COVER SHEET

SEC Registration Number

6 2 8 9 3

COMPANY NAME

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

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

2/F 8 Rockwell, Hidalgo Drive Rockwell Center, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
20-IS		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	793-0088	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
47,150 (as of April 6, 2018)	May 31, 2018	December 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
Ms. Ellen V. Almodiel	ellena@rockwell.com.ph	793-0088	N/A

CONTACT PERSON's ADDRESS

**Ground Floor, East Podium, Joya Lofts & Towers,
28 Plaza Drive, Rockwell Center, Makati City 1200**

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.*

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders of
Rockwell Land Corporation

Please take notice that the Annual Meeting of Stockholders of **Rockwell Land Corporation** will be held on May 30, 2018 at 9:00 a.m. at R3 Level, Power Plant Mall Cinema, Rockwell Center, Makati City to discuss the following:

AGENDA

1. Call to Order
2. Proof of Required Notice
3. Determination of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on May 31, 2017
5. Report of the Chairman & the President
6. Approval/Ratification of the December 31, 2017 Reports and the Audited Financial Statements
7. Ratification of the Acts of the Board of Directors and Management
8. Election of Directors
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

For purposes of the meeting, only stockholders of record as of April 06, 2018 are entitled to attend and vote in the said meeting.

Copies of the minutes of Annual Stockholders' Meeting held on May 31, 2017 will be available upon request.

Should you be unable to attend the meeting in person, you may appoint a Proxy by executing the appropriate form. **MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND MANAGEMENT A PROXY.** For validation, however, please return your proxies to the undersigned at 2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City 1200 not later than May 18, 2018.

For your convenience in registering your attendance, please have some form of identification such as passport, driver's license or voter's I.D.

By order of the Board of Directors

ENRIQUE I. QUIASON
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20

1. **Check the appropriate box:**

   [ ] Preliminary Information Statement

   [x] Definitive Information Statement

2. **Name of Registrant as specified in its charter:**

   ROCKWELL LAND CORPORATION

3. **Province, country or other jurisdiction of incorporation or organization**

   MAKATI CITY, PHILIPPINES

4. **SEC Identification Number:** 62893

5. **BIR Tax Identification Code:** 004 710 062 000

6. **Address of principal office:**

   2F 8 Rockwell, Hidalgo Drive, Rockwell Center
   Makati City, 1200

7. **Registrant's telephone number, including area code:** (632) 793 0888

8. **Date, time and place of the meeting of security holders:**

   Date : 30 May 2018
   Time : 9:00 am
   Place : R3 Level, Power Plant Mall Cinema, Rockwell Center, Makati City, Metro Manila

9. **Approximate date on which the Information Statement is first to be sent or given to security holders:**

   9 May 2018

10. **Name of Person Filing the Statement:** Rockwell Land Corporation
By: Enrique I. Quiason, Corporate Secretary

Address and Telephone No.: 2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City 1200/
Telephone No. 793-0088

11. **Securities registered pursuant to Section 8 and 12 of the Securities Regulation Code (SRC):**

a. **Authorized Capital Stock:**

Php 9,000,000,000 divided into 8,890,000,000 Common Shares, each with a par value of Php1.00 and 11,000,000,000 Preferred Shares, with a par value of Php 0.01

b. **Number of Shares Outstanding as of 31 March 2018:**

6,116,762,198 Common Shares with a par value of Php 1.00 per share
2,750,000,000 Preferred Shares with a par value of Php 0.01 per share

c. **Bonds outstanding as of 31 March 2018**:

P5,000,000,000 Seven Year and a Quarter Bonds due 2021

12. **Are any or all of these securities listed on the Philippine Stock Exchange?**

Yes [X] No [ ]

6,243,382,344 Common shares, including 126,620,146 Common Shares in treasury

ROCKWELL LAND CORPORATION

INFORMATION REQUIRED IN INFORMATION STATEMENT

This information statement is dated April 6, 2018 and is being furnished to the stockholders of record of Rockwell Land Corporation ("Rockwell Land" or the "Company") as of April 06, 2018 in connection with the Annual Stockholders Meeting.

WE ARE NOT ASKING FOR A PROXY

A. GENERAL INFORMATION

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

Date	:	30 May 2018
Time	:	9:00 am
Place	:	R3 Level, Power Plant Mall Cinema, Rockwell Center, Makati City, Metro Manila

The principal office of the Company is at 2F 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City, Metro Manila, 1200.

Record Date:

April 06, 2018

Approximate date of which the Information Statement is first to be sent to security holders:

9 May 2018

2. Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his share (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the outstanding share or of extending or shortening the term of corporate existence; (ii) in case any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation; and (iv) Investing of funds in another business for the purposes other than the primary purpose.

If, at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. The value shall be determined as of the day prior to the date when the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. Upon payment, he must surrender his certificate of stock. No payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment. Within ten (10) days after demanding payment for his shares, a dissenting stockholder shall submit to the

Corporation the certificate(s) of stock representing his shares for notation that the shares are dissenting shares.

