020 and 2019, respectively, based on the Weighted Average Cost of Capital (WACC) of POSC.

Revenue Growth Rate, Long-Term Growth Rate and Terminal Values. An annual increase in revenue ranging from 5% to 87% and 3% to 8% per annum were applied in the 5-year cash flow projections in 2020 and 2019, respectively, based on historical performance of POSC. The long-term growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts is 5% and 4% in 2020 and 2019, respectively. The long-term growth rate used in the normalization of free cash flows represents the expected growth rate of the economy at the end of the 5th year and onwards, with reference to growth rates compiled by industry specialist.

Management assessed that an increase in pre-tax discount rate by 1% or decrease in revenue growth rate by 1% would result to additional impairment.

<u>FRI</u>
The recoverable amount of goodwill from the acquisition of FRI by TGTI was determined based on value-in-use calculations using actual past results and observable market data such as growth rates, operating margins, among others.

With the recent change in FRI's exclusivity arrangement with its principal, the carrying amount of the goodwill and cash generating unit to which goodwill relates to materially exceed its recoverable amount.

Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates, operating margins achievable in the relevant industry. The expected cash flows are discounted by applying a suitable WACC. The pre-tax discount rate applied to cash flow projections is 9.4% in 2018. In 2018, goodwill in FRI was fully provided with provision for impairment.

<u>LCC subsidiaries</u>
The recoverable amount of goodwill from the acquisition of LCC subsidiaries was determined based on a 5-year value-in-use calculation, using actual past results and observable market data.

Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates and operating margins achievable in the relevant industry. In 2018, the expected cash flows are discounted by applying a suitable WACC. The discount rate and long-term growth rate applied to pretax cash flow projections was 10.2% and 3.0%, respectively, for the terminal growth rate in 2018. In 2019, goodwill in LCC was fully provided with provision for impairment. In 2020, the goodwill in LCC was included in the net assets derecognized as a result of disposal of LCC.

19. **Other Noncurrent Assets**

This account consists of:

	2020	2019
	(In Thousands)	
Creditable withholding taxes	**₱347,386**	₱197,338
Advances to contractors	**139,740**	–
Refundable deposits and construction bond (see Notes 36 and 42)	**104,394**	58,222
Deferred input VAT	**18,571**	100,019
Guarantee deposits (see Notes 39 and 42)	**14,500**	12,000
Software development	**11,138**	104,545
Prepaid service and maintenance	–	40,227
Others	**5,920**	12,157
	₱641,649	₱524,508

Creditable withholding taxes can be applied as tax credits against future income tax payable.

Advances to contractors are advances to a contractor that are expected to be refunded within two years.

Refundable deposits are subject to adjustments every year if rent rates increase and shall be returned to the Company without interest.

Deferred input VAT pertains to noncurrent portion of unamortized input VAT on purchases of capital goods.

Guaranteed deposits pertain to cash bonds held in escrow account as part of the agreement with PCSO.

Software development represents payments for the creation and development of new gaming solutions to enable selling of lottery tickets through different channels and enhance existing lottery system efficiencies in response to the changing economic conditions of the environment.

Prepaid service and maintenance pertain to advance payment for technical and training support service.

20. Trade and Other Current Liabilities

This account consists of:

	2020	2019
	(In Thousands)	
Trade	**₱593,227**	₱209,643
Accrued expenses:		
Project cost accrual	**93,269**	42,490
Land transfer fees	**49,356**	49,924
Rent	**32,918**	26,614
Professional and management fees	**29,226**	25,988
Selling	**7,595**	7,924
Interest	**2,492**	17,074
Salaries	**6**	3,000
Others	**702,119**	1,398,549
Unearned income	**486,028**	212,652
Payables pertaining to land acquisitions (see Note 11)	**169,095**	169,095
Advances from related parties (see Note 38)	**38,101**	60,753
Withholding and output tax payable	**46,472**	15,856
Customers' deposits	**36,201**	22,019
Consultancy, software and license and management fees payable (see Note 39)	**29,727**	17,207
Refundable deposit and others	**22,974**	23,036
	₱2,338,806	₱2,301,824

- Trade payables are non-interest bearing with an average term of 90 days.

- Accrued expenses and other expenses pertain to accruals for land transfer fees, professional and management fees, selling, interest, salaries, communication, rent and utilities and other expenses which are normally settled with an average term of 30 to 90 days. Accrued expenses also include provisions. The Company regularly provides for its usual potential liabilities. Provisions represents estimated probable losses. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the Company's position. In 2020, reversal of provisions amounting to ₱756.1 million was recognized in "Other income (loss) - net" account in the consolidated statement of comprehensive income (see Note 34).

- Unearned income pertains to the advance payment from Melco, which will be applied as payment of PLAI's gaming revenue share and lease of land and building with the Parent Company in the following financial year.

- Payables pertaining to land acquisitions represent unpaid purchase price of land acquired from various land owners (see Note 11). These are noninterest-bearing and are due and demandable.

- Refer to Note 39 for the terms of the consultancy, software and license fees and management fees payable.

- Customers' deposits pertain to collections received from buyers for projects with pending recognition of sale.

21. Loans Payable

Loans payable represents unsecured peso-denominated loans obtained from local banks with interest of 4.00% to 5.10% in 2020 and 4.50% to 5.90% in 2019. Loans payable have historically been renewed or rolled over.

The carrying amount of outstanding loans payable amounted to ₱2,525.0 million and ₱1,950.0 million as at December 31, 2020 and 2019, respectively.

Interest expense on loans payable charged to operations amounted to ₱81.0 million, ₱91.2 million and ₱96.3 million in 2020, 2019 and 2018 respectively (see Note 33).

22. Other Noncurrent Liabilities

This account consists of the following:

	2020	2019
	(In Thousands)	
Refundable deposits (see Note 36)	**₱199,311**	₱173,714
Deferred lease income	**167,333**	163,751
Contract liabilities	**4,741**	2,005
Provision for asset retirement obligation	**4,287**	3,954
	₱375,672	₱343,424

Deferred lease income is recognized initially as the difference between the principal amount and present value of refundable deposits at the lease inception date and subsequently amortized on a straight-line basis over the lease term.

23. **Long-term Debt**

This account consists of the following:

	2020	2019
	(In Thousands)	
Loans	**₱4,566,667**	₱4,511,111
Current portion of long-term debt	**(121,111)**	(944,444)
Noncurrent long-term debt	**₱4,445,556**	₱3,566,667

Maybank Philippines, Inc. (Maybank)
On May 26, 2017, Belle obtained an unsecured five-year term loan from Maybank in the amount of ₱500.0 million. The five-year term loan shall be availed within ninety days from the signing of the loan agreement and bears an fixed interest rate based on applicable 5-year Philippine Dealing System Treasury Reference Rate-R2 ("PDST-R2") plus spread or Bangko Sentral ng Pilipinas (BSP) Overnight Borrowing rate plus spread, whichever is higher. During the term of the loan, Belle should comply with the following financial covenants: minimum current ratio of 1.0x and maximum debt to equity ratio of 2.0x. On June 23, 2017, ₱500.0 million was drawn from the facility. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to ₱166.7 million and ₱277.8 million, respectively.

United Coconut Planters Bank (UCPB)
On February 11, 2015, Belle obtained an unsecured four-year term loan from UCPB in the amount of ₱1,000.0 million for the purpose of financing the construction of City of Dreams Manila. The term loan bears a fixed rate of 6.25% per annum. During the term of the loan, Belle agrees not to make investments in, or enter into any other business substantially different from the business in which the Belle is presently engaged, or make capital investments in excess of two percent (2%) of the consolidated stockholder's equity as at end of the last fiscal year, except for the total capital expenditures for City of Dreams project in the amount not exceeding ₱4,000.0 million, and those allocated for the real estate development projects. During the term of the loan, Belle should comply with the following financial covenants: minimum current ratio of 1.3x and maximum net debt to equity ratio of 2.0x. Amounts of ₱500.0 million and ₱500.0 million were drawn on February 23, 2015 and December 29, 2015, respectively. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to nil and ₱83.3 million, respectively.

EastWest Bank (EWB)
On January 30, 2015, Belle obtained an unsecured five-year term loan from EWB in the amount of ₱1,500.0 million for the purpose of financing its capital expenditures. The term loan bears a fixed rate of 5.75% per annum. During the term of the loan, Belle should comply with the following financial covenants: minimum current ratio of 1.0x and maximum debt to equity ratio of 3.0x. On January 30, 2015, ₱1,500.0 million was drawn from the facility. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to nil and ₱750.0 million, respectively.

Robinsons Bank
On February 28, 2017 and March 27, 2017, Belle availed ₱1,000.0 million and ₱1,000.0 million, respectively, from its ₱2,000.0 million facility. These are unsecured five-year term loan with annual interest fixed rate based on applicable 5-year PDST-R2 plus spread. Belle should comply with the following financial covenants: minimum current ratio of 1.0x and maximum debt to equity ratio of 3.0x. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to ₱2,000.0 million.

BDO Unibank, Inc.
On March 6, 2018, Belle availed ₱3,000.0 million facility for the purpose of refinancing the Company's short term loans with other banks and other general funding requirements. The seven-year term loan shall be availed within six months from the signing of the loan agreement. On September 12, 2018, ₱800.0 million was drawn from the facility. The seven-year term loan is unsecured and bears an interest rate of 4.9515% per annum fixed for 90 days, to be repriced every 30 to 180 days as agreed by parties. During the term of the loan, Belle should comply with the following financial covenants: minimum current ratio of 1.0x and maximum debt to equity ratio of 2.0x. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to ₱800.0 million.

On July 5, 2019, Belle drew down an additional ₱600.0 million from the ₱3,000.0 million facility. The terms of the new drawdown will be co-terminus with the September 12, 2018 drawdown. The loan is unsecured and bears an interest rate of 5.50% per annum fixed for 90 days, to be repriced every 30 to 180 days as agreed by parties. During the term of the loan, Belle should comply with the following financial covenants: minimum current ratio of 1.0x and maximum debt to equity ratio of 2.0x. Outstanding balance of the loan as at December 31, 2020 and 2019 amounted to ₱600.0 million.

Chinabank
On November 14, 2020, Belle availed ₱1,500.0 million facility for the purpose of financing capital expenditures, refinancing of existing debt obligations and other general corporate purposes. These are unsecured five-year term loan with annual interest fixed rate 4.75%. Belle should comply with the following financial covenants: minimum current ratio of 1.0x and maximum debt to equity ratio of 2.0x. On November 20, 2020, ₱1,000.0 million was drawn from the facility. Outstanding balance of the loan as at December 31, 2020 amounted to ₱1,000 million.

Covenants. The loan agreements provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control. As at December 31, 2020 and 2019, the Parent Company is in compliance with the terms of its loan covenants.

Repayment Schedule
The repayment schedules of long-term debt are as follows:

	2020	2019
	(In Thousands)	
2020	**₱–**	₱944,444
2021	**121,111**	111,111
2022	**2,065,556**	2,055,556
2023	**24,000**	14,000
2024	**24,000**	14,000
2025	**2,332,000**	1,372,000
	₱4,566,667	₱4,511,111

Interest expense on the loans from long-term debt amounted to ₱237.4 million, ₱302.0 million and ₱346.7 million in 2020, 2019 and 2018, respectively (see Note 33).

24. **Equity**

Preferred Stock
As at December 31, 2020 and 2019, the Company has not issued any preferred stock out of the authorized 6,000,000,000 shares with a ₱1 par value. Under the provisions of the Company's articles of incorporation, the rights and features of the preferred stock shall be determined through a resolution of the BOD prior to issuance.

Common Stock
As at December 31, 2020 and 2019, the authorized common stock of the Company is 14,000,000,000 shares with a ₱1 par value.

	Number of Shares		
	Issued	Treasury	Outstanding
Balance at the beginning and end of year	10,560,999,857	(797,873,560)	9,763,126,297

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
August 20, 1973	6,000,000,000	6,000,000,000	₱0.01
March 19, 1976	2,000,000,000	464,900,000	0.01
December 7, 1990	–	920,000,000	0.01
1990	–	833,500,000	0.01
October 19, 1990	(7,000,000,000)	(8,136,216,000)	1.00
June 18, 1991	–	3,381,840	1.00
1991	–	47,435,860	1.00
1992	–	11,005,500	1.00
December 7, 1993	–	473,550,000	1.00
1993	–	95,573,400	1.00
January 24, 1994	–	100,000,000	1.00
August 3, 1994	–	2,057,948	7.00
August 3, 1994	–	960,375	10.00
June 6, 1995	–	138,257,863	1.00
February 14, 1995	1,000,000,000	–	1.00
March 8, 1995	–	312,068,408	1.00
March 17, 1995	2,000,000,000	–	1.00
March 28, 1995	–	627,068,412	1.00
July 5, 1995	–	78,060,262	1.00
September 1, 1995	–	100,000,000	1.00
March 1, 1995	–	94,857,072	1.00
September 13, 1995	–	103,423,030	1.00
1995	–	123,990,631	1.00
1996	–	386,225,990	1.00
February 21, 1997	10,000,000,000	–	1.00
1997	–	57,493,686	1.00
1998	–	36,325,586	1.00
March 19, 1999	–	16,600,000	1.00
April 26, 1999	–	450,000,000	1.00
April 27, 1999	–	300,000,000	1.00
1999	–	306,109,896	1.00

(Forward)

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
2000	–	2,266,666	₱1.00
2001	–	2,402,003,117	1.00
April 14, 2011	–	2,700,000,000	1.95
July 18, 2011	–	119,869,990	3.00
July 18, 2011	–	1,388,613,267	3.00
October 6, 2015	–	1,617,058	1.00
	14,000,000,000	10,560,999,857	

In a special meeting on November 18, 1989, the stockholders approved the increase in par value of capital stock from ₱0.01 to ₱1.00 and the decrease in the number of shares of authorized from 8.0 billion to 1.0 billion common shares. The resulting increase in par and reduction in the number of shares was approved by the Philippine SEC on October 19, 1990.

On February 14, 1995, the SEC approved the increase in authorized capital stock from 1.0 billion shares with a par value of ₱1.00 to 2.0 billion shares with the same par value. Subsequently, on March 17, 1995, the SEC approved another increase in authorized capital stock from 2.0 billion shares to 4.0 billion shares with the same par value.

On February 21, 1997, the SEC approved the increase in the authorized capital stock from 4.0 billion shares at a par value of ₱1.00 per share to 20.0 billion shares divided into 6.0 billion preferred shares and 14 billion common shares, both at ₱1.00 par value.

The Parent Company declared stock dividends in 1991 and 1995.

Additional paid-in capital
This pertains to paid-in subscriptions in excess of par value.

Treasury Shares
In 2018, the Parent Company repurchased a total of 735,553,560 Parent Company common shares at a total cost amounting to ₱2,295.5 million. The total number of treasury shares held total to 797,873,560 shares as at December 31, 2020, 2019 and 2018 with a cost amounting to ₱2,476.7 million.

Cost of Parent Company Common Shares Held by Subsidiaries
As at December 31, 2020 and 2019, Parallax, SLW, PLC, POSC collectively hold Parent Company common shares totaling 319,041,183. These are presented as “Cost of Parent Company common shares held by subsidiaries” account in the consolidated statements of financial position.

Retained Earnings
The consolidated retained earnings as at December 31, 2020 and 2019 includes the earnings of the subsidiaries and associates which are not currently available for dividend declaration unless declared by the subsidiaries and associates of the Parent Company. The Parent Company’s retained earnings available for dividend declaration, computed based on the regulatory requirements of SEC, amounted to ₱5,526.1 million and ₱4,240.1 million as at December 31, 2020 and 2019, respectively.

Dividends
On February 23, 2018, the Parent Company’s BOD approved the declaration of cash dividends of Twelve Centavos (₱0.012) per share, totaling ₱1,221.4 million, net of dividends attributed to shares of the Parent Company held by subsidiaries. The record date to determine the shareholders entitled to receive the cash dividends was set to March 9, 2018 with the payment made on March 23, 2018.

On February 28, 2019, the Parent Company's BOD approved the declaration of cash dividends of Twelve Centavos (₱0.012) per share, totaling ₱1,133.1 million, net of dividends attributed to shares of the Parent Company held by subsidiaries. The record date to determine the shareholders entitled to receive the cash dividends was set to March 14, 2019 with the payment made on March 28, 2019.

On February 27, 2020, the Parent Company's BOD approved the declaration of cash dividends of Twelve Centavos (₱0.12) per share, totaling ₱1,133.1 million, net of dividends attributed to shares of the Parent Company held by subsidiaries. The record date to determine the shareholders entitled to receive the cash dividends was set to March 13, 2020 with the payment made on March 27, 2020.

25. Gaming Revenue Share - net

Gaming revenue share is determined as follows:

	2020	2019	2018
		(In Thousands)	
Gaming revenue share - gross	**₱1,017,666**	₱5,954,696	₱7,551,166
Less PAGCOR license fee paid by Melco	**382,449**	2,978,330	4,339,309
Gaming revenue share – net	**₱635,217**	₱2,976,366	₱3,211,857

26. Other Revenue

This account consists of:

	2020	2019	2018
		(In Thousands)	
Amortization of discount on trade receivables (see Note 10)	**₱69,517**	₱80,854	₱68,619
Income from forfeitures	**23,040**	6,517	1,953
Gain on sale of model unit	**10,153**	–	8,093
Penalty	**2,215**	3,281	805
Income from playing rights	**1,250**	3,214	7,321
Others	**37,083**	36,442	8,446
	₱143,258	₱130,308	₱95,237

Income from forfeitures represents deposits, and to a certain extent, installment payments from customers forfeited in the event of default and/or cancellations of real estate sales.

Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Others pertain to revenues from sale of scrap supplies and various administrative fees, such as utilities charges and payroll processing fees, during the year.

27. Cost of Lottery Services

This account consists of:

	2020	2019	2018
		(In Thousands)	
Technical, software development and service fees	**₱126,590**	₱–	₱–
Software and license fees (see Note 39)	**40,566**	136,318	195,747
Online lottery system expenses	**99,095**	285,446	237,205
Communication fees	**95,157**	155,949	112,114
Depreciation and amortization (see Note 16)	**80,471**	138,962	199,847
Depreciation of right-of-use assets (see Note 36)	**17,422**	45,678	–
Personnel costs	**15,773**	111,762	139,907
Rental and utilities (see Note 36)	**11,261**	71,314	159,012
Operating supplies	**7,876**	37,993	150,146
Consultancy fees (see Note 39)	**–**	–	74,978
Others	**–**	–	1,204
	₱494,211	₱983,422	₱1,270,160

28. Cost of Gaming Operations

This account consists of:

	2020	2019	2018
		(In Thousands)	
Amortization of intangible asset (Note 15)	**₱115,834**	₱115,834	₱115,834
Payroll-related expenses	**11,808**	12,163	11,117
Transportation and travel	**4,145**	4,050	4,138
Representation and entertainment	**3,905**	3,818	3,673
Consultancy fees (Note 39)	–	–	35,102
Marketing expenses (Note 38)	–	–	8,400
	₱135,692	₱135,865	₱178,264

29. Cost of Real Estate Sold

The cost of real estate sold amounted to ₱134.9 million, ₱202.3 million and ₱363.6 million in 2020, 2019 and 2018, respectively.

30. **Cost of Lease Income**

This account consists of:

	2020	2019	2018
		(In Thousands)	
Depreciation of right-of-use assets (see Notes 13 and 36	**₱551,320**	₱53,640	₱–
Depreciation of investment properties (see Note 13)	**483,674**	603,018	116,481
Taxes	**137,680**	137,555	137,555
Insurance	**29,245**	29,600	38,556
Maintenance	**4,595**	13,125	135
Rental (see Note 36)	**–**	–	48,873
	₱1,206,514	₱836,938	₱341,600

31. **Cost of Services for Property Management**

This account consists of:

	2020	2019	2018
		(In Thousands)	
Water services	**₱50,178**	₱36,454	₱59,132
Power and maintenance	**41,566**	75,709	58,941
Depreciation and amortization (see Note 16)	**8,612**	47,691	16,887
	₱100,957	₱159,854	₱134,960

32. **General and Administrative Expenses**

This account consists of:

	2020	2019	2018
		(In Thousands)	
Impairment of goodwill (see Note 18)	**₱417,801**	₱377,518	₱110,934
Personnel costs (see Note 37)	**168,142**	247,818	249,630
Provision for doubtful accounts (see Note 10)	**139,678**	2,147	–
Security, janitorial and service fees (Note 38)	**137,688**	237,763	153,784
Transportation and travel	**104,417**	96,387	87,202
Taxes and licenses	**102,398**	96,234	151,081
Representation and entertainment	**50,480**	52,837	70,026

(Forward)

	2020	2019	2018
		(In Thousands)	
Provision for probable loss on spare parts and supplies and CWT (see Note 12)	**₱44,006**	₱–	₱–
Selling expenses	**23,982**	29,368	39,224
Rentals and utilities (see Notes 36 and 38)	**22,257**	38,212	46,665
Depreciation of right-of-use assets (see Note 36)	**16,080**	26,801	–
Management and professional fees (Notes 38 and 39)	**18,093**	46,516	41,046
Depreciation and amortization (see Notes 16)	**4,463**	45,081	145,523
Provision for impairment of right-of-use assets (see Note 36)	**9,325**	–	–
Repairs and maintenance	**7,177**	16,008	29,247
Insurance	**5,848**	9,738	1,655
Communication	**5,689**	6,376	14,305
Registration fees	**5,322**	4,910	7,178
Marketing and advertising (see Note 38)	**3,068**	9,036	24,976
Others	**27,045**	43,841	629,660
	₱1,312,959	₱1,386,592	₱1,802,136

Others pertain to office supplies, insurance, seminar fees, association dues incurred during the year and regular provisions of the Company.

33. Interest Income and Interest Expense

The sources of the Company's interest income follow:

	2020	2019	2018
		(In Thousands)	
Cash and cash equivalents (see Note 8)	**₱49,861**	₱66,557	₱45,695
Contract assets (see Notes 10 and 39)	**5,590**	8,600	12,556
	₱55,451	₱75,157	₱58,251

The sources of the Company's interest expense follow:

	2020	2019	2018
		(In Thousands)	
Long-term debt (see Note 23)	**₱237,418**	₱301,955	₱346,663
Lease liabilities (see Note 36)	**214,408**	71,384	–
Loans payable (see Note 21)	**81,011**	91,204	96,260
Finance lease obligation (see Note 36)	–	–	6,187
Others	**26,733**	14,337	15,751
	₱559,570	₱478,880	₱464,861

34. **Other Income (Loss) - net**

This account consists of:

	2020	2019	2018
		(In Thousands)	
Gain from reversal of provisions (see Note 20)	**₱756,115**	₱–	₱–
Gain from disposal of net assets of subsidiaries (see Note 18)	**70,338**	–	–
Dividend income (see Notes 9 and 14)	**13,995**	26,784	26,998
Pre-termination gain on leases (see Note 36)	**13,114**	–	–
Bank service charges	**(10,174)**	(5,243)	(8,976)
Share in net loss of associates (see Note 17)	**(2,519)**	–	–
Gain on sale of:			
Property and equipment (see Note 16)	**16**	840	1,039
Financial assets at FVTPL (Note 9)	**–**	–	1,548
Write-off of:			
Intangible asset	–	–	(292,512)
Deposits	**–**	–	(150,000)
Brand and trademark license income (see Note 39)	**–**	–	203,459
Excess input VAT	**–**	–	32,627
Others – net	**2,309**	(150,670)	21,731
	₱843,194	(₱128,289)	(₱164,086)

35. **Income Taxes**

The provision for current income tax consists of the following:

	2020	2018	2017
		(In Thousands)	
RCIT	**₱36,653**	₱274,033	₱223,241
MCIT	–	–	2,174
	₱36,653	₱274,033	₱225,415

The components of the net deferred tax liabilities of the Company are as follows:

	2020	2019
	(In Thousands)	
Deferred tax assets:		
Lease liabilities	**₱2,002,766**	₱280,900
NOLCO	**470,990**	71,861
Deferred lease income	**50,200**	49,125
Discount on trade receivables	**24,996**	29,194
Unamortized past service costs	**14,230**	14,835
Accretion of refundable deposits	**9,977**	829
Doubtful accounts	**7,140**	11,326

Retirement liability	**6,003**	9,180
Accrued expenses	**813**	1,068
Unrealized foreign exchange loss	**174**	323
Accrued selling expenses	–	720
Others	**1,273**	–
	2,588,562	469,361
Deferred tax liabilities:		
Excess of carrying amount of investment property over construction costs	**(2,219,450)**	(2,285,482)
Right-of-use assets	**(1,906,636)**	(259,137)
Accrued rent income	**(442,206)**	(325,703)
Lease incentives	**(600,983)**	–
Unrealized gain on sale of real estate	**(200,776)**	(798)
Unaccreted discount on refundable deposits	**(56,640)**	(54,552)
Contract assets	**(33,662)**	(40,985)
Deferred lease expense	**(9,664)**	(641)
Retirement	**(4,204)**	(2,551)
Deferred income on real estate sales	**(797)**	(186,791)
Unrealized foreign exchange gain - net	**(39)**	(101)
Others	–	(1,156)
	(5,475,057)	(3,157,897)
Net deferred tax liabilities -net	**(₱2,886,495)**	(₱2,688,536)

The deferred taxes are presented in the consolidated statement of financial position as at December 31, 2020 and 2019 are as follows:

	2020	2019
Deferred tax assets	**₱82,415**	₱52,825
Deferred tax liabilities	**(2,968,910)**	(2,741,361)
Net deferred tax liabilities	**(₱2,886,495)**	(₱2,688,536)

The components of the Company's temporary differences as at December 31, 2020 and 2019 for which deferred tax assets were not recognized are follows:

	2020	2019
	(In Thousands)	
Allowances for:		
Impairment of project development costs	**₱2,136,820**	₱2,136,820
Impairment losses	**830,455**	739,191
Doubtful accounts	**551,502**	567,463
Probable losses	**33,309**	33,309
NOLCO	**26,653**	17,049
Excess MCIT over RCIT	**1,503**	1,503
	₱3,580,242	₱3,495,335

The deferred tax assets of the above temporary differences amounting to ₱978.5 million and ₱936.7 million as at December 31, 2020 and 2019, respectively, were not recognized since management believes that it is not probable that taxable income will be available against which the deferred tax assets can be utilized.

As at December 31, 2020, the carryforward benefits of MCIT that can be claimed by the Company as deductions from regular taxable income and RCIT due are as follows:

Year Incurred/Paid	Expiry Date	MCIT
		(In Thousands)
2018	December 31, 2021	₱1,503

The movements in MCIT are as follows:

	2020	2019
	(In Thousands)	
MCIT:		
Balance at beginning of year	**₱1,503**	₱2,831
Application	–	(671)
Expirations	–	(657)
Balance at end of year	**₱1,503**	₱1,503

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

As of December 31, 2020, the Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment period	Amount	NOLCO expired	NOLCO reversed	NOLCO unapplied
2017	2018-2020	₱29	(₱29)	₱–	₱–
2018	2019-2021	8,705	–	–	8,705
2019	2020-2022	247,851	–	(59,879)	187,972
		₱256,585	(₱29)	(₱59,879)	₱196,677

As of December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment period	Amount	NOLCO expired	NOLCO reversed	NOLCO unapplied
2020	2021-2025	₱1,399,942	₱–	₱–	₱1,399,942

The reconciliation between the provision for income tax computed at statutory tax rate and the provision for income tax shown in the consolidated statement of comprehensive income is as follows:

	2020	2019	2018
		(In Thousands)	
Income tax at statutory income tax rate of 30%	**₱335,705**	₱965,150	₱1,144,230
Income tax effects of:			
Nontaxable income	**(194,737)**	(893,093)	(986,632)
Nondeductible expenses and others	**65,318**	177,242	422,408
Reversal of deferred tax assets	**26,158**	–	–
Income subjected to final tax	**(15,004)**	(6,811)	(5,302)
Change in unrecognized deferred tax assets	**2,881**	44,222	7,648
Expired NOLCO	**29**	12	–
Mark-to-market loss on securities	**–**	4,574	3,571
Excess of MCIT over RCIT	**–**	–	1,503
Income subjected to capital gains tax	**–**	–	524
Others	**6,967**	2,143	960
	₱227,317	₱293,439	₱588,910

Philippine Economic Zone Authority (PEZA)
In 2010, the Company's pre-qualification clearance from PEZA in relation with its efforts to secure a Tourism Economic Zone status for a portion of its flagship project, Tagaytay Highlands, has been approved. However, as at April 14, 2021, this approval has not yet been issued with a Presidential Proclamation.

On October 11, 2012, Presidential Proclamation No. 491 has been issued creating and designating eleven parcels of land with an aggregate area of approximately 69,510 square meters located at Aseana Business Park, Paranaque City, as Tourism Economic Zone. Consequently, on November 27, 2012, the Parent Company received its Certificate of Registration from PEZA as the developer of the City of Dreams Manila. The Company shall not be entitled to PEZA incentives.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- MCIT rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine FRSC in its PIC Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower creditable withholding taxes as of December 31, 2020, amounting to ₱34.4 million and ₱1,135.3 million, respectively, or a reduction of ₱2.3 million and an increase of ₱2.3 million, respectively. The reduced amounts will be reflected in the Company's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱481.1 million and ₱482.0 million, respectively. These reductions will be recognized in the 2021 financial statements.

36. **Lease Commitments**

Starting January 1, 2019 – Upon Adoption of PFRS 16

Company as Lessee

The Parent Company entered into a lease agreement for a parcel of land situated in Aseana Business Park, Parañaque City. The 20,218 square meter (sqm) land lease shall be for a period of 10 years commencing on April 23, 2010, inclusive of two years construction period. The contract may be renewed or extended by written agreement of the parties and upon such terms and conditions that are mutually acceptable to the parties. In 2012, the lease term was extended until April 2035. The rental payments are based on a fixed amount and subject to annual escalation until its 10th year. The annual rate on the 11th year shall be repriced in accordance with the terms of the agreement but in no case that the lease be less than the 10th year rental rate plus 10% escalation. The rental rate is subject to review and conformity of both the lessor and lessee every 5 years, based on 4% average fair rental value or the escalated rate, whichever is higher. The annual escalation rate within the appraisal cycle is 5%.

In 2020, pursuant to providing continued and uninterrupted use of the Leased Premises to its Lessee, the Parent Company entered into amendment of lease agreements for the lease of land until July 31, 2033 and transfer of land improvements to Social Security System (SSS). The lease rates are based on fixed amount, subject to annual escalation. The lease of the land will be subjected to repricing on its 6th year and 11th year in accordance with the terms of the agreement. The Parent Company accounted for these agreements as linked transactions resulting to a lease modification, considering the gain on the partial termination of the lease for the shortening of the lease term and adjustment to right-of-use asset for the remeasurement of lease liability by discounting the revised lease payments using a revised discount rate. The Parent Company derecognized the right-of-use asset and lease liabilities due to shortening of the lease term from April 22, 2035 to July 31, 2033 amounting to ₱87.8 million and ₱99.8 million, respectively (see Note 13). Gain on the shortening of the lease term amounting to ₱11.9 million was recognized as part of "Pre-termination gain on leases" under "Other income (loss) – net" account in the consolidated statement of comprehensive income (see Note 34). Adjustment to right of use assets and lease liabilities as a result of the lease modification amounted to ₱6,298.8 million and ₱6,020.1 million, respectively (see Note 13).

In 2020, SSS granted lease concession to the Parent Company by deferring the lease payments due from December 2020 to May 2021 totaling ₱100.0 million, which will be paid in 2022. The Parent Company applied the practical expedient under amendment to PFRS 16, the revised timing of lease payments was not accounted for as a lease modification.

The Parent Company and Belle Bay City, through its Board of Liquidators, entered into a Memorandum of Agreement granting the Parent Company an absolute and exclusive right to build and use "air rights" a bridge way over a particular lot owned by Belle Bay City. The agreement shall be a period of 50 years or upon termination of the Parent Company's business operation on the bridge way whichever comes earlier. The air rights shall be used to connect City of Dreams Manila Phase 1 and Phase 2. Rental payments are subject to escalation as stated in the agreement.

On May 12, 2012, the Parent Company entered into a lease agreement with SM Prime Holdings, Inc. (formerly SM Land, Inc.) covering its office space. The lease term is five years, with option to renew subject to mutually agreed upon terms and conditions. Rent is payable within 30 days upon receipt of the billing. On August 1, 2017, the operating lease agreement was renewed for another five years ending on July 31, 2022.

The Company has various lease contracts for office spaces, warehouses, retail equipment and retail outlets and corporate suites. The leases generally have lease terms of between 2 and 5 years. As at January 1, 2019, the remaining lease term is from 1 to 3 years. Previously, these leases were classified as operating leases under PAS 17 except for the lease contracts for the supply of online lottery system entered into by POSC with Scientific Games and Intralot and by TGTI with Intralot which were classified as finance leases.

The Company also has certain leases with lease terms of 12 months or less. The Company applies the "short-term lease" recognition exemptions for these leases. Rent expense related to short-term leases amounted to ₱27.7 million and ₱3.4 million in 2020 and 2019, respectively (see Notes 27 and 32).

In 2020, rent concession (i.e., rent reduction) on one of the Company's right-of-use office space amounting to ₱0.3 million was recognized as variable lease, adjusted against rent expense (see Note 32).

In 2020, the lease of corporate suites was terminated. Gain on termination of the lease recognized under "Other income (loss) - net" account amounted to ₱1.2 million (see Note 34).