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under the Title X of the Corporation Code of the Philippines.

RIGHT TO DIVIDENDS

In accordance with Article IX, Section 1 of the New By-Laws of the Corporation, the Board of Directors shall have power and authority to, among other things, fix and determine, and from time to time vary, the amount to be reserved, over and above its capital stock paid in, as working capital, to meet contingencies, to provide for the equalization of dividends and determine the use and disposition of the working capital and of any amounts so reserved, and to determine whether any what part of the net profits or surplus shall be declared and paid as dividends and fix the times for the declaration and payment of such dividends.

3. Interest of Certain Persons in or Opposition to Matters to be acted upon

(a) No director, officer, or nominee for election as director or associate of any of the foregoing has any substantial interest in any matter to be acted upon, other than election to office.

(b) No director has informed the Company that he intends to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) The Company has 6,116,762,198 Common Shares issued and outstanding as of 31 March 2018. The Company also has 2,750,000,000 voting Preferred Shares issued and outstanding as of 31 March 2018. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) All stockholders of record as of April 06, 2018 are entitled to notice of and to vote at the Company's Stockholders" Meeting.

(c) Section 6 of the Company's By-Laws provides that except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of the Company, which vote may be given personally or by attorney or authorized in writing. The instrument authorizing as attorney or proxy to act as such shall be exhibited to the Secretary if he shall so request. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Law.

Security Ownership of Certain Record and Beneficial Owners and Management

(d) Security Ownership of Certain Record and Beneficial Owners as of **06 April** 2018.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	% of Class	% of Out-standing Shares
Common Shares	6th Floor Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604	First Philippine Holdings Corporation is the beneficial and record owner of the shares indicated Proxy – Federico R. Lopez, Chairman & CEO of FPH &/or Francis Giles B. Puno, President & COO of FPH	Filipino	5,296,015,375	86.58%	59.73%
Common Shares	PCD Nominee Corporation 37/F Enterprise Tower I, Ayala Ave., cor. Paseo de Roxas, Makati City Stockholder	PCD Nominee Corporation is the record owner but not the beneficial owner which are owned beneficially by the investing public	Filipino	565,545,796	9.25%	6.38%
Common Shares	PCD Nominee Corporation 37/F Enterprise Tower I, Ayala Ave., cor. Paseo de Roxas, Makati City Stockholder	PCD Nominee Corporation is the record owner but not the beneficial owner which are owned beneficially by the investing public	Foreign	109,749,563	1.79%	1.23%
TOTAL OUTSTANDING COMMON SHARES				6,116,762,198		
Voting Preferred Shares	6th Floor Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604	First Philippine Holdings Corporation is the beneficial and record owner of the shares indicated Proxy – Federico R. Lopez, Chairman & CEO of FPH &/or Francis Giles B. Puno, President & COO of FPH	Filipino	2,750,000,000	100.0%	31.01%
TOTAL OUTSTANDING PREFERRED SHARES				2,750,000,000	100.0%	
TOTAL OUTSTANDING SHARES				8,866,762,198		100%

Security Ownership of Management as of 06 April 2018.

To the best of the knowledge of the Company, the following are the shareholdings of the directors and officers:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common Shares	Manuel M. Lopez Chairman	2,959,173 (direct/indirect)	Filipino	0.0484%
Common Shares	Oscar M. Lopez Director	174,898 (direct/indirect)	Filipino	0.0029%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common Shares	Federico R. Lopez Vice Chairman	1 (indirect)	Filipino	0.0000%
Common Shares	Nestor J. Padilla Director, President & CEO	21,150,001 (direct/indirect)	Filipino	0.3458%
Common Shares	Miguel Ernesto L. Lopez Director, Treasurer & Senior Vice President, Office Development	243,695 (direct/indirect)	Filipino	0.0040%
Common Shares	Eugenio L. Lopez III Director	1 (indirect)	Filipino	0.0000%
Common Shares	Francis Giles B. Puno Director	5,656 (direct)	Filipino	0.0001%
Common Shares	Oscar J. Hilado Independent Director	1 (indirect)	Filipino	0.0000%
Common Shares	Monico V. Jacob Independent Director	2 (direct)	Filipino	0.0000%
Common Shares	Albert F. Del Rosario Independent Director	2,818 (direct)	Filipino	0.0000%
Common Shares	Enrique I. Quiason Corporate Secretary	3,575 (direct)	Filipino	0.0001%
N.A.	Esmeraldo C. Amistad Asst. Corporate Secretary	None	Filipino	N.A.
N.A.	Valerie Jane L. Soliven Senior Vice-President, Rockwell Residential Development & Chief Revenue Officer	28,000 (indirect)	Filipino	0.0005%
N.A.	Ellen V. Almodiel Senior Vice-President, Finance and Accounting & Chief Finance and Compliance Officer	None	Filipino	N.A.
Common Shares	Ma. Lourdes L. Pineda Senior Vice-President, Business Development	141,272 (direct/indirect)	Filipino	0.0023%
Common Shares	Manuel L. Lopez, Jr. President of Rockwell Leisure Club Inc. & Advisor to the BOD	75,001 (direct/indirect)	Filipino	0.0012%
N.A.	Davy T. Tan Senior Vice President, Business Development	None	Filipino	N.A.
Common Shares	Baldwin T. Chua Senior Vice-President, Hotel Development	None	Filipino	N.A.
Common Shares	Estela Y. Dasmariñas Vice-President, Human Resources	1,882 (direct)	Filipino	0.0000%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common Shares	Adela D. Flores Vice-President, Property Management	4,340 (direct)	Filipino	0.0001%
N.A.	Jovie Jade L. Dy Vice President, Residential Sales	None	Filipino	N.A.
N.A.	Christine T. Coqueiro Vice President, Retail Development	None	Filipino	N.A.
N.A.	Angela Marie B. Pagulayan Vice President, Hotel Development	None	Filipino	N.A.
N.A.	Jesse S. Tan Assistant Vice President, Commercial Development	None	Filipino	N.A.
N.A.	Geraldine B. Brillantes Assistant Vice President and GM, Rockwell Leisure Club	None	Filipino	N.A.
N.A.	Rica L. Bajo Assistant Vice President, Finance and Accounting Chief Risk and Data Privacy Officer	None	Filipino	N.A.
N.A.	Romeo G. Del Mundo, Jr. Assistant Vice President, Internal Audit and Chief Audit Officer	None	Filipino	N.A.