The rollforward analysis of right-of-use assets is follows:

			2020 (In thousands)			
	Right-of-use Land	**Right-of-use Air Rights**	**Right-of-use Corporate Suites**	**Right-of-use Equipment**	**Right-of-use Office and Warehouse**	**Right-of-use Total**
Cost						
Balance at beginning of year, as previously presented	**₱815,717**	**₱53,673**	**₱39,502**	**₱163,499**	**₱122,690**	**₱1,195,081**
Reclassification to investment property (see Note 17)	**(815,717)**	–	–	–	–	**(815,717)**
Balance at beginning of year, as reclassified	–	**53,673**	**39,502**	**163,499**	**122,690**	**379,364**
Additions	–	–	–	–	**14,789**	**14,789**
Termination of lease	–	–	**(39,502)**	–	–	**(39,502)**
Derecognition from disposal of subsidiaries	–	–		–	**(47,805)**	**(47,805)**
At December 31, 2020	–	**53,673**	–	**163,499**	**89,674**	**306,846**
Accumulated Depreciation						
Balance at beginning of year, as previously presented	**₱49,938**	**₱3,701**	**₱16,574**	**₱163,499**	**₱47,280**	**₱280,992**
Reclassification to investment propert (see Note 17)	**(49,938)**	–	–	–	–	**(49,938)**
Balance at beginning of year, as reclassified	–	**3,701**	**16,574**	**163,499**	**47,280**	**231,054**
Depreciation (see Notes 27, 30 and 32)	–	**3,701**	**4,144**	–	**29,358**	**37,203**
Impairment loss (see Note 32)	–	–	–	–	**9,325**	**9,325**
Termination of lease	–	–	**(20,718)**	–	–	**(20,718)**
Derecognition from disposal of subsidiaries	–	–	–	–	**(21,750)**	**(21,750)**
At December 31, 2020	–	**7,402**	–	**163,499**	**64,213**	**235,114**
\Net Book Value	**₱–**	**₱46,271**	**₱–**	**₱–**	**₱25,461**	**₱71,732**

			2019 (In thousands)			
	Right-of-use Land	Right-of-use Air Rights	Right-of-use Corporate Suites	Right-of-use Equipment	Right-of-use Office and Warehouse	Right-of-use Total
Cost						
Balance at beginning and end of year, as previously presented	₱815,717	₱53,673	₱39,502	₱163,499	₱105,318	₱1,177,709
Reclassification from right-of-use assets (see Note 17)	(815,717)	–	–	–	–	(815,717)
Balance at beginning of year and end, as reclassified	–	53,673	39,502	163,499	105,318	361,992
Additions	–	–	–	–	17,372	17,372
At December 31, 2019	–	53,673	39,502	163,499	122,690	379,364
Accumulated Depreciation						
Balance at beginning of year and end, as reclassified	–	–	–	154,874	–	154,874
Depreciation (see Notes 27, 30 and 32)	–	3,701	16,574	8,625	47,280	76,180
At December 31, 2019	–	3,701	16,574	163,499	47,280	231,054
Net Book Value	₱–	₱49,972	₱22,928	₱–	₱75,410	₱148,309

The following are the amounts recognized in the consolidated statement of income:

	2020	2019
	(In thousands)	
Interest expense on lease liabilities (see Note 33)	**₱214,408**	₱71,384
Depreciation expense of right-of-use assets (see Notes 27, 30 and 32)	**37,203**	76,181
Expenses relating to short-term leases (see Notes 27 and 32)	**27,716**	95,451
Pre-termination gain on leases (see Note 34)	**(13,995)**	–
Impairment loss of right-of-use assets (see Note 32)	**9,325**	–
Interest expense on asset retirement obligation	**289**	269
Total amount recognized in statement of income	**₱274,946**	₱243,285

The rollforward analysis of lease liabilities follows:

	2020	2019
	(In thousands)	
Balance at beginning of year	**₱1,003,935**	₱1,053,421
Additions	**6,020,072**	17,372
Interest expense	**214,408**	71,384
Payments	**(404,102)**	(138,242)
Termination of lease	**(119,744)**	–
Derecognition from disposal of subsidiaries	**(27,075)**	–
Balance at end of year	**6,687,494**	1,003,935
Current portion of lease liabilities	**148,613**	85,660
	₱6,538,881	₱918,275

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
	(In thousands)	
1 year	**₱519,947**	₱141,288
more than 1 years to 2 years	**1,204,813**	158,477
more than 2 years to 3 years	**1,275,805**	146,888
more than 3 years to 4 years	**1,399,991**	175,829
more than 5 years	**4,505,151**	1,174,847

Refundable Deposits

The Company paid deposits as security to various leases amounting to ₱70.9 million and ₱50.1 million as at December 31, 2020 and December 31, 2019, respectively (see Note 19). These are refundable at the end of the lease term. The deposits are initially recognized at their present values and subsequently carried at amortized cost using effective interest method.

Company as Lessor

Leases of Online Lotto Equipment and Accessories. POSC leases online lotto equipment and accessories to PCSO for a period of 1 year until July 31, 2020 as provided in the 2019 Amended ELA (see Note 39). The ELA was renewed for another year starting August 1, 2020 to July 31, 2021. Rental payments are based on a percentage of gross amount of lotto ticket sales from the operation of all PCSO's lotto terminals or a fixed annual rental of ₱35,000 per terminal in commercial operation, whichever is higher. Rental income recognized in the consolidated statements of comprehensive income amounted to ₱245.9 million and ₱427.9 million in 2020 and 2019, respectively.

Future minimum rental income as at December 31, 2020 and 2019 for the remaining lease term of one year is ₱68.8 million and ₱82.2 million, respectively.

TGTI leases "Online KENO" equipment and accessories to PCSO for a period of 10 years from the time the ELA will run in commercial operations. In 2020, the ELA was extended until March 31, 2021. Rental payment by PCSO is based on certain percentage of gross amount of "Online KENO" games from the operation of all PCSO's terminal or a fixed annual rental of ₱40,000 per terminal in commercial operation, whichever is higher. Rental income recognized in the consolidated statements of comprehensive income amounted to ₱47.2 million and ₱253.6 in 2020 and 2019, respectively.

Future minimum rental income as at December 31, 2020 for the remaining lease term of three months is ₱11.8 million.

Lease Agreement with Melco. On October 25, 2012, the Parent Company, as a lessor, entered into a lease agreement with Melco for the lease of land and building structures to be used in the City of Dreams Manila project ("the Project"). The lease period is co-terminus with the operating agreement between the Company and Melco which is effective on March 13, 2013 until the expiration of the License on July 11, 2033.

In 2020, the Parent Company granted lease concessions (i.e., lease reduction) on the lease of land and building to Melco as a response to the call by the government to offer lease concessions during the coronavirus pandemic. The 2020 rental payments were reduced to ₱278.9 million from ₱2,349.6 million and 2021 minimum rental payments were reduced to ₱864.0 million from ₱2,588.6 million. The Company accounted for the lease concessions as a lease modification to the operating lease that gives rise to a new lease from the effective date of the modification, considering the accrued lease payments relating to the original lease as part of the lease payments for the new lease. The lease concession resulted to a decrease in 2020 lease income by ₱8.9 million.

The Parent Company recognized lease income on the lease of land and building by Melco amounting to ₱2,663.2 million, ₱2,671.0 million and ₱724.4 million in 2020, 2019 and 2018, respectively.

As at December 31, 2020 and 2019, the minimum lease payments to be received by the Parent Company on the lease on the land and building are as follows:

	2020	2019
	(In thousands)	
Within one year	**₱863,975**	₱2,349,556
In more than one year and not more than five years	**13,786,462**	10,761,002
In more than five years	**18,498,064**	24,112,134
	₱33,148,501	₱37,222,692

The Company carried receivables relating to these leases of ₱3,278.2 million and ₱1,120.4 million under the "Receivables" account in the consolidated statements of financial position as at December 31, 2020 and 2019, respectively (see Note 10).

Costs incurred for these leases, which consists of taxes, property insurance and other costs, are presented under "Cost of lease income" account in the consolidated statements of comprehensive income (see Note 30).

Prior to January 1, 2019 – Prior to Adoption of PFRS 16

Company as a Lessor

a. Finance Lease

   Lease Agreement with Melco. On October 25, 2012, the Parent Company, as a lessor, entered into a lease agreement with Melco for the lease of land and building structures to be used in the City of Dreams Manila project ("the Project"). The lease period is co-terminus with the operating agreement between the Company and Melco which is effective on March 13, 2013 until the expiration of the License on July 11, 2033.

   The Company made an assessment at inception of the lease and recorded the lease of the building structures under a finance lease and the lease of the land under an operating lease.

   The Company recognized a finance lease receivable equivalent to the net investment in the lease. The average implicit interest rate on the finance lease was 15.75% per annum at inception of the lease. The lease payments made by the lessee are split into an interest component and a principal component using the effective interest method. The lease receivable is reduced by the principal received. The interest component of the payments is recognized as "Interest income on finance lease" in the consolidated statement of comprehensive income.

   In 2018, the Parent Company and Melco agreed to revise the use of a portion of the building. Management assessed that the change in use resulted in substantial modification of the terms of the agreement. Thus, starting October 2018, the Parent Company started to change rental based on new rates. The change in the terms resulted in reclassification of the lease from finance lease to operating lease. Accordingly, the Parent Company derecognized the balance of the outstanding finance lease receivables amounting to ₱18,342.3 million and capitalized the same as the cost of the building (see Note 13).

   Interest income on finance lease amounted to ₱1,663.8 million in 2018.

b. Operating Lease

   Lease Agreement with Melco. The Parent Company recognized lease income on the lease of land and building by Melco amounting to ₱724.4 million in 2018.

   The Company carried receivables relating to these leases of ₱559.8 million under the "Receivables" account in the consolidated statement of financial position as at December 31, 2018 (see Note 10).

   Costs incurred for these leases, which consists of taxes, property insurance and other costs, are presented under "Cost of lease income" account in the consolidated statements of comprehensive income (see Note 30).

   Lease Agreements with PCSO. POSC leases to PCSO online lotto equipment and accessories for a period of 1 year until July 31, 2019 as provided in the 2018 Amended Equipment Lease Agreement (ELA). Rental payments are based on a percentage of gross amount of lotto ticket sales from the operation of all PCSO's lotto terminals or a fixed annual rental of ₱35,000 per terminal in commercial operation, whichever is higher. Rental income recognized in the consolidated statement of income amounted to ₱788.6 million in 2018.

TGTI leases to PCSO online KENO equipment and accessories for a period of 10 years from the time the ELA will run in commercial operations. Rental payment by PCSO is based on certain percentage of gross amount of Online KENO games from the operation of all PCSO's terminal or a fixed annual rental of ₱40,000 per terminal in commercial operation, whichever is higher. Rental income recognized in the consolidated statement of income amounted to ₱659.7 million in 2018.

Company as a Lessee

a. Finance Lease

Lottery Equipment. The contracts for the supply of online lottery system entered into by POSC with Scientific Games and Intralot and by TGTI with Intralot contain a lease which is accounted for as finance lease. These related equipment are included as part of "Lottery equipment" under "Property and equipment" account with carrying amount of ₱30.9 million as at December 31, 2018.

Future minimum lease payments under these finance leases together with the present value of the minimum lease payments are as follows:

	2018
	(In Thousands)
Within one year	₱22,254
After one year but not more than five years	16,690
Total future minimum lease payments	38,944
Less amount representing interest	3,570
Present value of lease payments	35,374
Less current portion of obligations under finance lease	19,379
Noncurrent portion of obligations under finance lease	₱15,995

The contracts of POSC remain effective until July 31, 2019, the expiration date of the ELA. Payment to Scientific Games is based on a pre-agreed percentage of POSC's revenue from PCSO's conduct of online lottery games running on the system provided by Scientific Games. Payment to Intralot is based on a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations or a fixed amount of US$110 per terminal per month, whichever is higher.

Payments to Scientific Games and Intralot include the non-lease elements which are presented as "Software and license fees" account under "Cost of lottery services" in the consolidated statements of comprehensive income (see Note 27). The interest component of the payments recognized as "Interest Income and Interest Expense" account in the consolidated statement of income amounted to ₱6.2 million in 2018 (see Note 33).

The contract of TGTI with Intralot commenced upon the commercial operation of 200 outlets and remains effective for 10 years until September 30, 2020. Payment to Intralot is based on a percentage of the gross receipts of PCSO from its online KENO games or a fixed amount of US$60 per terminal per month, whichever is higher.

POSC initially recognized the finance lease liability based on the fair value of the equipment or the sales price since the minimum lease payments cannot be established, as the monthly payment varies depending on the revenue generated by the leased equipment.

b. Operating Lease

- POSC leases certain office spaces for periods of one to three years up to 2019. The lease agreements provide for minimum rental commitments with annual rental escalation rate of 5% to 10%. Rent expense recognized in the profit or loss amounted to ₱18.6 million in 2018.

- LotoPac, LCC and FRI lease certain properties that are renewed annually at the option of both companies. Rent expense recognized in the profit or loss amounted to ₱97.4 million in 2018.

- TGTI entered into lease contracts with the following: (1) Keewswen Development Corp. for the lease of its office space for a period of five years which commenced on February 1, 2011 expired on January 31, 2016 which was renewed for a period of two years which commenced on February 1, 2016 to January 31, 2018, (2) MBH Trading & Manufacturing Corporation for the lease of its warehouse for a period of seven years commencing on August 1, 2010 and expired on July 31, 2017 which was also renewed up to July 2020, and (3) George W.G Angel for a parking space for a period of one year, renewable upon mutual consent of the parties. Rent expense recognized in the consolidated statement of income amounted to ₱10.6 million in 2018.

The above operating leases have no restrictions and contingent rentals.

Other Operating Lease Agreements
The Parent Company entered into a lease agreement for a parcel of land situated in Aseana Business Park, Parañaque City. The 20,218 square meter land area lease shall be for a period of 10 years commencing on April 23, 2010, inclusive of two years construction period. Rental payments are subject to escalation as stated in the agreement. The contract may be renewed or extended by written agreement of the parties and upon such terms and conditions that are mutually acceptable to them. The Parent Company also paid ₱4.4 million refundable deposit which formed part of “Other noncurrent assets - refundable deposits and construction bond” in the consolidated statements of financial position (see Note 19). On April 15, 2012, the parties agreed to extend the lease term for an additional 15 years ending on April 22, 2035. Total rent expense charged to operations amounted to ₱42.5 million in 2018 (see Note 30).

On May 12, 2012, the Parent Company entered into an operating lease agreement with SM Prime Holdings, Inc. (formerly SM Land, Inc.) covering its office space. The lease term is five years, with option to renew subject to mutually agreed upon terms and conditions. Rent is payable within 30 days upon receipt of the billing. On August 1, 2017, the operating lease agreement was renewed for another five years ending on July 31, 2022. Total rent expense charged to operations amounted to ₱10.2 million in 2018 (see Notes 32 and 38).

The Parent Company and Belle Bay City, through its Board of Liquidators, entered into a Memorandum of Agreement granting the Parent Company an absolute and exclusive right to build and use “air rights” a bridge way over a particular lot owned by Belle Bay City. The agreement shall be a period of 50 years or upon termination of the Parent Company’s business operation on the bridge way whichever comes earlier. The air rights shall be used to connect City of Dreams Manila Phase 1 and Phase 2. Rental payments are subject to escalation as stated in the agreement. Total rent expense charged to operations relating to this transaction amounted to ₱6.4 million in 2018 and 2017 (see Note 30). The Parent Company also paid ₱1.1 million refundable deposit which formed part of “Other noncurrent assets - refundable deposits and construction bond” in the consolidated statements of financial position (see Note 19).

The Company also has several operating lease arrangements on parking lots, machineries, office space and transportation equipment. Total rent expense charged to operations relating to these lease agreements amounted to ₱3.8 million in 2018 (see Note 32).

37. Pension Costs

The Parent Company and certain of its subsidiaries have funded, noncontributory defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. Costs are determined in accordance with the actuarial study, the latest of which is dated December 31, 2020.

PLC is covered under Republic Act No. 7641 which provides a defined benefit minimum guarantee for its qualified employees.

The following tables summarize the components of pension costs recognized in the consolidated statements of comprehensive income and the pension asset and pension liability recognized in the consolidated statements of financial position.

Changes in the retirement benefits of the Company in 2020 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Asset (Liability)
		(In Thousands)	
At January 1, 2020	**(₱253,363)**	**₱209,143**	**(₱44,220)**
Net retirement income (costs) in profit or loss:			
Current service cost	**(20,830)**	**–**	**(20,830)**
Interest expense	**(11,368)**	**–**	**(11,368)**
Interest income	**–**	**8,818**	**8,818**
Settlement loss	**(228)**	**–**	**(228)**
Interest on the effect on asset ceiling	**–**	**(16)**	**(16)**
	(32,426)	**8,802**	**(23,624)**
Benefits paid	**12,513**	**(10,703)**	**1,810**
Disposal of a subsidiary (Note 18)	**20,011**	**(32,764)**	**(12,753)**
Contributions	**–**	**9,192**	**9,192**
Settlements	**2,360**	**(2,360)**	**–**
Remeasurement gain (loss) recognized in OCI:			
Actuarial changes due to experience adjustment	**32,428**	**–**	**32,428**
Actuarial changes arising from changes in financial assumptions	**(16,590)**	**–**	**(16,590)**
Actual return excluding amount included in net interest cost	**–**	**(1,971)**	**(1,971)**
Actuarial changes due to changes in demographic assumptions	**1,206**	**–**	**1,206**
Effect of asset ceiling	**–**	**(303)**	**(303)**
Disposal of a subsidiary (Note 18)	**6,381**	**3,165**	**9,546**
	23,425	**891**	**24,316**
At December 31, 2020	**(₱227,480)**	**₱182,201**	**(₱45,279)**

Changes in the retirement benefits of the Company in 2019 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Asset (Liability)
	(In Thousands)		
At January 1, 2019	(₱176,395)	₱175,669	(₱726)
Net retirement income (costs) in profit or loss:			
Current service cost	(18,555)	–	(18,555)
Past service cost	(9,357)	–	(9,357)
Interest expense	(13,684)	–	(13,684)
Interest income	–	14,477	14,477
Interest on the effect on asset ceiling	–	(465)	(465)
	(41,596)	14,012	(27,584)
Benefits paid	10,341	(10,341)	–
Contributions	–	18,798	18,798
Remeasurement gain (loss) recognized in OCI:			
Actuarial changes due to experience adjustment	(6,732)	–	(6,732)
Actuarial changes arising from changes in financial assumptions	(39,667)	–	(39,667)
Actual return excluding amount included in net interest cost	–	5,724	5,724
Actuarial changes due to changes in demographic assumptions	686	–	686
Effect of asset ceiling	–	5,281	5,281
	(45,713)	11,005	(34,708)
At December 31, 2019	(₱253,363)	₱209,143	(₱44,220)

The retirement benefits are presented in the consolidated statement of financial position as at December 31, 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Pension asset	**₱14,012**	₱10,312
Pension liability	**(59,291)**	(54,532)
Net pension liability	**(₱45,279)**	(₱44,220)

The following table presents the fair values of the plan assets of the Company as at December 31:

	2020	2019
	(In Thousands)	
Cash and cash equivalents	**₱33,220**	₱18,158
Debt instruments - government bonds	**76,182**	117,224
Debt instruments - other bonds	**3,772**	2,995
Unit investment trust funds	**47,996**	48,708
Mutual fund	**941**	463
Others	**20,090**	21,595
	₱182,201	₱209,143

The Company's plan assets is administered by a Trustee. The Company and the retirement plan have no specific matching strategies between the retirement plan assets and define benefit asset or obligation under the retirement plan.

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2020	2019
Discount rates	**5.10%-7.62%**	5.10%-7.62%
Future salary increases	**5.00%-8.00%**	5.00%-8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2020 and 2019 assuming if all other assumptions were held constant:

	2020		2019	
	Increase (Decrease)	**Increase (Decrease) in Defined Benefit Obligation (In thousands**	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation
		(In Thousands)		*(In Thousands)*
Discount rate	**1.00%**	**(17,619)**	1.00%	(17,848)
	(1.00%)	**21,335**	(1.00%)	21,593
Salary increase rate	**1.00%**	**20,698**	1.00%	20,938
	(1.00%)	**(17,480)**	(1.00%)	(17,696)

The average duration of the Company's defined benefit obligation is 2.3 years to 14.9 years in 2020.

The maturity analysis of the undiscounted benefit payments follows:

	2020	2019
	(In Thousands)	
Less than 1 year	**₱113,756**	₱128,312
More than 1 year to 5 years	**20,670**	19,176
More than 5 years to 10 years	**79,834**	81,149

38. Related Party Transactions

Related parties are enterprises and individuals that has the ability to control directly, or indirectly through one or more intermediaries or are controlled by, or under common control with the Company, including holding companies, and subsidiaries, or exercise significant influence over the other party in making financial and operating decisions. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In the ordinary course of business, the Company has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances. The outstanding balances at year-end are payable on demand. There have been no guarantees provided or received for any related party receivables or payables. Related party transactions are generally settled in cash. Related party transactions amounting to 10% or higher of the Company's consolidated total assets are subject to the approval of the BOD.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Other Transactions with Associates and Related Companies

The Company has the following significant related party transactions with associates and other related parties:

Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Condition
				(In Thousands)			
APC	Associate	Advances to associate (see Note 17)	**2020**	**₱–**	**₱79,976**	Noninterest-bearing, due and demandable	Unsecured, partially provided amounting to ₱79,452 in 2020 and 2019
			2019	–	79,979		
Belle Jai Alai	Associate	Advances to associate (see Note 17)	**2020**	**–**	**29,398**	Noninterest-bearing, due and demandable	Unsecured, fully provided in 2020 and 2019
			2019	–	29,398		
Others	Associate	Advances to associates (see Note 17)	**2020**	**–**	**11,486**	Noninterest-bearing, due and demandable	Unsecured, fully provided in 2020 and 2019
			2019	–	11,486		
Belle Jai-Alai	Associate	Advances from associate	**2020**	**–**	**(38,101)**	Noninterest-bearing, due and demandable	Unsecured
			2019	–	(60,753)		
SM Prime Holdings, Inc.	With common stockholders	Lease (see Note 36)	**2020**	**9,774**	**–**	5 years, renewable	Unsecured
			2019	9,209	–		
			2018	9,201	–		
		Management and professional fees (see Note 32)	**2020**	**14,568**	**–**	1 year, renewable	Unsecured
			2019	18,223	–		
			2018	18,439	–		
SM Arena Complex Corporation	With common stockholders	Sponsorship agreement (see Notes 32 and 36)	**2020**	**4,500**	**–**	3 years	Unsecured
			2019	18,000	–		
			2018	18,900	4,950		
Highlands Prime, Inc. (HPI)	With common stockholders	Service fees (see Note 32)	**2020**	**3,884**	**–**	5 years, renewable	Unsecured
			2019	13,726	–		
			2018	14,504	–		
Directors and officers	Key management personnel	Salaries and wages	**2020**	**53,610**	**–**	Not applicable	Unsecured
			2019	101,856	–		
			2018	107,071	–		
		Short-term employee benefits	**2020**	**7,943**	**–**	Not applicable	Unsecured
			2019	9,081	–		
			2018	12,725	–		
		Long-term employee benefits	**2020**	**7,833**	**–**	Not applicable	Unsecured
			2019	7,503	–		
			2018	7,440	–		
SM Investments Corporation	With common stockholders	Service fees (see Note 32)	**2020**	**66,000**	**–**	Non-interest bearing, 30 days	Unsecured
			2019	66,000	–		
			2018	66,000	–		

The following table provides the summary of outstanding balances and transactions for the years ended December 31, 2020, 2019, and 2018 in relation with the table above for the transactions that have been entered into with related parties:

Total Related Party Outstanding Balances before any Allowance for Impairment

	2020	2019
Advances to associates (see Note 17)	**₱120,333**	₱120,836
Advances from associates (see Note 20)	**38,101**	60,753

Total Related Party Transactions

	2020	2019	2018
Salaries and wages	**₱53,610**	₱101,856	₱107,071
Sponsorship agreement	**4,500**	18,000	18,900
Management fee	**14,568**	18,223	16,459
Rent	**9,774**	9,209	9,201
Service fee	**3,884**	13,726	14,504

Allowance provided on advances to associates charged to "Investments in and Advances to Associates" amounted to ₱120.3 million as at December 31, 2020 and 2019 (see Note 17).

Transactions with other related parties are as follows:

- In 2014, the Parent Company entered into a renewable one-year management and professional service agreement with SM Prime Holdings, Inc. Management and professional fees charged by SM Prime Holdings, Inc. to the Parent Company amounted to ₱14.6 million, ₱18.2 million and ₱18.4 million in 2020, 2019 and 2018, respectively, which are recognized under "General and administrative expenses" in consolidated statements of comprehensive income (see Note 32). The fees are payable within 30 days upon the receipt of billing.

- In 2015, the Parent Company entered into a renewable one-year service agreement with HPI for manpower supervision. Service fees charged by HPI to the Parent Company amounted to ₱3.9 million, ₱13.7 million and ₱14.5 million in 2020, 2019 and 2018, respectively, which are recognized under "General and administrative expenses" in consolidated statements of comprehensive income (see Note 32).

- In 2019, the Parent Company entered into a renewable one-year professional service agreement with SM Investments Corporation. Service fees charged by SMIC to the Parent Company amounted to ₱60.5 million and ₱66.0 million in 2020 and 2019, respectively, which are recognized under "General and administrative expenses" in consolidated statements of comprehensive income (see Note 32). The fees are payable within 30 days upon the receipt of billing.

39. **Significant Contracts and Commitments**

Investment Commitment with PAGCOR

The Company and its casino operator is required to have an "Investment Commitment" based on PAGCOR guidelines of US$1.0 billion, of which US$650.0 million shall be invested upon the opening of the casino and the other US$350.0 million shall be invested within a period of three (3) years from the commencement of the casino operations. The Investment Commitment should comprise of the value of land used for the projects and the construction costs of various facilities and infrastructure within the site of the project. In 2015, the Company and its co-licensees have complied with the Investment Commitment and were granted with regular casino license.

The other salient provisions of the License are: (i) creation of an escrow account where the funds to be used exclusively for the Project are expected to flow through but with a maintaining balance of US$50.0 million and is separately shown as the "Escrow Fund" account in the 2012 consolidated statement of financial position; (ii) issuance of performance bond of US$100.0 million to guarantee the completion of the project; and (iii) issuance of surety bond of US$100.0 million to guarantee the payment to PAGCOR of all fees payable under the License granted by PAGCOR. In May 2013, the Escrow was terminated as Melco deposited its own Escrow Fund to replace that of the Company.

Cooperation Agreement with Melco
On October 25, 2012, the Company together with PLAI ("Philippine Parties"), formally entered into a Cooperation Agreement with Melco which governs their cooperation in the development and operation of the City of Dreams Manila. The Cooperation Agreement places the Company as a co-licensee and the owner of the site's land and buildings, while Melco will be a co-licensee and operator of all the facilities within the resort complex.

In March 2013, Melco paid the Company the amount of ₱949.6 million which represents various costs Melco agreed to absorb as one of the conditions of the Philippine Parties in including the Melco Parties as co-licensees under the Project.

Operating Agreement with Melco
On March 13, 2013, the Parent Company, together with PLAI, entered into an Operating Agreement with MPHIL Holdings No. 2 Corporation, MPHIL Holdings No.1 Corporation and Melco. Under the terms of the Operating Agreement, Melco was appointed as the sole and exclusive operator and manager of the casino development Project.

The Operating Agreement shall be in full force and effect for the period of the PAGCOR License, unless terminated earlier in accordance with the agreements among the parties.

Pursuant to this agreement, PLAI shares from the performance of the casino gaming operations. Gaming revenue share in 2020, 2019 and 2018 amounted to ₱635.2 million, ₱2,976.4 million and ₱3,211.9 million, respectively (see Note 25).

Share Swap Agreement
In 1997, PLC (then Sinophil Corporation), together with Belle (then a 32% shareholder) entered into a Swap Agreement with Metroplex whereby PLC issued 3,870,000,000 of its common shares in exchange for 46,381,600 shares of LIR-HK, a Hong Kong-based company, which is a subsidiary of Metroplex.

On August 23, 2001, a Memorandum of Agreement (MOA) was entered into by and among the Parent Company, PLC, Metroplex and LIR-HK rescinding the Swap Agreement and cancelling all obligations stated therein and reversing all the transactions as well as returning all the objects thereof in the following manner:

a. Metroplex shall surrender the certificates of PLC shares held by them in relation to the Swap Agreement. Belle shall then cause the reduction of the capital stock of PLC to the extent constituting the PLC shares of stock surrendered by Metroplex and the cancellation and delisting of such shares from the PSE.

b. PLC shall surrender the LIR-HK shares back to Metroplex.

In view of such definite plan to rescind the Swap Agreement through the MOA or other means, PLC discontinued using the equity method in accounting for its investment in LIR-HK starting from LIR-HK's fiscal year beginning February 1, 1999.

On February 18, 2002, PLC's stockholders approved the cancellation of 3,870,000,000 shares held by Metroplex. However, Metroplex failed to deliver the stock certificates for cancellation covering the 2,000,000,000 shares of their total shareholdings. PLC again presented to its stockholders the reduction of its authorized capital stock to the extent of 1,870,000,000 shares, which were already delivered by Metroplex. On June 3, 2005, the stockholders approved the cancellation and delisting of the 1,870,000,000 shares. On March 28, 2006, the SEC formally approved PLC's application for the capital reduction and cancellation of the 1,870,000,000 PLC shares. The application to delist the said shares was also approved by the PSE.

As a result of the cancellation of the shares, investment in LIR-HK was reduced by ₱2,807.8 million in 2006. The corresponding decrease in PLC's capital stock and additional paid-in capital, and share in cumulative translation adjustments of an associate amounted to ₱1,870.0 million, ₱1,046.9 million and ₱109.1 million, respectively.

In 2007, the PLC acquired LIR-HK's loan from Union Bank of the Philippines which was secured by the 1,000,000,000 shares of PLC held by Metroplex for a total consideration of ₱81.6 million. Upon acquisition, an application for capital reduction and cancellation of 1,000,000,000 PLC shares was filed with the SEC after obtaining stockholders' approval.

On June 24, 2008, upon obtaining the approval of the SEC, the 1,000,000,000 PLC shares in the name of Metroplex were cancelled. As a result, investment in LIR-HK was reduced by ₱1,501.5 million in 2008. The corresponding decrease in PLC's capital stock, additional paid-in capital and share in cumulative translation adjustments of an associate amounted to ₱1,000.0 million, ₱559.8 million and ₱58.3 million, respectively. In 2009, PLC applied with the SEC for further decrease of its authorized capital stock for 1,000,000,000 shares. This application was approved on July 9, 2009 by the SEC. However, PLC did not effect such decrease in authorized capital stock as these cannot be surrendered for cancellation.

In 2009, Metroplex filed before the Court of Appeals (CA) to review the Order of the SEC denying their petition to nullify the approval of the reduction of PLC's capital stock. Petition was elevated to the Supreme Court (SC) after the CA sustained the SEC ruling. The deal was scuttled when the remaining 1,000,000,000 undelivered PLC shares (hereinafter referred to as the "Shares") are being held by another creditor, Evanston Asset Holdings Pte. Ltd ("Evanston"), as collateral for loans obtained by Metroplex. Metroplex was previously negotiating for the release of such pledge to be able to carry out the terms of the MOA. However, during 2012, PLC was informed by Evanston that they had undertaken foreclosure proceedings on the Shares. While Evanston has stated willingness to negotiate with PLC towards the transfer of the Shares, there is no assurance that PLC will be able to acquire the Shares from Evanston. Thus, PLC recognized full impairment loss of ₱1,559.8 million on its investment in LIR-HK in view of the then uncertainty of implementing the MOA rescinding the Swap Agreement.

Notwithstanding the foregoing, cognizant of the fact that whoever had possession of the Shares would be dispossessed of its property by reason of the approval of the decrease in capital which implies the cancellation of said shares, PLC exerted earnest efforts to have the SEC revoke its approval of the third decrease in capital. However, SEC continued to deny any petition on the following grounds:

(i) the documents submitted by appellant in support of its application for the decrease of capital stock, were all complete and regular on its face;
(ii) there was no allegation of fraud, actual or constructive, nor misrepresentation in its application for decrease of authorized capital stock.

In June 2013, PLC filed a Memorandum of Appeal with the SEC to appeal the denial of the petition.

On April 22, 2014, PLC filed with the SEC a Notice of Withdrawal of the Memorandum of Appeal filed on June 20, 2013 and proceeded to effect the cancellation of the shares and compensated the parties who were in possession of the remaining 1,000,000,000 PLC shares. As a result, investment in LIR-HK was reduced by ₱1,501.5 million in 2014. The corresponding decrease in capital stock, additional paid-in capital and share in cumulative translation adjustments of an associate amounted to ₱1,000.0 million, ₱559.8 million and ₱58.3 million, respectively.

Correspondingly, PLC recognized a receivable from Metroplex for ₱340.7 million which was the cost of implementing the MOA rescinding the Swap Agreement and the cancellation of the said Shares.

<u>Equipment Lease Agreement (ELA) between POSC and PCSO</u>
ELA. POSC has an ELA with the PCSO for the lease of not less than 800 lotto terminals, which includes central computer, communications equipment and the right to use the application software and manuals for the central computer system and draw equipment of PCSO for its Visayas-Mindanao (VISMIN) operations for a period of eight years from April 1, 2005 to March 31, 2013.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

2012 Amended ELA. On May 22, 2012, the POSC and PCSO amended some provisions of the ELA which reduced the rental fee for the VISMIN operations and included the lease of lotto terminals and supply of betting slips and ticket paper rolls in some of PCSO's Luzon operations for additional lease fee effective June 1, 2012 until March 31, 2013, which is concurrent with the ELA expiry. The amendment also incorporated the fee for maintenance and repair services as part of the rental fee and provided PCSO an option to purchase the equipment related to its VISMIN operations at the end of the lease period for ₱15.0 million.

2013 Amended ELA. On March 26, 2013, the POSC and PCSO further amended some provisions of the ELA which extended it from March 31, 2013 to July 31, 2015. In lieu of the PCSO option to purchase the equipment related to its VISMIN operations, POSC agreed to reduce the rental fee on the lotto terminals for the VISMIN operations and POSC to shoulder the cost of betting slips and ticket paper rolls for the PCSO's Luzon and VISMIN operations. The amendment also incorporated the fee for the supply of betting slips and ticket paper rolls for the PCSO's Luzon operations as part of the rental fee.

2015 Amended ELA. On July 15, 2015, the POSC and PCSO further amended some provisions of the ELA which extended it from August 1, 2015 to July 31, 2018. The amendment also required the POSC to deposit an additional ₱5.0 million cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. The additional cash bond is included under "Other noncurrent assets" account in the consolidated statements of financial position.