Voting Trust

As of the date of this Information Statement, there are no persons holding more than 5% of the Common Shares of the Company under a voting trust or similar agreement. The original shareholders of Rockwell Land agreed that certain board resolutions of the Company shall be reached by consensus and mutual consent.

Change in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

The Company's amended articles of incorporation or amended by-laws do not contain provisions that would delay, defer or prevent a change in control of the Company. Under the Company's amended articles of incorporation and amended by-laws, holders of Preferred Shares are entitled to voting rights. Further, Preferred shares can only be transferred to (a) Philippine citizens and (b) to a corporation of which at least 60% of the total outstanding equity capital is beneficially owned by Philippine citizens and which is not in competition with the Manila Electric Company ("Meralco"), Lopez Holdings Corporation (formerly "Benpres Holdings Corporation"; "Lopez Holdings"), First Philippine Holdings Corporation ("FPH"), or any of their affiliates. The Preferred Shares constitute 31.01% of the Company's outstanding capital stock. As of March 31 2018, FPH's combined ownership of the Company's Preferred Shares and Common Shares was 90.74% of the total outstanding voting capital stock.

5. DIRECTORS AND EXECUTIVE OFFICERS AS OF MARCH 31, 2018

The overall management and supervision of the Company is undertaken by the Board of Directors. There are 11 members of the Board of Directors. The regular directors were elected during the annual meeting of the stockholders held on May 31, 2017, to serve for a term of one year and until their successors are elected and qualified. The composition of the Company's Board of Directors as of March 31, 2018 is as follows:

Manuel M. Lopez
Oscar M. Lopez
Federico R. Lopez
Eugenio L. Lopez III
Nestor J. Padilla
Miguel Ernesto L. Lopez
Francis Giles B. Puno
Ferdinand Edwin S. CoSeteng[1]
Oscar J. Hilado (Independent Director)
Monico V. Jacob (Independent Director)
Albert F. Del Rosario (Independent Director)[2]

The Company's key executive officers are as follows:

Nestor J. Padilla	President & Chief Executive Officer
Miguel Ernesto L. Lopez	Senior Vice-President – Office Development & Treasurer
Valerie Jane Lopez-Soliven	Senior Vice-President – Rockwell Residential Development and Chief Revenue Officer
Ellen V. Almodiel	Senior Vice-President – Finance & Accounting & Chief Finance and Compliance Officer
Maria Lourdes Lacson-Pineda	Senior Vice-President – Business Development
Davy T. Tan	Senior Vice-President – Business Development
Baldwin T. Chua	Senior Vice-President and GM, Hotel Development
Manuel L. Lopez, Jr.	President of Rockwell Leisure Club. Inc. & Adviser to the Board of Directors
Estela Y. Dasmarinas	Vice-President - Human Resources
Adela D. Flores	Vice President – Property Management
Angela Marie B. Pagulayan	Vice-President – Hotel Development
Jovie Jade L. Dy	Vice-President – Residential Sales
Christine T. Coqueiro	Vice-President and GM- Retail Development
Jesse S. Tan	Assistant Vice-President – Commercial Development
Geraldine B. Brillantes	Assistant Vice-President and GM, Rockwell Leisure Club
Rica L. Bajo	Assistant Vice-President – Finance & Accounting & Chief Risk and Data Privacy Officer
Romeo G. Del Mundo, Jr.	Assistant Vice-President – Internal Audit & Chief Audit Officer

[1] Mr. Ferdinand Edwin S. Coseteng died at the age of 55 years old on October 12, 2017
[2] Mr. Manuel L. Lopez, Jr. resigned on June 8, 2017 at the regular meeting of the BOD to allow for the election of an additional independent director. On the same meeting, the BOD nominated and elected Ambassador Albert F. Del Rosario to fill the vacancy created by the former's resignation.