2018 Amended ELA. On September 12, 2018, the ELA was amended to extend the term from August 1, 2018 to July 31, 2019. The amendment required POSC to post an additional deposit of ₱7.0 million cash bond. The total cash bond of ₱12.0 million is included under "Other noncurrent assets" in the consolidated statements of financial position.

2019 Amended ELA. On July 31, 2019, the ELA was amended to extend the term from August 1, 2019 to July 31, 2020. The said extension was intended for PCSO to complete the bidding process for the Philippine Lottery System (PLS) under Republic Act No. 9184, as amended, until a new lottery system is fully realized and to ensure unhampered and uninterrupted operations of the online lottery and to avoid the loss of funds to PCSO.

2020 Amended ELA. On September 9, 2020, the term of the ELA was extended on a month-to-month basis effective August 1, 2020 but not to exceed one (1) year, commensurate to the necessity and immediacy to complete the billing process of the new lottery system. POSC undertakes not to pull-out the lottery terminals until after the 7th month after the expiration of the ELA.

The PCSO announced that a bidding for its customized PCSO Lottery System, also known as the "2021 PLS Project", will be conducted during the early part of 2021. POSC has expressed its readiness to participate in the said bidding.

The rental fee, presented as "Equipment rental" in the consolidated statements of income, is based on a percentage of gross sales of lotto tickets from PCSO's VISMIN and Luzon operations or a fixed annual rental of ₱35,000 per terminal in commercial operation, whichever is higher. The number of installed lotto terminals totaled 3,370 and 3,785 as at December 31, 2020 and 2019, respectively. POSC's revenue from equipment rental amounted to ₱249.5 million, ₱427.9 million and ₱788.6 million in 2020, 2019 and 2018, respectively.

Instant Scratch Tickets. On March 31, 2009, POSC entered into a non-exclusive Memorandum of Agreement (MOA) with PCSO, for a period of seven years, effective December 1, 2009 to undertake the printing, distribution and sale of scratch tickets. The MOA requires a cash bond to be deposited in an interest-bearing bank account designated by PCSO to guarantee the payment of all prizes for each series of tickets distributed, subject to review by PCSO, which was paid in January 2010, for a period of seven years from the date of initial launch of the instant tickets and shall be maintained co-terminus with this MOA. The ₱10.0 million cash bond is recognized under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 19).

On March 31, 2015, the POSC entered into an OMOA with PMLC for the authorization of PMLC as the exclusive marketing, distribution, selling and collecting agent of POSC throughout the Philippines. The agreement took effect on April 1, 2015 and shall remain effective as long as the MOA with PCSO or any extension thereof shall be effective.

PMLC agreed to assume POSC's commitment to PCSO to solely shoulder the project cost for the Instant Scratch Ticket program, which consists of the costs of production, distribution, warehousing, printing, handling, software and hardware maintenance, advertising, marketing, selling and other related expenses necessary to totally dispose of all instant tickets. PMLC is entitled to all the revenues, sums and proceeds from the Instant Scratch Tickets beginning April 1, 2015, and shall be obligated to shoulder the pay-outs for all winnings from said tickets sold beginning April 1, 2015. In consideration for the OMOA, PMLC agreed to pay POSC a guaranteed fixed monthly fee of ₱4.0 million starting April 2015. This fee is included as part of “Commission and distribution income” under “Revenue” in the consolidated statements of comprehensive income.

POSC shall continue to pay the share of PCSO and the cash bond pursuant to the MOA, however, PMLC agreed to guarantee payment of the share of PCSO to POSC beginning April 2015. An existing consultancy agreement between POSC and PMLC for the scratch ticket operations was immediately terminated upon execution of the OMOA.

The MOA with POSC expired on November 30, 2016 and the OMOA with PMLC also expired accordingly. All tickets distributed to the retailers and agents, shall be allowed to be marketed continuously until fully sold and the corresponding winnings thereof shall be honored and paid even after the period of the MOA with PCSO.

In 2018, POSC received a certification from the PCSO stating the fulfillment of POSC’s obligation under the MOA and thereby clearing POSC of any accountability thereunder. PCSO certified that POSC is entitled to the release of the ₱10.0 million cash bond. In 2019, the ₱10.0 million cash bond was collected.

Brand and Trademark Agreement with PMLC
In January 2018, POSC entered into a Brand and Trademark License Agreement (BTLA) with PMLC granting the latter a non-assignable, non-transferable and exclusive right to use POSC’s instant scratch tickets’ brand and trademarks. The agreement has an initial term of five (5) years effective on January 1, 2018, subject to adjustment to conform to and coincide with term of the PMLC’s agreement with PCSO for the supply and distribution of its instant scratch tickets. In consideration of the BTLA, PMLC agreed to pay POSC a guaranteed fixed monthly fee of ₱4.0 million starting January 2018. The agreement with PMLC was accounted for as sale of right to use the brand and trademark. POSC already transferred the control over the brand and trademark to PMLC on January 1, 2018 and there are no other performance obligation to be provided to PMLC. Thus, in 2018, POSC recognized revenue on the use of the brand and trademark amounting to ₱203.5 million (see Note 34). Interest income earned in 2020, 2019 and 2018 amounted to ₱5.6 million, ₱8.6 million and ₱12.5 million, respectively (see Note 33).

Contract asset was recognized for the earned consideration but not yet collected. The carrying value of contract assets are as follows:

	2020	2019
	(In Thousands)	
Contract asset	**₱112,205**	₱130,123
Less allowance for doubtful accounts	**26,000**	–
	86,205	130,123
Current portion	**39,903**	40,511
Noncurrent portion	**₱46,302**	₱89,612

Movement of allowance for doubtful accounts in 2020 is as follows:

	2020
	(In Thousands)
Balance at beginning of year	₱–
Provision for impairment loss (see Note 32)	26,000
Balance at end of year	₱26,000

TGTI Equipment Rental

TGTI has an ELA with PCSO which provides for the lease of the equipment for PCSO's Online KENO games. The lease is for a period of ten (10) years commencing on October 1, 2010, the date of actual operation of at least 150 Online KENO outlets to September 30, 2020. This covers PCSO's online keno lottery operations. The lease includes online keno equipment and accessories. The rental fee, presented as "Equipment rental" in the consolidated statements of income, is based on a percentage of the gross sales of the "Online KENO" terminals or a fixed annual rental of ₱40,000 per terminal in commercial operation, whichever is higher. The ELA may be extended and/or renewed upon the mutual consent of the parties. TGTI's revenue from equipment rental amounted to ₱47.2 million, ₱253.6 million and ₱659.7 million in 2020, 2019 and 2018, respectively.

On July 15, 2008, TGTI and PCSO agreed on some amendments to the ELA. Under the terms of the Amended ELA, TGTI shall provide the services of telecommunications integrator and procurement of supplies for the Online KENO operations of PCSO in Luzon and VISMIN areas. In consideration for such services, PCSO shall pay additional fee based on a certain percentage of the gross sales from all Online KENO terminals in operation in Luzon and VISMIN areas computed by PCSO and payable bi-weekly. As at December 31, 2020 and 2019, there are 1,180 and 1,833 Online KENO terminals in operation, respectively.

On October 1, 2019, the ELA was amended to a lower lease rate, inclusive of VAT. The minimum price per keno bet was reduced from ₱12 to ₱10, inclusive of documentary stamp tax.

On December 11, 2020, the ELA was amended to extend the term for six (6) months, effective October 1, 2020 until March 31, 2021. The amendment also required TGTI to post a cash bond and performance security bond with aggregate amount of ₱2.5 million. The cash bond in included under "Other noncurrent assets" in the consolidated statements of financial position.

POSC's Consultancy Agreements, Contracts with Scientific Games and Intralot, Management Agreement

a. Consultancy Agreements

   POSC and its subsidiaries hired the services of several consultants for its gaming operations. Consultancy fees are based on a certain percentage of the gross amount of ticket sales of certain variants of lottery operations of PCSO.

b. Scientific Games

   On February 15, 2005, POSC entered into a contract with Scientific Games, a company incorporated under the laws of the Republic of Ireland, for the supply of computer hardware and operating system software. Under the terms of the "Contract for the Supply of the Visayas-Mindanao Online Lottery System (CVMOLS)," Scientific Games provided 900 online lottery terminals and terminal software necessary for POSC's leasing operations. In consideration, POSC shall pay Scientific Games a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operation using the computer hardware and operating system provided by Scientific Games. The contract shall continue as long as the POSC's ELA with PCSO is in effect.

On October 2, 2012, POSC and Scientific Games amended the contract to extend the period from April 1, 2013 until August 31, 2015, and for the supply of additional terminals for the 2012 Amended ELA.

On November 20, 2015, POSC and Scientific Games further amended the contract to extend the period from September 1, 2015 until July 31, 2018 and for Scientific Games to supply 1,500 brand new terminals to POSC. The amended contract also removed the provision for the Inactive Terminal Fee of US$25.00 per terminal per month for any additional terminals not connected to the software provided by Scientific Games.

In August 2018, the contract with Scientific Games was further amended to extend the period thru July 31, 2019.

On September 4, 2019, the contract with Scientific Games was further amended to extend the period until July 31, 2020.

c. Intralot

i) On March 13, 2006, POSC entered into a contract with Intralot, a company incorporated under the laws of Greece, for the supply of online lottery system necessary for the operation of a new online lottery system effective December 8, 2006. Under the terms of the CVMOLS, Intralot provided POSC the hardware, operating system software and terminals and the required training required to operate the system. In consideration, POSC shall pay Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations or a fixed amount of US$110 per terminal per month, whichever is higher. The Contract shall continue as long as POSC's ELA with PCSO is in effect.

On July 10, 2006, Intralot entered into an agreement with Intralot Inc., a subsidiary domiciled in Atlanta, Georgia, wherein Intralot assigned to Intralot, Inc. the whole of its contract with POSC, including all its rights and obligations arising from it.

On August 16, 2012, POSC and Intralot further agreed to amend the supply agreement for the latter to supply reconditioned or refurbished lotto terminals to the former. These additional terminals are ordered to enable POSC to serve the requirements of PCSO in the 2012 Amended ELA. However, POSC has the option to order from Intralot brand new lotto terminals at a higher price per unit. POSC paid Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's online lottery operations in Luzon or US$110.00 per terminal, whichever is higher.

On September 6, 2013, POSC and Intralot further agreed to amend the supply agreement for the latter to provide for additional terminals to enable POSC to expand its online lottery operations. Furthermore, effective April 1, 2013, POSC and Intralot agreed to lower the percentage of revenues paid by the former to the latter.

In April 2016, POSC and Intralot again amended the contract for the latter to supply additional reconditioned or refurbished lotto terminals to the former and extend the term of the contract until August 31, 2018.

On September 25, 2018, the contract with Intralot was further amended to extend the period thru July 31, 2019.

On September 4, 2019, the contract with Scientific Games was further amended to extend the period until July 31, 2020.

ii) On April 1, 2004, TGTI entered into a contract with Intralot for the supply of online lottery system necessary for the operation of a new online lottery system effective until September 30, 2020. In consideration, the TGTI shall pay Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operation. On July 2008, the contract was amended such that instead of receiving monthly remuneration calculated as a percentage of the gross receipts of TGTI from its ELA with PCSO, Intralot will now receive monthly remuneration calculated on a percentage basis of the gross receipts of PCSO from its online keno games.

On March 22, 2011, the contract was further amended for Intralot to supply additional online keno terminals to TGTI and reduced the percentage charged by Intralot to TGTI or US$60.00 per terminal per month on an average basis, whichever is higher. TGTI also undertakes a letter of guarantee amounting to ₱20 million not later than March 28, 2011 in order for TGTI to secure the payment of Intralot's remuneration. The said guarantee bond is recognized under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 19).

d. Management Agreement

POSC and TGTI entered into a Management Agreement with AB Gaming and Leisure Exponent Specialist, Inc. ("Manager") for the latter to provide investment and management counsel and to act as manager and overseer of its operations. In consideration of the Manager's services, POSC shall pay a monthly fee of ₱0.1 million and an amount equivalent to a certain percentage of the annual earnings before interest, taxes, depreciation, and amortization (EBITDA).

Software and license fee recognized as part of "Cost of lottery services" arising from Scientific Games contract and Intralot contracts above amounted to ₱40.6 million, ₱136.3 million and ₱195.7 million in 2020, 2019 and 2018, respectively (see Note 27).

Consultancy and management fees recognized under "Consultancy fees" as part of "Cost of lottery services" amounted to nil in 2020 and 2019, and ₱75.0 million in 2018 (see Note 27). Consultancy fees recognized under "Management and professional fees" as part of "General and Administrative Expenses" amounted to nil in 2020 and 2019 and ₱25.9 million in 2018 (see Note 32).

40. **Contingencies**

a. PLC is a party to a civil case filed by Metroplex before the Court of Appeals (CA) to review the February 26, 2009 Order of the SEC denying the Metroplex petition to nullify the approval of the reduction of the PLC's capital stock (see Note 39). On July 17, 2013, CA sustained the ruling of the SEC, thus Metroplex filed a petition for review with the Supreme Court on September 4, 2014. As at April 14, 2021, the Supreme Court has yet to resolve this petition. However, as discussed in Note 39, the cancellation of the Swap Agreement was implemented following the PLC's filing with the SEC of a Notice of Withdrawal of the Memorandum of Appeal filed on June 20, 2013.

b. The management is assessing the possible impact of the on-going litigation between Philippine Gaming Management Corporation (PGMC) and PCSO that, if resolved in favor of PGMC, would have the effect of cancelling the existing terminals currently operating in Luzon, as leased by POSC to PCSO. The main issue in the case before the RTC-Makati involves the claim by PGMC that the 2012 ELA conferred on it the exclusive right to install or operate equipment for online lottery operations in Luzon. On September 5, 2012, a Writ of Preliminary Injunction (Injunction) was issued by Branch 143 of the Regional Trial Court of Makati. The Injunction orders PCSO to refrain from 1) implementing, enforcing or exercising any right arising from the 2012 ELA between the Pacific Online and PCSO 2) ordering PCSO to refrain from allowing Pacific Online, or any third party, to install or operate any equipment, computer or terminal relating to online lottery operations in Luzon, and 3) committing any act that in any way violates or otherwise interferes with the ELA between PGMC and PCSO. Pacific Online filed a case with the Supreme Court to nullify the Injunction. PCSO also filed a case with the Court of Appeals likewise questioning the Injunction. On July 17, 2013, the Supreme Court decided that the case brought by POSC be consolidated with the case between PGMC and PCSO in the Court of Appeals, thus making the POSC a party to the case before the Court of Appeals.

   Meanwhile, PGMC and PCSO entered into an Interim Settlement whereby they agreed, among others, to maintain the status quo insofar as the terminals already installed in Luzon by POSC are concerned. In the same Interim Settlement, PGMC and PCSO also agreed to submit to arbitration before the International Court of Arbitration (ICA) the issue of the alleged exclusivity conferred by the ELA to PGMC for online lotto operations in Luzon. POSC tried to join the arbitration but its Request for Arbitration dated May 12, 2014 was denied by the ICA on July 17, 2014, due to PCSO's opposition. An Urgent Motion to resolve was filed by POSC with the Court of Appeals to compel the court to issue an order to PGMC and PCSO to include POSC in the negotiations.

   On January 29, 2016, PCSO filed a Manifestation with Motion to Dismiss dated January 12, 2016 with RTC-Makati, stating that the presiding Judge approved PGMC and PCSO's "Interim Settlement" dated December 11, 2013 wherein it was agreed that the case will be archived pending arbitration. PCSO also averred that, on December 13, 2015, PGMC and PCSO executed a "Supplemental and Status Quo Agreement" wherein the parties agreed to dismiss all pending judicial and civil actions between them but shall continue with the arbitration proceedings. Thus, pursuant to said agreement, PCSO withdrew its Petition for Certiorari in the Court of Appeals, which was granted by virtue of the Resolution dated March 1, 2016. PCSO also prayed for the dismissal of the RTC case, but this was denied by the RTC Makati after PGMC opposed PCSO's motion to dismiss.

   In the meantime, the Court of Appeals required the parties to file their respective Memoranda in the case. On September 13, 2017, POSC filed its Memorandum. PCSO opted not to file its own Memorandum but manifested instead that it was adopting the Memorandum of POSC.

   On January 8, 2019, POSC's counsel received a Decision by the Court of Appeals dated December 17, 2018 dismissing POSC's Petition for Certiorari and Prohibition. POSC decided to no longer pursue a Motion for Reconsideration. To a certain extent, the Petition served its purpose as after the same was filed, the RTC Makati put on hold the hasty implementation of the injunction. Subsequent events have rendered moot the issues in the case. Aside from the ICA arbitration decision, the ELA at issue in the case has also been amended and superseded thrice. Moreover, the ELAs of both POSC and PGMC were extended for one year starting 1 August

2018, and then again for another year through July 31, 2020 to give PCSO enough time to prepare for the required public bidding for lotto equipment supply. With this development, the adverse effect against POSC - the reason that this case was initiated in the first place - is no longer attendant.