Enrique I. Quiason	Corporate Secretary
Esmeraldo C. Amistad	Assistant Corporate Secretary

The following discussion presents a brief description of the business experience of each of the Company's Directors and key executive officers for the last five years:

Manuel M. Lopez - 75, Filipino

Mr. Lopez has served as the Chairman of Rockwell Land since 1995. He is currently the Chairman and CEO of Lopez Holdings Corporation. Concurrently, he is the Chairman of the Board of Rockwell Leisure Club, Sky Vision Corporation and Bayan Telecommunications Holdings Corporation. He is the Vice Chairman of First Philippine Holdings (FPH) and Lopez Inc. He is a Director of ABS-CBN Corp., Manila Electric Company (MERALCO) and First Philippine Realty Corporation. He is the President of Eugenio Lopez Foundation and a director of Lopez Group Foundation Inc. He also served as Philippine Ambassador to Japan from 2011-2016, for which his exemplary works conferred him the rank of Grand Cross, Gold Distinction, Datu to the Order of Sikatuna by President Benigno Aquino. He served as the Chairman of the Board of MERALCO from July 2010 to June 2012 after his retirement as Chairman and CEO for nearly 10 years since 2001. Mr. Lopez holds a Bachelor of Science degree in Business Administration from the University of the East and attended the Program for Management Development at the Harvard Business School.

Oscar M. Lopez - 88, Filipino

Mr. Lopez has served as Vice-Chairman of Rockwell Land from 1995 to 2012 until he became Chairman Emeritus. He is currently the Chairman Emeritus of FPH, Lopez Holdings, Energy Development Corporation (EDC), First Gen Corporation, First Balfour, Inc., First Philippine Electric Corporation and First Philippine Industrial Corporation. Prior to this, he was the Chairman of FPH from 1986 to 2010. Mr. Lopez is also the Chairman of Asian Eye Institute and director of ABS-CBN Corporation, Lopez Group Foundation and Knowledge Channel Foundation, Inc. He is a lifetime member of Management Association of the Philippines being an MAP Awardee in 2000, Trustee to Asia Society Philippines Foundation and Philippine Business for Education. He was the President of Lopez Holdings Corp. (formerly Benpres Holdings Corp.) from 1973 to 1986. He studied at the Harvard College and graduated cum laude (Bachelor of Arts) in 1951. He finished his Masters of Public Administration at the Littauer School of Public Administration, also at Harvard in 1955.

Federico R. Lopez – 56, Filipino

Mr. Lopez is the Vice-Chairman of Rockwell Land since August 2012. He is also the Chairman and CEO of FPH, First Gas Power Corporation and two premier power generation companies that are at the forefront of clean and renewable energy development, First Gen Corporation and Energy Development Corporation. He is also Chairman of the Board of First Balfour, First Philippine Industrial Park, Inc., First Philippine Industrial Corporation and First Philippine Realty Corporation, among others. He is also a Director of ABS-CBN Corporation. He is a member of the following organizations: Makati Business Club, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce, World President's Organization, ASEAN Business Club and New York Philharmonic International Advisory Board. He is Chairman of the Board of Trustees of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation (OML Center) and the Sikat Solar Challenge Foundation. He is also a Trustee of the Philippine Forest Foundation, the World Wildlife Fund Philippines, and the Philippine Disasters Recovery Foundation. Mr. Lopez graduated with a Bachelor of Arts Degree with a Double Major in Economics & International Relations (Cum Laude) from the University of Pennsylvania in 1983.

Eugenio L. Lopez III - 65, Filipino

Mr. Lopez has been a Director at Rockwell Land since 1995. He is the Chairman of the Board of ABS-CBN after his retirement as Chairman and CEO of ABS-CBN Corporation since 1997 and its President from 1994-1997. He is the Chairman of Lopez Inc., Sky Cable Corporation, Ang Misyon Inc., Play Innovations, Inc., INAEC Aviation Corp., and Infopro Business Solutions Inc.; and Chairman and CEO of ADTEL. He is also the Vice Chairman of Lopez Holdings Corporation and Knowledge Channel. He also sits in the boards of FPH, First Gen Corporation, OML Center, Beacon Academy and Endeavor Philippines. Mr. Lopez is Chairman Emeritus of ABS-CBN Lingkod Kapamilya Foundation, Inc. (previously ABS-CBN Foundation, Inc.) and the Director of Eugenio Lopez Foundation Inc. He graduated with a Bachelor of Arts degree in Political Science from Bowdoin College and a Master's degree in Business Administration from the Harvard Business School.

Miguel Ernesto L. Lopez - 49, Filipino

Mr. Lopez has been a Director and Treasurer of Rockwell Land since 2009. He started serving Rockwell Land as Senior Vice President since 2012. He was the Senior Vice President and General Manager of Rockwell Integrated Property Services, Inc. (RIPSI) since 2012 until he started heading Office Commercial Development of Rockwell Land in June 2016. He is an Executive Vice President of Lopez Holdings Corporation. He is also a Director of Rockwell Leisure Club, Inc. and Rockwell Center Association, Inc. He is a member of the Board of Trustees of Eugenio Lopez Foundation, Inc. and an advisor to the Lopez Group Foundation Inc. He was previously part of the Board of Directors for Indra, Outsourced Telleserve Corporation, Meralco Millenium Foundation, Inc., Philippine Commercial Capital, Inc. (PCCI) and PCCI Securities Brokers, Inc. He held several executive and management positions at Meralco from 2002-2010. Prior to this, he was with Maynilad Water Services, Inc. as head of its Central Business Area. Mr. Lopez holds a Bachelor of Science degree in Business Administration from Menlo College of California, USA and attended the Executive Development Program of the Asian Institute of Management.

Nestor J. Padilla - 63, Filipino

Mr. Padilla has been a Director at Rockwell Land since 1997, and has been the President and Chief Executive Officer since 1995. He is also serving as a Director of First Philippine Realty Corporation, First Batangas Hotel Corporation. He has also served as a Director in Rockwell Club and has served as a Trustee of the Rockwell Residential Towers Condominium Corporation. Prior to 1995, he held the position of Chief Executive Officer in Lippo Land in Indonesia and was the Executive Director of Indo Ayala Leasing. Mr. Padilla holds a Bachelor of Science degree in Business Management from the Ateneo de Manila University.

Francis Giles B. Puno - 53, Filipino

Mr. Puno has been a Director of Rockwell Land since 2013. He was appointed Chief Finance Officer and Treasurer of FPH in October 2007 and was promoted to Executive Vice-President in September 2011. He is currently the President and COO of FPH and First Gen Corporation. He is also a director in the various subsidiaries and affiliates of FPH and First Gen including, among others, Energy Development Corporation, First Balfour Inc., First Philippine Electric Corporation and First Philippine Industrial Park, Inc. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group. He has a Bachelor of Science degree in Business Management from the Ateneo de Manila University and a Master in Business Administration degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

***Oscar J. Hilado* –** 80, Filipino

Mr. Hilado has been an Independent Director of Rockwell Land since 2015. He is also an independent director of FPH since 1996 and up to 2016. He is the Chairman of the Philippine Investment Management (PHINMA), Inc., PHINMA Corporation and PHINMA Property Holdings. He is currently Vice Chairman of PHINMA Energy and Power Generation Corporations. He is a director of various companies such as A. Soriano Corporation and Philex Mining Corporation. He is also a Director of PHINMA's energy corporation, Smart Communications, Inc., Digital Telecommunications Phils., Inc. (DIGITEL), Asian Eye Institute, Manila Cordage Company, United Pulp and Paper Company, Inc., Seven Seas Resorts & Leisure, Inc., Microtel Inns & Suites (Pilipinas) Inc., Beacon Property Ventures, Inc; Roxas Holdings, Inc.; and several universities and colleges across the Philippines, to name a few. He graduated with Highest Honors and with a Gold Medal for General Excellence and a Bachelor of Science in Commerce Degree from De La Salle College (Bacolod). He pursued his Degree of Masters in Business Administration at the Harvard Graduate School of Business Administration from 1960-1962. Mr. Hilado is a Certified Public Accountant.

Monico V. Jacob - 73, Filipino

Mr. Jacob was elected as an independent director of Rockwell Land on April 6, 2016. He has been an independent director of Lopez Holdings Corporation (publicly listed) since 2013. He is currently the Chairman of Total Consolidated Asset Management and Philippine Life Financial Assurance, Inc. (PhilLife). He is the President of Maestro Holdings, Inc. (formerly STI Investments, Inc) which owns Philplans First, Inc. and Philhealthcare, Inc., where he is also a Director. He is the President and CEO of STI Education Systems Holdings, Inc. (publicly listed), STI Education Services Group, Inc. He is a director of Jollibee Foods Corp. (publicly listed), of Asian Terminals, Inc. (publicly listed), of 2GO Group, Inc. (publicly listed), and of Phoenix Petroleum Philippines, Inc. (publicly listed). Prior to his current positions, he was Chairman and CEO of Petron Corporation and Philippine National Oil Company (PNOC), was a General Manager of National Housing Authority (NHA) and also became a CEO of the Home Development Mutual Fund, popularly known as the PAG-IBIG Fund. He also became Chairman of Meralco Financial Services Corporation and Director of Meralco Industrial Engineering Services Corporation and Clark Electric Distribution Corp. He received his Bachelor of Laws degree from the Ateneo de Manila University in 1971.