41. Basic/Diluted EPS

	2020	2019	2018
	(In Thousands, Except EPS)		
Earnings attributable to Equity holders of the Parent (a)	**₱1,001,281**	₱2,609,733	₱2,647,757
Number of issued common shares at beginning of year	**10,561,000**	10,561,000	10,561,000
Number of common treasury shares at beginning of year	**(797,874)**	(797,874)	(62,320)
Number of parent company common shares held by subsidiaries at beginning of year	**(319,041)**	(319,041)	(318,941)
Acquisition of entities holding parent common shares	–	–	(45)
Weighted average number of treasury shares acquired during the year	–	–	(267,292)
Weighted average number of issued common shares - basic, at end of year (b)	**9,444,085**	9,444,085	9,912,402
Basic/diluted EPS (a/b)	**₱0.106**	₱0.276	₱0.267

There are no common stock equivalents that would have a dilutive effect on the basic EPS.

42. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies

The Company's principal financial liabilities are composed of trade and other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, receivables and installment receivables. The Company also holds financial assets at FVTPL, financial assets at FVOCI, deposits, refundable deposits and construction bonds, guarantee deposits, loans payable, long-term debt, lease liability, and obligations under finance lease.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which are subject to cash flow interest rate risk.

The Company's policy is to manage its interest cost by limiting its borrowings and entering only into borrowings at fixed and variable interest rates.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

As at December 31, 2020 and 2019, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	2020	2019
	(In Thousands)	
Cash and cash equivalents	**$430**	$1,080
Consultancy and software license fee payable*	**(1,670)**	(340)
Foreign currency-denominated financial assets (liabilities)	**($1,240)**	$740

**Presented under "Trade and other current liabilities" account in the consolidated statements of financial position.*

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱48.02 to US$1.0 and ₱50.64 to US$1.0, as at December 31, 2020 and 2019, respectively.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Company's consolidated income before tax as at December 31, 2020 and 2019. There is no other impact on the Company's equity other than those already affecting the profit or loss in the consolidated statements of comprehensive income.

	2020		2019	
	Increase in US$ Rate	**Decrease in US$ Rate**	Increase in US$ Rate	Decrease in US$ Rate
	(In Thousands, Except Change in US$ Rate)			
Change in US$ rate*	**(1.73)**	**1.73**	1.20	(1.20)
Effect on income before income tax	**(₱2,145)**	**₱2,145**	₱890	(₱890)

**Average movement of U.S. dollar against Philippine peso for the past five years.*

The increase in US$ rate means stronger US dollar against peso while the decrease in US$ means stronger peso against the US dollar.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's investments held for trading. The Company monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Company's 2020 and 2019 consolidated total comprehensive income before income tax:

Increase (Decrease) in Equity Price	**2020**	2019
	(In Thousands)	
Impact in profit or loss		
5%	**₱4,213**	₱7,022
(5%)	**(4,213)**	(7,022)
Impact in comprehensive income		
5%	**₱239,567**	₱275,624
(5%)	**(239,567)**	(275,624)

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, investments held for trading, receivables, finance lease receivables, advances to associates, financial assets at FVOCI, deposits, refundable deposits and construction bonds, and guarantee bonds, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Company's aging analysis of financial assets.

	2020						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
				(In Thousands)			
Cash and cash equivalents*	**₱2,579,407**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,579,407**
Financial assets at fair value through profit or loss	**84,261**	**–**	**–**	**–**	**–**	**–**	**84,261**
Receivables:							
Trade	**2,492,468**	**23,984**	**9,658**	**30,973**	**323,571**	**212,458**	**3,093,112**
Others	**420,494**	**–**	**–**	**–**	**–**	**162,108**	**582,602**
Advances to associates**	**524**	**–**	**–**	**–**	**–**	**–**	**524**
Financial assets at fair value through other comprehensive income	**4,789,847**	**–**	**–**	**–**	**–**	**–**	**4,789,847**
Advances to contractors***	**139,740**	**–**	**–**	**–**	**–**	**–**	**139,740**
Refundable deposit***	**104,394**	**–**	**–**	**–**	**–**	**–**	**104,394**
Guarantee bonds***	**17,920**	**–**	**–**	**–**	**–**	**–**	**17,920**
	₱10,629,055	**₱23,984**	**₱9,658**	**₱30,973**	**₱323,571**	**₱374,566**	**₱11,391,807**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

	2019						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
				(In Thousands)			
Cash and cash equivalents*	₱4,090,019	₱–	₱–	₱–	₱–	₱–	₱4,090,019
Financial assets at fair value through profit or loss	140,457	–	–	–	–	–	140,457
Receivables:							
Trade	2,742,707	13,573	1,574	3,731	152,779	98,780	3,013,144
Others	83,880	–	–	–	–	162,108	245,988
Advances to associates**	527	–	–	–	–	–	527
Financial assets at fair value through other comprehensive income	5,512,817	–	–	–	–	–	5,512,817
Refundable deposit	52,202	–	–	–	–	–	52,202
Guarantee bonds***	17,920	–	–	–	–	–	17,920
	₱12,640,529	₱13,573	₱1,574	₱3,731	₱152,779	₱260,888	₱13,073,074

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate units and club shares are recoverable since the legal title and ownership of the real estate units and club shares will only be transferred to the customers upon full payment of the contract price.

Credit Quality of Financial Assets

The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Company's financial assets are as follows:

	2020			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Financial Assets at Amortized Cost				
Cash and cash equivalents*	**₱2,579,407**	**₱–**	**₱–**	**₱2,579,407**
Advances to associates**	**524**	–	–	**524**
Advances to contractors***	**139,740**			**139,740**
Refundable deposit and construction bonds***	**104,394**	–	–	**104,394**
Guarantee bonds***	**17,920**	–	–	**17,920**
Receivables:				
Trade	**2,526,110**	**354,544**	**212,458**	**3,093,112**
Others	**420,494**	–	**162,108**	**582,602**
Financial assets at FVOCI	**4,789,847**	–	–	**4,789,847**
Financial assets at FVPL	**84,261**	–	–	**84,261**
Gross Carrying Amount	**₱10,662,697**	**₱354,544**	**₱374,566**	**₱11,391,807**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

	2019			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial Assets at Amortized Cost				
Cash and cash equivalents*	₱4,090,019	₱–	₱–	₱4,090,019
Advances to associates**	527	–	–	527
Refundable deposit and construction bonds****	52,202	–	–	52,202
Guarantee bonds****	17,920	–	–	17,920
Receivables:				
Trade	2,757,854	156,510	98,780	3,013,144
Others	83,880	–	162,108	245,988
Financial assets at FVOCI	5,512,817	–	–	5,512,817
Financial assets at FVPL	140,457	–	–	140,457
Gross Carrying Amount	₱12,655,676	₱156,510	₱260,888	₱13,073,074

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

High grade financial assets pertain to receivables from clients or customers who have no history of delayed payment while medium grade includes receivables from clients or customers who have history of delayed payment but is currently updated.

Cash in banks, cash equivalents and short-term investments are deposited with the top ten banks in the Philippines; hence, considered high grade.

Unquoted investments held for trading and financial assets at FVOCI are unrated while quoted financial assets at FVOCI are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

The following table summarizes the maturity profile of the Company's financial assets and financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted cash flows. The table also analyzes the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments and liquidity.

	2020					
	On Demand	**< 6 Months**	**6 Months to 1 Year**	**1–3 Years**	**> 3 Years**	**Total**
			(In Thousands)			
Financial Assets						
Cash and cash equivalents	**₱2,579,407**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,579,407**
Financial assets at fair value through profit or loss	**84,261**	**–**	**–**	**–**	**–**	**84,261**
Receivables	**763,677**	**2,267,871**	**–**	**–**	**–**	**3,031,548**
Contract asset	**–**	**–**	**39,903**	**46,302**	**–**	**86,205**
Advances to associates*	**524**	**–**	**–**	**–**	**–**	**524**
Financial assets at fair value through other comprehensive income	**4,789,847**	**–**	**–**	**–**	**–**	**4,789,847**
Advances to contractors**	**–**	**–**	**–**	**139,740**	**–**	**139,740**
Refundable deposit and construction bonds	**–**	**–**	**–**	**–**	**104,394**	**104,394**
Guarantee bonds**	**–**	**–**	**–**	**17,920**	**–**	**17,920**
	₱8,217,716	**₱2,267,871**	**₱39,903**	**₱203,962**	**₱104,394**	**₱10,833,846**
Financial Liabilities						
Loans payable****	**₱2,525,017**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,525,017**
Trade and other current liabilities****	**207,196**	**1,599,110**	**486,028**	**–**	**–**	**2,292,334**
Refundable deposit	**–**	**–**	**–**	**–**	**199,311**	**199,311**
Long-term debt***	**–**	**121,111**	**–**	**2,065,556**	**2,380,000**	**4,566,667**
	₱2,732,213	**₱1,720,221**	**₱788,200**	**₱2,065,556**	**₱2,579,311**	**₱9,583,329**

**Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
***Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
****Including future interest payments.*
*****Excluding contract liabilities, statutory payables, installment payable and other liabilities to the government.*

	2019					
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years	Total
			(In Thousands)			
Financial Assets						
Cash and cash equivalents	₱4,104,673	₱–	₱–	₱–	₱–	₱4,104,673
Financial assets at fair value through profit or loss	140,457	–	–	–	–	140,457
Receivables	432,545	2,696,466	–	–	–	3,129,011
Contract asset	–	16,550	20,479	93,094	–	130,123
Advances to associates*	527	–	–	–	–	527
Financial assets at fair value through other comprehensive income	5,512,817	–	–	–	–	5,512,817
Refundable deposit and construction bonds	–	–	–	–	52,202	52,202
Guarantee bonds**	–	–	–	17,920	–	17,920
	₱10,191,019	₱2,713,016	₱20,479	₱111,014	₱52,202	₱13,087,730
Financial Liabilities						
Loans payable****	₱1,800,017	₱–	₱150,000	₱–	₱–	₱1,950,017
Trade and other current liabilities****	249,489	1,815,278	212,652	–	–	2,277,419
Refundable deposit	–	–	–	–	173,714	173,714
Long-term debt***	–	944,444	–	2,166,667	1,400,000	4,511,111
	₱2,049,506	₱2,759,722	₱362,652	₱2,166,667	₱1,573,714	₱8,912,261

**Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
***Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
****Including future interest payments.*
*****Excluding contract liabilities, statutory payables, installment payable and other liabilities to the government.*

The Company expects to settle its maturing obligations on long-term debt from its gaming revenues from casino operations, rental income on land and casino building (see Note 38) and expected profits from real estate development operations.

Capital Management

The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2020 and 2019.

The Company considers the following as its capital:

	2020	2019
	(In Thousands)	
Common stock	**₱10,561,000**	₱10,561,000
Additional paid-in capital	**5,503,731**	5,503,731
Treasury shares	**(2,476,700)**	(2,476,700)
Equity share in cost of Parent Company shares held by associates	**(2,501)**	(2,501)
Cost of Parent Company common shares held by subsidiaries	**(1,493,752)**	(1,493,752)
Retained earnings	**11,580,786**	11,707,576
	₱23,672,564	₱23,799,354

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Company's assets and financial liabilities:

	2020					
	Valuation Date	**Carrying Value**	**Fair Value**	**Quoted (Unadjusted) Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
			(In Thousands)			
Assets						
Assets measured at fair value:						
Through profit or loss	**December 31, 2020**	**₱84,261**	**₱84,261**	**₱84,261**	**₱–**	**₱–**
Through other comprehensive income (quoted)	**December 31, 2020**	**4,789,847**	**4,789,847**	**4,789,847**	**–**	**–**
Assets for which fair value is disclosed:						
Nonfinancial assets*	**December 31, 2020**	**25,437,299**	**43,609,782**	**–**	**–**	**43,609,782**
Advances to contractors**	**December 31, 2020**	**139,740,**	**134,587**	**–**	**–**	**134,587**
Liabilities						
Liabilities for which fair value is disclosed:						
Refundable deposits	**December 31, 2020**	**199,311**	**215,564**	**–**	**–**	**215,564**
Long-term debt	**December 31, 2020**	**4,566,667**	**4,946,284**	**–**	**–**	**4,946,284**
Lease liability	**December 31, 2020**	**6,696,360**	**7,243,504**	**–**	**–**	**6,696,360**

**Consist of investment properties*

***Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

	Valuation Date	Carrying Value	Fair Value	2019 Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In Thousands)			
Assets						
Assets measured at fair value:						
Through profit or loss	December 31, 2019	₱140,457	₱140,457	₱140,457	₱–	₱–
Through other comprehensive income (quoted)	December 31, 2019	5,512,817	5,512,817	5,512,817	–	–
Assets for which fair value is disclosed:						
Nonfinancial assets*	December 31, 2019	20,257,604	25,885,962	–	–	25,885,962
Liabilities						
Liabilities for which fair value is disclosed:						
Refundable deposits	December 31, 2019	173,714	181,918	–	–	181,918
Long-term debt	December 31, 2019	4,511,111	4,705,396	–	–	4,705,396
Lease liability	December 31, 2019	1,226,294	1,226,294	–	–	1,226,294

**Consist of investment properties*

The Company has no financial liabilities measured at fair value as at December 31, 2020 and 2019. There were no transfers between fair value measurements in 2020 and 2019.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Advances to Associates, Receivables, Loans Payable, Trade and Other Current Liabilities and Installment Payable. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVTPL and Financial Assets at FVOCI. The fair values of Financial Assets at FVTPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Long-term Debt. The fair value long-term loans payable is determined by discounting the obligations' expected future cash flows using the discount rate of 1.75% to 2.49% in 2020 and 3.11% to 4.15% in 2019.

Lease Liabilities. The fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments. Discount rates used 0.99% to 3.95% in 2020 and 3.7% to 5.2% in 2019.

43. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

			2020			
	January 1, 2020	**Additions**	**Cash flows**	**Interest expense**	**Derecognition/ Termination**	**December 31, 2020**
			(In Thousands)			
Dividends payable	**₱–**	**₱1,431,230**	**(₱1,431,230)**	**₱–**	**₱–**	**₱–**
Lease liability	**1,003,935**	**6,020,072**	**(404,102)**	**214,408**	**(146,819)**	**6,687,494**
Loans payable	**1,950,017**	**3,675,000**	**(3,100,000)**	**–**	**–**	**2,525,017**
Long-term debt	**4,511,111**	**1,000,000**	**(944,444)**	**–**	**–**	**4,566,667**
Interest payable	**17,074**	**–**	**(574,152)**	**559,570**	**–**	**2,492**
Total liabilities arising from financing activities	**₱7,482,137**	**₱12,126,302**	**(₱6,453,928)**	**₱773,978**	**(₱146,819)**	**₱13,781,670**

			2019			
	January 1, 2019	Additions	Cash flows	Interest expense	Reclassification from short term to long-term	December 31, 2019
			(In Thousands)			
Dividends payable	₱–	₱1,562,345	(₱1,562,345)	₱–	₱–	₱–
Obligations under finance lease	35,374	–	(38,297)	2,923	–	–
Lease liability	1,053,421	17,372	(138,242)	71,384	–	1,003,935
Loans payable	1,500,017	3,050,000	(2,600,000)	–	–	1,950,017
Long-term debt	6,002,430	–	(1,491,319)	–	–	4,511,111
Interest payable	34,089	–	(429,755)	412,740	–	17,074
Total liabilities arising from financing activities	₱8,625,331	₱4,629,717	(₱6,259,958)	₱487,047	₱–	₱7,482,137

Interest expense for 2020 and 2019 pertains to accretion of lease liability and obligations under finance lease.

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Belle Corporation
5th Floor, Tower A
Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, CBP-1A, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Belle Corporation and Subsidiaries as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 14, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

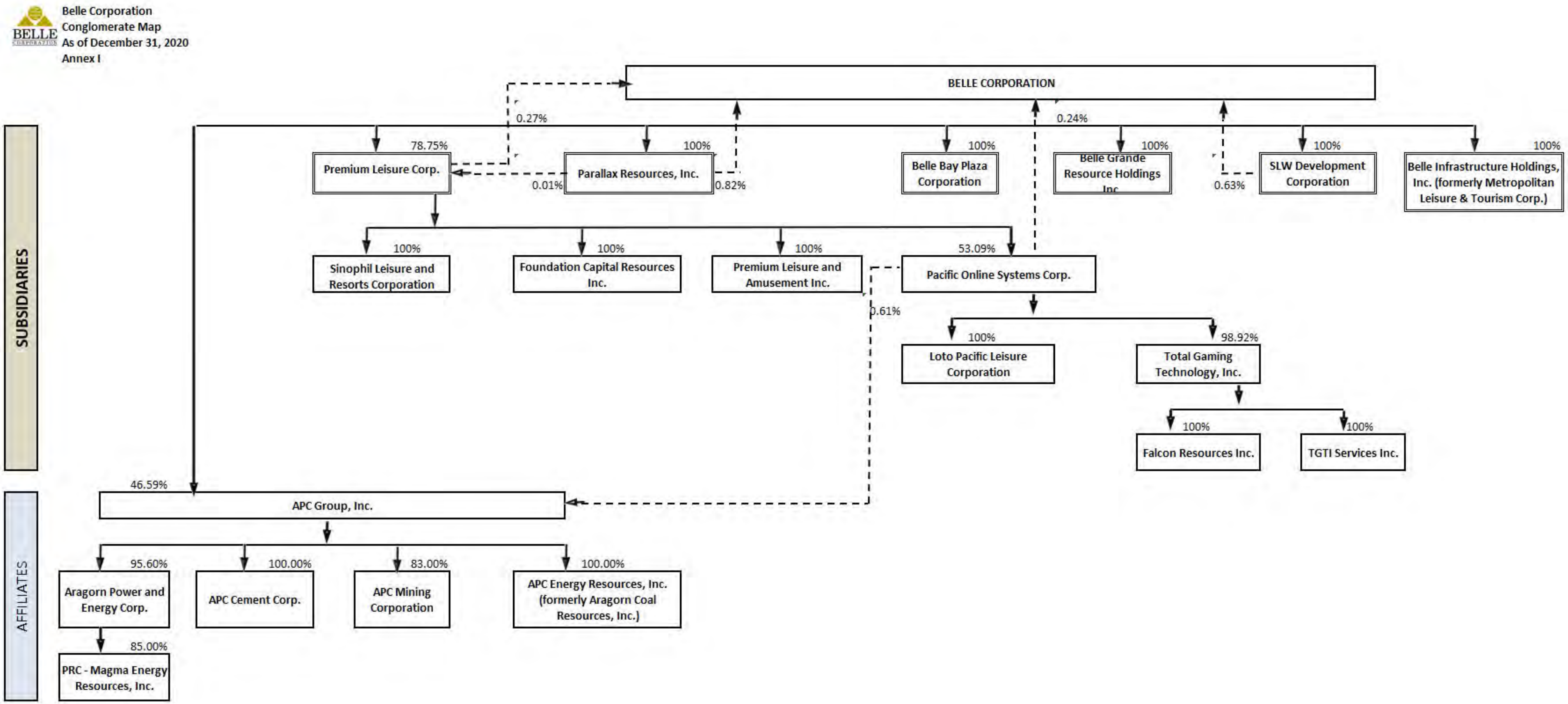
SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
SEC Accreditation No. 0943-AR-3 (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 153-978-243
BIR Accreditation No. 08-001998-078-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534224, January 4, 2021, Makati City

April 14, 2021

BELLE CORPORATION AND SUBSIDIARIES
Index to the Consolidated Financial Statements and Supplementary Schedules
December 31, 2020


Belle Corporation
Conglomerate Map
As of December 31, 2020
Annex I
SUBSIDIARIES
AFFILIATES
BELLE CORPORATION
0.27%
0.24%
78.75%
Premium Leisure Corp.
100%
Parallax Resources, Inc.
0.01%
0.82%
100%
Belle Bay Plaza Corporation
100%
Belle Grande Resource Holdings Inc.
0.63%
100%
SLW Development Corporation
100%
Belle Infrastructure Holdings, Inc. (formerly Metropolitan Leisure & Tourism Corp.)
100%
Sinophil Leisure and Resorts Corporation
100%
Foundation Capital Resources Inc.
100%
Premium Leisure and Amusement Inc.
53.09%
Pacific Online Systems Corp.
0.61%
100%
Loto Pacific Leisure Corporation
98.92%
Total Gaming Technology, Inc.
100%
Falcon Resources Inc.
100%
TGTI Services Inc.
46.59%
APC Group, Inc.
95.60%
Aragorn Power and Energy Corp.
100.00%
APC Cement Corp.
83.00%
APC Mining Corporation
100.00%
APC Energy Resources, Inc. (formerly Aragorn Coal Resources, Inc.)
85.00%
PRC - Magma Energy Resources, Inc.

BELLE CORPORATION AND SUBSIDIARIES
Supplementary Schedules Required by Paragraph 7D, Part II
Under Revised SRC Rule 68, Part II, Annex 68-J
December 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
		(In Thousands)		
Financial Assets at Amortized Costs				
Cash and cash equivalents	₱2,592,070	₱2,592,070	N/A	₱49,861
Trade receivables	4,753,713	4,753,713	N/A	–
Advances to third parties and others	152,097	152,097	N/A	–
Advances to associates	524	524	N/A	–
Refundable deposits, guarantee bonds and construction bonds	127,068	127,068	N/A	–
	7,625,472	7,625,472		49,861
Financial assets at fair value through profit or loss				
APC Group, Inc.	18,557,000	18,558	18,558	–
Leisure & Resorts World Corporation	20,591,601	20,592	20,592	–
Vantage Equities, Inc.	45,111,820	45,111	45,111	–
		84,261	84,261	–
Financial assets at fair value through other comprehensive income				
SM Prime Holdings, Inc.	61,795,413	2,386,024	2,386,024	–
Spa and Lodge at Tagaytay Highlands, Inc.	192	115,200	115,200	–
SM Investments Corporation	48,878	51,272	51,272	–
Tagaytay Highlands International Golf Club, Inc.	1,307	849,550	849,550	–
The Country Club at Tagaytay Highlands, Inc.	2,215	221,500	221,500	–
Tagaytay Midlands International Golf Club, Inc.	2,119	1,165,450	1,165,450	–
Costa De Hamilo	1	757	N/A	–
Asian Petroleum	1	11	N/A	–
PLDT	1,605	83	N/A	–
		4,789,847	4,788,996	–
		₱12,499,580	₱4,873,257	₱49,861

Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end of period
				(In Thousands)			
Principal stockholder	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Employees	1,547	23,183	(23,293)	–	1,437	–	1,437
Officers	4	–	–	–	–	–	4
	₱1,551	₱23,183	(₱23,293)	₱–	₱1,437	₱–	₱1,441

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial statements

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
				(In Thousands)			
Belle Bay Plaza Corporation	₱1,624,596	₱10	₱–	(₱1,624,558)	₱48	₱–	₱48
Metropolitan Leisure and Tourism Corp.	251,560	9	–	(251,569)	–	–	–
Belle Grande Resource Holdings, Inc.	137,462	15	–	(2,709)	134,768	–	134,768
Premium Leisure Corporation	3,311	82	–	–	3,393	–	3,393
SLW Development Corp.	74,000	10	(7,900)	–	66,110	–	66,110
Parallax Resources, Inc.	43,100	16	–	(750)	42,366	–	42,366
	₱2,134,029	₱142	(₱7,900)	(₱1,879,586)	₱246,685	₱–	₱246,685

Schedule D. Long-term debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
	(In Thousands)		
Maybank	1,000,000	111,111	55,556
Chinabank	1,500,000	10,000	990,000
Robinsons	2,000,000	–	2,000,000
BDO Unibank Inc.	3,000,000	–	1,400,000
	₱7,500,000	**₱121,111**	**₱4,445,556**

Schedule E. Indebtedness to Related Parties

Name of Related Parties	Balance of Beginning of Period	Additions	Amounts Paid	Current	Not Current	Balance at end of period
None	–	–	–	–	–	–

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
None	–	–	–	–

Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	14,000,000,000	9,763,126,297	–	5,017,793,184	201,850,173	4,535,482,400
Percentage held	–	–	–	51.04%	2.15%	46.46%
Preferred stock	6,000,000,000	–	–	–	–	–
Percentage held	–	–	–	–	–	–

Schedule H. Reconciliation of Retained Earnings Available for Dividend Declaration

		(In Thousands)
Unappropriated retained earnings, as at December 31, 2019		₱13,447,121
Add (less):		
Excess of carrying amount of investment property over construction cost, net of tax	(₱5,334,911)	
Gain on share swap	(946,628)	
Accrued rental (PFRS 16 adjustments), net of tax	(759,974)	
Deferred tax adjustment, beginning	(365,874)	
Accretion of security deposit	(12,664)	(7,420,051)
Unappropriated retained earnings available for dividend distribution as at January 1, 2020, as restated		6,027,070
Net income during the period closed to retained earnings	1,456,949	
Less: Movement in deferred tax assets	1,507,177	
Accrued rental (PFRS 16 adjustments), net of tax	(116,503)	
Difference in depreciation on excess of carrying amount of investment property over construction cost	66,940	
Accretion of security deposit	7,377	2,921,940
		8,949,010
Dividend declaration during the period		(1,171,575)
Treasury shares		(2,476,700)
Realized gain on club shares transferred to retained earnings		4,990
Unappropriated retained earnings as adjusted to available for dividend declaration, at end of year		₱5,305,725

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November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Belle Corporation
5th Floor, Tower A
Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, CBP-1A, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Belle Corporation and its Subsidiaries (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 14, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

Belinda T. Beng Hui
Partner
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March 14, 2019, valid until March 13, 2022
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BIR Accreditation No. 08-001998-078-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534224, January 4, 2021, Makati City

April 14, 2021

BELLE CORPORATION AND SUBSIDIARIES

Components of Financial Soundness Indicators
Amounts in Thousands
December 31, 2020

Ratio	Formula		2020	2019
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**2.55**	2.22
	Total Current Assets	₱13,108,405		
	Divide by: Total Current Liabilities	5,133,553		
	Current Ratio	2.55		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		**1.51**	1.28
	Total Current Assets	₱13,108,405		
	Less: Inventories	(470,609)		
	Land held for future development	(3,013,950)		
	Other Current Assets	(1,872,788)		
	Quick Assets	7,751,058		
	Divide by: Total Current Liabilities	5,133,553		
	Acid Test Ratio	1.51		
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		**0.23**	0.20
	Total interest-bearing debt	₱7,091,684		
	Total Equity	30,434,117		
	Debt to Equity Ratio	0.23		
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		**1.64**	1.41
	Total Assets	₱49,955,980		
	Total Equity	30,434,117		
	Asset to Equity Ratio	1.64		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**2.90**	7.56
	Net Income Before Income Tax	₱1,119,018		
	Less: Interest income	(55,451)		
	Add: Interest Expense	559,570		
	Earnings Before Interest and Taxes	1,623,137		
	Divide by: Interest Expense	559,570		
	Interest Rate Coverage Ratio	2.90		

Ratio	Formula		2020	2019
Return on Equity	**Net Income divided by Average Total Equity**		**2.86%**	9.48%
	Net Income	₱891,701		
	Average Total Equity	31,147,753		
	Return on Equity	2.86%		
Return on Assets	**Net Income divided by Average Total Assets**		**1.88%**	6.70%
	Net Income	₱891,701		
	Average Total Assets	47,363,924		
	Return on Assets	1.88%		
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		**6.81%**	33.94%
	Net Income	₱891,701		
	Add: Non-Cash Expenses	438,057		
	Net Income Before Non-Cash Expenses	1,329,758		
	Total Liabilities	19,521,863		
	Solvency Ratio	6.81%		
Net Profit Margin	**Net Income divided by Total Revenue**		**21.37%**	39.00%
	Net Income	₱891,701		
	Total Revenue	4,173,400		
	Net Profit Margin	21.37%		

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF

BELLE CORPORATION

Held on June 22, 2020 at 2:00 p.m.
Virtually via Zoom Webinar
(in Accordance with SEC Regulations on Meetings by Remote Communication)

TOTAL NUMBER OF SHARES OUTSTANDING	9,763,126,297
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	7,722,207,683

Before the start of the meeting, the following members of the Board of Directors present who were participating in the virtual meeting were introduced:

EMILIO S. DE QUIROS, JR.
WILLY N. OCIER
ELIZABETH ANNE C. UYCHACO
MANUEL A. GANA
RICARDO L. MOLDEZ
JACINTO C. NG, JR.
JOSE T. SIO
VIRGINIA A. YAP
CESAR E. A. VIRATA
AMANDO M. TETANGCO, JR.
GREGORIO U. KILAYKO

The following executive officers of the Corporation were likewise in attendance at the shareholders' meeting:

A. BAYANI K. TAN (Corporate Secretary)
ARTHUR A. SY (Assistant Corporate Secretary)
ARMIN ANTONIO B. RAQUEL SANTOS (Executive Vice President – Integrated Resorts)
JACKSON T. ONGSIP (Executive Vice President – Chief Financial Officer / Compliance Officer / Chief Risk Officer)
SHIRLEY C. ONG (Business Unit Head – Resort Residences)
MARY ELEANOR A. MENDOZA (Business Unit Head – Real Estate Group)
CLAIRE T. KRAMER (Business Unit Head – Estate Services)
MICHELLE T. HERNANDEZ (Vice President – Governance)
TRISTAN B. CHOA (Vice President – Investor Relations)

Representatives of Alberto, Pascual and Associates, an independent party engaged to validate the results of the voting by poll for the 2020 Annual Stockholders' meeting, were likewise in attendance.

Ms. Belinda T. Beng Hui, representing the Company's external auditor, SyCip, Gorres, Velayo & Co., was also present to address questions from the shareholders during the meeting.

CALL TO ORDER

The Chairman of the Board of Directors, Mr. Emilio S. De Quiros, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Mr. A. Bayani K. Tan, recorded the minutes of the proceedings.

CERTIFICATION OF NOTICE AND QUORUM

At the request of the Chairman, the Corporate Secretary advised the Body that, further to the authority granted by the Securities and Exchange Commission (SEC), in lieu of physical distribution of notices, the notice for this year's shareholders' meeting was published in the printed and online editions of the Philippine Star and Business World on May 25 and 26, 2020. The notice was also posted on the Corporation's website.

The stockholders as of May 21, 2020, the Record Date set for the 2020 shareholders' meeting, are participating, in person or by proxy, at today's virtual meeting.

Both the Philippine Star and Business World have executed their respective Affidavit of Publication attesting to the fact of publication; and the Chairman instructed the Secretary to ensure that said Affidavits of Publication shall form part of the records of the meeting.

Thereafter, the Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of Nine Billion Seven Hundred Sixty-Three Million One Hundred Twenty-Six Thousand Two Hundred Ninety-Seven (9,763,126,297) shares of the total outstanding capital stock of the Corporation, holders of a total of Seven Billion Seven Hundred Twenty-Two Million Two Hundred Seven Thousand Six Hundred Eighty-Three (7,722,207,683) shares are participating in the virtual meeting either in person or represented by proxy, representing an attendance of 79.10% of the total outstanding capital stock of the Corporation. Accordingly, the Secretary certified that a quorum existed for the transaction of business at hand.

RULES OF CONDUCT AND VOTING PROCEDURES

The Chairman then informed the Body that, while the meeting is being held in a virtual format, the Corporation is giving the shareholders every opportunity to participate therein to the same extent as if they were in an in-person meeting. He then requested the Vice President for Investor Relations, Mr. Tristan B. Choa, to briefly explain the rules of conduct and the voting procedures.

Mr. Choa noted as follows:

1. Stockholders who notified the Corporation of their intention to participate in this meeting by remote communication have sent their questions or comments through the e-mail address provided for the purpose. Question can continue to be sent throughout the duration of the meeting through the Q&A function of Zoom Webinar.
2. Some of the questions or comments received will be read out during the Open Forum, after all matters in the agenda are concluded. However, as the time dedicated for the meeting is not unlimited, the questions and comments which will not be read out and responded to during the meeting will be answered by the appropriate officers of the Corporation concerned.
3. Resolutions will be proposed for adoption by the stockholders for each of the items in the Agenda. Each proposed resolution will be shown on the screen as the same is being taken up.
4. With the assistance of Alberto, Pascual and Associates, the proxies received and the votes cast as of June 18, 2020 have been tabulated. These votes are from stockholders owning 7,475,975,166 voting shares, representing 77% of the total outstanding voting shares. The results of this preliminary tabulation will be

referred to when the voting results are reported out throughout the meeting. The results of the final tabulation of votes with full details of the affirmative and negative votes and abstentions will be reflected in the Minutes of the Meeting.

APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

As requested by the Chairman, the Secretary advised the Body that the minutes of the last stockholders' meeting held on April 22, 2019 was immediately made available for the stockholders to view soon after the last meeting when it was posted on the Corporation's website. The same was also made part of the documents that were recently made available to the stockholders in connection with the 2020 meeting.

The Minutes of the said meeting was thereafter approved, as circulated:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	7,703,597,675	0	0

The following resolution was thereafter passed:

"RESOLVED, that the Minutes of the Annual Meeting of the Stockholders of Belle Corporation held on April 22, 2019 is hereby approved."

2019 REPORT ON OPERATIONS AND RESULTS

At the request of the Chairman, the President, Mr. Manuel A. Gana, presented the following Report on the Corporation's Operations and Results for 2019:

To our Shareholders, Stakeholders and Guests, good afternoon. Thank you for joining us today in the Annual Shareholders' Meeting of Belle Corporation.

Over the years, Belle Corporation has remained resilient and focused on its mission of enhancing value for our investors and our stakeholders. We achieved our aim in 2019 despite a challenging business environment.

Total revenues reached Php7.5 billion in 2019, down 12% from Php8.5 billion in 2018. This was largely due to the difficult dynamics experienced by our pari-mutuel gaming equipment leasing subsidiary, Pacific Online Systems Corporation. Despite this, recurring net income of Php3.4 billion in 2019 was within range of the Php3.6 billion achieved in 2018.

Discussing each of our lines of business briefly:

- The lease of land and buildings in City of Dreams Manila to Melco realized revenues of Php2.7 billion, representing a 12% improvement.
- The share in gaming earnings of City of Dreams Manila of our subsidiary Premium Leisure Corp. was resilient at Php3 billion for 2019, within range of Php3.2 billion for 2018.