Albert F. Del Rosario - 78, Filipino

Mr. Del Rosario was elected as an independent director of Rockwell Land on June 8, 2017. He is a director and member of the Compensation Committee of Metro Pacific Investments Corporation since May 2016. He served as Secretary of Foreign Affairs of the Philippines from February 2011 to March 2016 and as Philippine Ambassador to the United States of America from October 2001 to August 2006. Prior to entering public service, the Ambassador was on the Board of Directors of over 50 firms over four decades spanning insurance, banking, real estate, shipping, telecommunications, advertising, consumer products, retail, pharmaceutical and food industries. He is a recipient of numerous awards and has been recognized for his valuable contributions to the Philippines and abroad, including but not limited to the following: the Order of Sikatuna, Rank of Datu, the Order of Lakandula with the Rank of Grand Cross (Bayani) for co-chairing the 2015 APEC Summit, the EDSA II Presidential Heroes Award in 2001 and the Philippine Army Award in 1991. He graduated from Xavier High School in New York and received his Bachelor of Science Degree in Economics from New York University. He is a recipient of an honorary Doctor of Laws degree (Honoris Causa) from New York's College of Mount Saint Vincent

***Valerie Jane L. Soliven* –** 49, Filipino

Ms. Soliven served the Company for 22 years and is currently Senior Vice-President for Residential Development. Last August 2017, she was appointed as Chief Revenue Officer. She headed Rockwell's Sales and Marketing team for 20 years. Before joining Rockwell Land, she worked at the Manila

Garden Suites, EDSA Shangri-La Hotel and the Shangri-La Hotel in Singapore. Ms. Soliven, a licensed broker, holds a Bachelor of Science degree in Hotel and Restaurant Administration from the University of the Philippines. She completed a Management Development Program from the Asian Institute of Management in 2006.

Maria Lourdes L. Pineda - 48, Filipino

Ms. Pineda has been with the Company for nearly 19 years and is currently Senior Vice-President of Business Development. She previously served as SVP for Rockwell Primaries Development Corporation, Vice-President for Retail and General Manager of the Power Plant Mall as well as Membership Relations Manager for Rockwell Club. Prior to joining Rockwell Land, she worked for four years at Jewelmer International, a French-Filipino company specializing on exquisite jewelry. Ms. Pineda holds a Bachelor of Science degree in Hotel and Restaurant Management from the University of the Philippines. She completed a Management Development Program from the Asian Institute of Management in 2006.

Ellen V. Almodiel - 44, Filipino

Ms. Almodiel has been Senior Vice-President for Finance and Chief Finance Officer since 2014. She was appointed as Chief Compliance Officer last June 2017. She started as Finance Manager in 2004 and briefly served as Manager of the Business Development Team. Prior to joining Rockwell Land, she was a Financial Analyst and later an Assistant to the Group Chief Finance Officer of the Alcantara Group of Companies and Finance Manager of NextStage, Inc.. Ms. Almodiel, a Certified Public Accountant, holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines, where she graduated cum laude.

Davy T. Tan – 44, Filipino

Mr. Tan joined Rockwell Land in 2007 as Financial Analyst and Budget Manager and was promoted to Senior Vice-President for Business Development in 2017. Prior to joining Rockwell Land, he spent six years with Filinvest Alabang, Inc., a subsidiary of Filinvest Development Corporation, as Proof and Control Officer of the Festival Supermall and later as Finance Analyst. He was also an Accounting Officer at D.M. Consunji, Inc. and Junior Auditor at Punongbayan and Araullo. Mr. Tan, a Certified Public Accountant, holds a Bachelor of Science degree in Accountancy from the University of the East.

Baldwin T. Chua – 44, Filipino

Mr. Chua joined Rockwell Land in 2017 as Senior Vice President for Hotel Development. Mr. Chua has 20 years of experience in the hotel industry. Prior to joining Rockwell Land, he was the Director of Hotel Development Planning and Feasibility of Marriott International – Asia Pacific based in Hong Kong. He also worked with Mandarin Oriental Hotel Group as the Corporate Director of Revenue Management in New York, and as Regional Revenue Manager for 12 hotels in Asia and Europe. Mr. Chua received his Bachelor of Science Degree, Major in Management Engineering with Honorable Mention from Ateneo de Manila University and holds a Master of Science Degree in Real Estate Development from Columbia University, New York.

Manuel L. Lopez, Jr. - 50, Filipino

Mr. Lopez is currently the President of Rockwell Leisure Club, Inc. (RLCI) and Adviser to the Board of Rockwell Land starting 2017. He was a board member of RLCI sinc3 2016 and has been a Director at Rockwell Land since 2011 until his resignation in 2017, which gave way to the increase in the no. of independent board seats. He is the Chariman and CEO of Global Integrated Contact Facilities Inc. (GICF) and SLASHdotPH since 2015 and 2014, respectively. He serves as a Director of Lopez Inc., Philippine Trade Foundation, Inc., and an Executive Vice President of Benpres Insurance Agency Inc. He had served as a Director of ABS-CBN Broadcasting Corporation, Central CATV,Inc. (Sky Cable), Philippine Commercial Capital Inc., among others. He was previously the Chairman and CEO of PacificHub Corporation for 10 years, Mr. Lopez holds a Bachelor of Science degree in Business Administration from De La Salle University.

Estela Y. Dasmariñas – 57, Filipino

Ms. Dasmarinas is currently Vice-President for Human Resources of the Company and its subsidiaries. Prior to joining Rockwell Land in 2000, she was Vice-President for Human Resources of AMA-DDB Needham Worldwide, Inc., a multinational advertising and communications organization. She was also Director for Human Resources of property development firm Metro Asia Resources Corporation and Manager for Human Resources of Mitsubishi Motor Corporation Philippines, Inc. Ms. Dasmarinas holds a Bachelor of Science degree in Political Science and a Master of Arts degree in Industrial Relations specializing in Human Resource from the University of the Philippines.

Adela D. Flores - 64, Filipino

Ms. Flores is currently Vice President – Property Management. She rejoined Rockwell Land Corporation as Vice-President – Retail and General Manager of the Power Plant Mall in 2012 after 8 years in Malaysia managing The Curver shopping mall. Prior to her stint abroad, she was with Rockwell Land - Retail for almost a decade, following her work at CMG as Brand Manager and at Araneta Center as Marketing Manager. Ms. Flores is a graduate of the University of the Philippines with a Bachelor's Degree in Mass Communications. She is also a certified Associate Coach.

Angela Marie B. Pagulayan *–43*, Filipino

Ms. Pagulayan is currently Vice President for Hotel Development and has been with Rockwell Land Corporation for a total of 16 years, starting off her career in Customer Service. She has then held various positions in Sales and Marketing, Retail, Rockwell Club and Residential Leasing before becoming an Assistant Vice President for Hotel and Leisure. She is a graduate of De La Salle University with a Bachelor's Degree in Organizational Communication.

Jovie Jade L. Dy *–33*, Filipino

Ms. Dy is currently Vice President for Residential Sales. She has been with Rockwell Land Corporation for a total of 12 years. She joined Rockwell Land in 2005 as a Sales Executive. In 2007, she was tasked to lead her own team of sales executives and eventually was assigned as Project Sales Head for Grove in 2012 and later on for Proscenium in 2014. In 2016, she became Rockwell Land's Sales Head. Ms. Dy is a licensed real estate broker and holds a Bachelor of Science degree in Psychology from De La Salle University.

Christine T. Coqueiro *–38*, Filipino

Ms. Coqueiro is currently Vice President for Retail Development. She has been with Rockwell Land Corporation for a total of 10 years and in 2014 became the Assitant Vice President of Retail Development in 2014. Prior to joining Rockwell Land, she worked with Republic Apparel Retailers, Inc for 2 years, and 5 years with Chempak Enterprises. Ms. Coqueiro holds a Bachelor of Science degree in Business Administration Major in Business Management at De La Salle – College of Saint Benilde, and is a member of the International Council of Shopping Centers.

Jesse S. Tan *–36*, Filipino

Mr. Tan is currently an Assistant Vice President for Office Commercial Development. He has been with the company for 12 years since he joined in April 2006. He started as a Finance and Accounting Supervisor and held various Finance positions until his promotion to Assistant Vice President in 2014. Prior to Rockwell Land, he was an Audit Supervisor in Isla Lipana & Co. from 2002-2004. Mr.

Tan is a Certified Public Accountant and graduated cum laude with a Bachelor of Science in Accountancy at Centro Escolar University.

Geraldine B. Brillantes –39, Filipino

Ms. Brillantes has been with Rockwell Land for 16 years. She joined Rockwell Land in 2002, shortly after graduating from the University of the Philippines with a Bachelor's Degree in Tourism. She started in the Front Office of Rockwell Integrated Property Services, Inc. (RIPSI), the property management arm of Rockwell Land. She was first promoted as a Building Manager in 2007, assigned to several projects in the same capacity, until she headed the West Block of RIPSI in 2012. She was promoted to Assistant Vice President in the same year. She is General Manager of Rockwell Leisure Club from 2013.

Rica L. Bajo –39, Filipino

Ms. Bajo is currently Assistant Vice President for Finance and Accounting and was recently appointed Chief Risk Officer and Data Privacy Officer in 2017. She has been with Rockwell Land for 10 years since she started in 2008 as Budget Planning Manager. She held various roles in finance, corporate planning, business development and investor relations until she was promoted to Assistant Vice-President in 2014. Prior to Rockwell Land, she worked as financial analyst at GlaxoSmithKline Philippines, United Laboratories, Inc. (UNILAB) and as Senior Associate at Deutsche Knowledge Services (DKS). She is a Certified Public Accountant and a graduate of Bachelor of Science in Accountancy at De La Salle University.