- Belle's real estate development and related activities in the Tagaytay Highlands and Midlands areas contributed revenues of Php859 million.

- Pacific Online Systems Corporation saw its revenues contract by 49% to Php990 million. This was due to competition from the small-town lottery, and the temporary suspension of lottery and keno operations by the Philippine Charity Sweepstakes Office or PCSO during the third quarter of 2019. Following the lifting of the suspension, Pacific Online has been working closely with the PCSO and its network of agents to boost the attractiveness of the pari-mutuel games it offers, and has been continuously working to implement cost efficiency measures across its operations.

As you are aware, the year 2020 has not started out well, with the global economy being severely impacted by the Covid-19 pandemic. With the Taal Volcano eruption in January hampering our real estate sales, and the Covid-19 pandemic affecting all of our operations, our first quarter 2020 recurring net income declined by 31% to Php577.0 million, from Php835.0 million in the first quarter of 2019.

However, Belle continues to maintain a strong balance sheet. As of March 31, 2020, Belle's current assets covered more than twice its current liabilities and 176% of its total debt. The Company's debt-to-equity ratio was a very conservative 20%, which is well below its peers in the real estate and integrated resort industries.

This fiscal prudence will give us the strength us to weather the current difficult period while being flexible enough to consider major investment opportunities.

Despite COVID-19 related challenges, and in keeping with its efforts to consistently declare regular annual dividends, Belle fulfilled the payment of its regular cash dividend to its common shareholders in 2020 in the amount of twelve centavos per share, or about Php1.2 billion. This was at par with its previous regular cash dividends paid in 2018 and in 2019.

Mindful of the need to operate our businesses with all our stakeholders in mind, our leadership has chosen to incorporate broader principles of sustainability into our everyday business decisions and endeavors. We presented the pillars of our approach in our 2019 Sustainability Report and would like to share them with you today.

- Our first guiding pillar emphasizes that we pursue investments and businesses that offer sustainable growth and value creation opportunities for our shareholders and stakeholders.

  Over the past 5 years, we have experienced tremendous growth at City of Dreams Manila and our performance has allowed us to consistently be one of the top taxpayers in the City of Paranaque.

- Second, we deliver responsible leisure experiences with priority for social and environmental considerations at the center of our products and services.

- Third, we facilitate local socio-economic development by providing job and skills development opportunities and by engaging local suppliers in our daily operations.

- For our 4th pillar, we aim to be responsible stewards of our natural environment.

  In 2019, we celebrated the 10th anniversary of "One Tree at a Time", our annual tree planting activity that aims to plant one million trees by the year 2044.

- Fifth, we aim to build self-sufficient host communities.

  We help close the gap in basic social services by helping provide better access to public education, health services and farming livelihood programs.

With the prudent guidance of our Board, the diligent execution by our Management team and staff, and the support of our Shareholders, we believe that Belle Corporation will have the financial muscle and sound corporate governance necessary to weather the challenges we are facing in 2020.

Thank you for your continued support.

Thereafter, the Chairman reminded the shareholders in attendance that questions on the report on operations, as well as on the Audited Financial Statements for 2019, will be addressed during the Open Forum towards the end of the proceeding. The Secretary then proceeded to announce the results of the voting on the approval of the 2019 Reports on Operations and Results, as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
2019 Reports on Operations and Results	7,700,648,675	0	2,949,000

The following resolution was likewise approved:

"RESOLVED, that the President's Report on Belle Corporation's Operations and Results for 2019, together with the Audited Financial Statements for the year ended December 31, 2019, be approved."

RATIFICATION OF CORPORATE ACTS

The next item in the agenda was the ratification of the corporate acts.

The Secretary explained that the Board of Directors and Management seek the ratification of all the acts of the Board, the Executive Committee, and other board committees exercising powers delegated by the Board, which were adopted from April 22, 2019 until the date of the 2020 shareholders' meeting. These acts and resolutions are mostly reflected in the Minutes of the Meetings, some of which were likewise subjects of public disclosure made by the Corporation during the past year.

Mr. Choa then proceeded to read out some of the corporate acts sought to be ratified by the stockholders.

Thereafter, the Secretary proceeded to announce the results of the voting on the ratification of the corporate acts from April 22, 2019 up to the present, as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of Corporate Acts	7,700,648,675	0	2,949,000

The following resolution was likewise approved:

"RESOLVED, that all acts of the Board of Directors and Officers of **BELLE CORPORATION** from the date of the last meeting of the shareholders on April 22, 2019 up to the date of this meeting, including, but not limited to the following:

a. Election of Ms. Aurora Cruz-Ignacio to the Board of Directors
b. Approval of the Audited Consolidated Financial Statements as of year ended December 31, 2019 and SEC Form 17-A
c. Cash dividend declaration (₱0.12 per share as of record date)
d. Approval of the Board and Board Committee Charters
e. Designation of representatives to the shareholders' meetings of investee and other related companies (PLC, SM Prime, SMIC, Pacific Online, APC Group, Tagaytay Clubs, etc.)
f. Approval of 2018 Audited Financial Statements
g. Approval of First Quarter 2019 Financial Report (SEC Form 17-Q)
h. Election of Officers
i. Membership in the relevant board committees
j. Election of Atty. Ricardo L. Moldez to the Board vice Ms. Aurora Cruz-Ignacio
k. Amendment of Facility Agreement with BDO Unibank, Inc. (extension of availability period)
l. Approval of New Short-Term Facility from China Banking Corporation
m. Approval of Second Quarter 2019 Financial Report (SEC Form 17-Q)
n. Transaction with Social Security System (Extension of Lease, Conveyance, Undertaking)
o. Approval of Third Quarter 2019 Financial Report (SEC Form 17-Q)
p. Approval of the Material Related Party Transactions Policy
q. Approval of the 2020 Operating Budget
r. Approval on the Schedule of Regular Board and Committee Meetings for 2020
s. Approval of the Sustainability Roadmap
t. Setting of 2020 Annual Stockholders' Meeting
u. Renewal of Lease of Corporate Office at Two E-com Center with SM Prime Holdings
v. Renewal of Directors' and Officers' Liability Insurance
w. Renewal of Service Agreement with Highlands Prime, Inc.
x. Approval of the Audited 2019 Financial Statements and regulatory filings thereon (SEC Forms 20-IS and 17A)
y. Approval of First Quarter 2020 Financial Report (SEC Form 17Q)

are hereby confirmed, ratified and approved."

ELECTION OF DIRECTORS

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year.

The Chairman of the Corporate Governance Committee, Mr. Amando M. Tetangco, Jr., was requested to announce the names of those nominated for election as members of the Board. Mr. Tetangco likewise informed the Body that the profiles of the nominees for election as members of the Board were included in the Company's Information Statement as well as in the Annual Report. The information included their age, nationality, qualifications, dates of first appointment and other directorships in publicly-listed companies.

Thereafter, the Secretary announced the results of the voting on the election of directors and certified that each of the nominees has received enough votes for election to the Board, and, accordingly, that the following resolution for the election of nominees to the Board has been approved:

> "RESOLVED, that pursuant to the recommendation of the Corporate Governance Committee, the following individuals are hereby elected as directors of **BELLE CORPORATION** for a period of one (1) year and until their successors shall have been duly qualified and elected:
>
> EMILIO S. DE QUIROS
> WILLY N. OCIER
> ELIZABETH ANNE C. UYCHACO
> MANUEL A. GANA
> RICARDO L. MOLDEZ
> JACINTO C. NG, JR.
> JOSE T. SIO
> VIRGINIA A. YAP
>
> Independent Directors
>
> GREGORIO U. KILAYKO
> AMANDO M. TETANGCO, JR.
> CESAR E. A. VIRATA

The final tally of votes, as tabulated by the Committee of Inspectors of Proxies and Ballots and validated by Alberto, Pascual and Associates, is as follows:

ELECTION OF DIRECTORS	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
EMILIO S. DE QUIROS	7,633,409,575	2,597,000	67,591,100
WILLY N. OCIER	7,634,531,575	1,475,000	67,591,100
ELIZABETH ANNE C. UYCHACO	7,636,006,575	0	67,591,100
MANUEL A. GANA	7,700,592,675	2,597,000	408,000
RICARDO L. MOLDEZ	7,636,006,575	0	67,591,100
JACINTO C. NG, JR.	7,636,006,575	0	67,591,100
VIRGINIA A. YAP	7,636,006,575	0	67,591,100
JOSE T. SIO	7,633,409,575	2,597,000	67,591,100
GREGORIO U. KILAYKO	7,701,000,675	2,597,000	0
AMANDO M. TETANGCO, JR.	7,701,000,675	2,597,000	0
CESAR E. A. VIRATA	7,701,000,675	2,597,000	0

APPOINTMENT OF EXTERNAL AUDITOR

The Body next considered the appointment of the Corporation's external auditors for Year 2020.

The Chairman of the Audit Committee, Mr. Gregorio U. Kilayko, announced that the Corporation's Audit Committee has recommended, and the Board of Directors has endorsed for the consideration of the shareholders, the re-appointment of SyCip Gorres Velayo & Co. as the Corporation's external auditor for Year 2020.

The Secretary then announced the results of the voting on the proposal to appoint SyCip Gorres Velayo & Co. as the Corporation's external auditor for Year 2020 as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Appointment of SGV & Co. as External Auditor for 2020	7,703,597,675	0	0

The following resolution was likewise approved:

"RESOLVED, that SyCip Gorres Velayo & Co. be re-appointed as the external auditor of Belle Corporation for Year 2020."

OTHER MATTERS

Before the meeting was adjourned, the Chairman requested that some of the questions raised by the stockholders be read so the same can be responded to by the concerned officers.

The first question received from the Q&A portal of Zoom Webinar was whether Belle will still continue to pursue investments in the luxury tourism space in view of the fact that the business landscape has been drastically changed by the Covid Pandemic. To this, the President answered that Belle still believes in the long-term fundamentals of the Philippines and the continued viability and potential of the business space that Belle occupies, specifically, the premium real estate, leisure and tourism industry. Further, the infrastructure investments that the Philippine government has been undertaking will even enhance the potential of these in the future. Coupled with the strength of Belle's balance sheet, the Company is confident that it has the flexibility to consider these investments as they come along.

Responding to the next question sent via email regarding the outlook of the Corporation in light of the Covid Pandemic, the President noted the Belle's outlook for the gaming industry continues to be positive and that City of Dreams Manila and Entertainment City in the Philippines is well-positioned to take advantage of the international gaming industry. He added that while there is no certainty as to how long the Pandemic will last, the same will eventually subside; and once normalcy resumes, Belle will be in a good position to take advantage of the resumption of the gaming industry

The Co-Vice Chairman, Mr. Willy N. Ocier, was requested to respond to the question sent by one of the stockholders participating in the virtual meeting, Ms, Evelyn Reyes, as to the strategies "to turn around Pacific Online". Mr. Ocier answered that Pacific Online, has partnered with the Philippine Charity Sweepstakes Office (PCSO) for the past twenty years; and it is looking at the events of 2019 and 2020 as opportunities for the company to further encourage the PCSO to embrace online betting technologies, which are already available around the world. With Pacific Online's access to all these technologies, it is now actively helping PCSO to develop the mobile betting platforms for the state lotteries.

Thereafter, the Chairman assured the shareholders that while there is not enough time to respond to all the questions which have been sent in, those which have not been read out and answered will still be responded to via email by the Investor Relations Department.

ADJOURNMENT

There being no other business to transact, the meeting was thereupon adjourned.

EMILIO S. DE QUIROS, JR.
Chairman of the Board of Directors

A. BAYANI K. TAN
Corporate Secretary

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CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Amando M. Tetangco, Jr.**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of Belle Corporation (the "Corporation") and have been its ID since December 4, 2017.

2. I am affiliated with the following companies or organizations (Including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
St. Luke's Medical Center	Trustee/Director	August 2017 to present
Tan Yan Kee Foundation	Trustee	December 2017 to present
Manila Hotel	ID	August 2018 to present
Toyota Motor Philippines	ID	March 2019 to present
Converge ICT	ID	June 17, 2020 to present
CIBI Information, Inc.	ID	June 26, 2020 to present
Foundation for Liberty and Prosperity	Trustee	May 20, 2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable	Not applicable	Not applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
See Note[1] below		

6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

---

[1] A criminal and administrative case (OMB-C-C-13-0092) against me with the Ombudsman was dismissed on May 13 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on May 15, 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. 234696) upon the filing of a Petition for Review dated November 29, 2017. As of the date of signing of this Certification, I have not received information that the SC has given due course to the said petition.

Done, this MAR day of 2021, at MAKATI CITY.

Amando M. Tetangco, Jr.

SUBSCRIBED AND SWORN to before me this MAR 11 2021 day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN

Doc. No. 727;
Page No. 147;
Book No. X;
Series of 2021.

ATTY. ARTHUR A. SY
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
N.C. NO. M-314 / 06.15.20 / MAKATI CITY
PTR NO. 8541075 / 01.08.21 / MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Jaime J. Bautista**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Belle Corporation** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine Bank of Communications	Director	July 2020 to present
Cosco Capital, Inc.	Director	August 2020 to present
Philippine Eagle Foundation, Inc.	Trustee	December 2016 to present
University of the East	Trustee	August 1991 to present
UE Ramon Magsaysay Medical Memorial Center	Trustee	August 1991 to present
International School of Sustainable Tourism	Trustee	February 2020 to present
Air Speed International Inc.	Director	January 2020 to present
Alphaland Corporation	Director	September 2019 to present
Sabre Travel Network Phils., Inc.	Director	March 2015 to present
Gothong Southern Shipping, Inc.	Director	March 2020 to present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
-not applicable-		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
-not applicable-		

6. I am not in government service/affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAR 11 2021 day of ______, at MAKATI CITY.

Jaime J. Bautista

SUBSCRIBED AND SWORN to before me this MAR 11 2021 day of ______ at MAKATI CITY affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN

Doc. No. 736;
Page No. 48;
Book No. X;
Series of 2021;

ATTY. ARTHUR A. SY
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
N.C NO. M-334 / 06 19 20 / MAKATI CITY
PTR NO. 8543075 / 01 08 21 / MAKATI CITY

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CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Maria Gracia M. Pulido-Tan**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of Belle Corporation (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Asia United Bank Corporation	Independent Director	July 2016 to present
International Budget Partnership in Washington D.C., U.S.A.	Trustee	Sept. 2017 to present
Trifels, Inc.	Director	May 2016 to present
Philippine Dispute Resolution Center Inc.	Arbitrator	2020 to present
Construction Industry Arbitration Commission	Arbitrator	2016 to present
University of the Philippines College of Law	Professorial Lecturer, Mandatory Continuing Legal Education	On call

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

4. I am related to the following director/officer/substantial shareholder of <u>(covered company and its subsidiaries and affiliates)</u> other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the <u>(head of the agency/department)</u> to be an ID in the Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. - NOT APPLICABLE

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this __ day of APR 2 8 2021 2021, at PASIG CITY.

Maria Gracia M. Pulido-Tan

SUBSCRIBED AND SWORN to before me this __ day of APR 2 8 2021 2021 at PASIG CITY, affiant personally appeared before me and exhibited to me her Tax Identification Number (TIN) Card with TIN

Doc. No. 14;
Page No. 35;
Book No. V;
Series of 2021

YSABEL KATHRYN M. SANTOS
Notary Public for
Pasig City, San Juan, Taguig & Pateros
Appointment No. [illegible]
(Commission [illegible] 2021
per Supreme Court [illegible] December 2020)
2704 East Tower [illegible] Exchange Road
Ortigas Center [illegible] Pasig City
PTR No. [illegible] Pasig

BELLE
CORPORATION

CERTIFICATION

JASON C. NALUPTA, Filipino, of legal age, and with office address at 2704 East Tower Philippine Stock Exchange Centre, Exchange Road, Ortigas Center Pasig City, Metro Manila, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **BELLE CORPORATION** (the "Corporation"), a corporation organized and existing under and by virtue of the laws of the Philippines, with office address at 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City.

2. Based on our corporate records as well as the declarations of the persons concerned, none of the directors and officers of the Corporation named in the Information Statement is, as of the date hereof, occupying any elective or appointive position in any government agency, bureau, department, or office.

3. This Certification is being issued in compliance with the requirements of the Securities and Exchange Commission and for whatever other legal purpose it may serve.

IN WITNESS WHEREOF, this Certification has been signed this 27th day of April 2021 at Pasig City, Metro Manila.

JASON C. NALUPTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 27th day of April 2021 at Pasig City, Metro Manila, affiant exhibiting to me his Philippine Passport (Passport No. issued at DFA South on 26 June 2018 which expires on 25 June 2028) as his competent evidence of identity.

Doc. No. 462 ;
Page No. 93 ;
Book No. VIII ;
Series of 2021.

ISAIAH G. SAN MIGUEL
Notary Public for Cities of
Pasig, San Juan, Taguig & Pateros
Appointment No. 225 (2019-2020)
(Commission Extended until 30 June 2021
per Supreme Court Resolution dated 01 December 2020)
2704 East Tower, PSE Centre, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 6515071 / 01.29.21 / Pasig
MCLE No. VI-0025555 / 04.15.19