Romeo G. Del Mundo, Jr. –42, Filipino

Mr. del Mundo is currently Assistant Vice President for Internal Audit since 2014 and appointed Chief Audit Officer in 2017. He started as Finance Manager in 2007 and was assigned to various business units and subsidiaries. He led the Internal Audit Team since 2013 and was promoted to Assistant Vice President in 2014. Prior to joining Rockwell Land, he worked for Citibank N.A., UNILAB, First Metro Investment Corp. and SGV & Co. Mr. del Mundo is a Certified Public Accountant and holds a Bachelor of Science in Commerce, major in Accountancy from the University of Santo Tomas.

Enrique I. Quiason - 57, Filipino

Mr. Quiason has been the Corporate Secretary at Rockwell Land since 1995. He is a Senior Partner of the Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Firm. He is also the Corporate Secretary of FPH, Lopez Holdings and ABS-CBN and various subsidiaries and affiliates of FPH and Lopez Holdings. Mr. Quiason, a Member of the Integrated Bar of the Philippines, graduated with a B.S. Business Economics (Cum Laude) degree in 1981 and with a Bachelor of Laws degree in 1985 from the University of the Philippines. He received his LL.M. in Securities Regulation from Georgetown University in 1991.

Esmeraldo C. Amistad - 51, Filipino

Mr. Amistad has been Vice President at First Philippine Holdings (FPH) since 2017 and has been with the company since 1997. He was appointed as Asst. Corporate Secretary and Asst. Compliance Officer of FPH in Sept. 2014. He has served as an Asst. Corporate Secretary of Rockwell Land Corporation since Sept. 2014 as well. He is also the Corporate Secretary and Asst. Corporate Secretary of various FPH subsidiaries and affiliates. He holds a Bachelor of Arts in English (1987) and a Bachelor of Laws (1992) degree both from the University of the Philippines. He has completed the Managerial Leadership Program (2003) and attended the Executive Master's in Business Administration both at the Asian Institute of Management (2011).

Attached as **Annex A** and **B** are the Certification on the Qualifications and Disqualifications of Independent Directors and Certification that none of the named directors and officers works in the government.

Significant Employees

The Board of Directors and members of the senior management of Rockwell Land have been an integral part of its success. Their knowledge, experience, business relationships and expertise greatly contribute to Rockwell Land's operating efficiency and financial performance.

Rockwell Land maintains that it considers the collective efforts of the Board of Directors and all of the Company's employees as instrumental to its overall success. The business of Rockwell Land is not dependent on any individual person. No employee is indispensable in the organization. Rockwell Land has institutionalized through documentation, its processes, procedures and training to ensure continuity and scalability of the business without relying on any particular employee.

Family Relationships

Other than the following family relationships, there are no other family relationships within the Board of Directors and executive officers of the Company:

- Chairman Manuel M. Lopez and Chairman Emeritus Oscar M. Lopez are brothers.
- Treasurer Miguel Ernesto L. Lopez and Manuel L. Lopez Jr. are brothers, sons of the Chairman Manuel M. Lopez and nephews of Chairman Emeritus Oscar M. Lopez.
- Vice-Chairman Federico R. Lopez is the son of Chairman Emeritus Oscar M. Lopez and nephew of Chairman Manuel M. Lopez.
- Eugenio Lopez III is the nephew of the Chairman, Manuel L. Lopez and Chairman Emeritus, Oscar M. Lopez.
- Vice-Chairman Federico R. Lopez, Eugenio Lopez III, and Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins.
- Vice-Chairman Federico R. Lopez is the brother in law of Francis Giles B. Puno.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five years and as of the date of this information statement of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two (2) years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Certain Relationships and Related Transactions

The Company, in the ordinary course of business, engages in transactions with Meralco and its subsidiaries, FPH, its subsidiaries and affiliates, and directors and officers and their close family members.

Except as disclosed in Note 27 of the Company's audited consolidated financial statements, there is no material transaction or proposed transaction to which the Company was or is to be a party, in which any of its directors or executive officers, or any individual owning, directly or indirectly, significant voting power of the Company, or any close family members or individuals, had or is to have a direct or indirect material interest.

Resignation of Directors Arising from Disagreement

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders of the Company because of disagreement with the Company on matters relating to the Company's operations, policies and practices.

Nominees for Election of Directors

The Company received nominations for the following as members of the Board of Directors for the ensuing year (2018-2019):

Manuel M. Lopez
Oscar M. Lopez
Federico R. Lopez
Eugenio L. Lopez III
Nestor J. Padilla
Miguel Ernesto L. Lopez
Francis Giles B. Puno
Jose Valentin A. Pantangco, Jr.*
Oscar J. Hilado (Independent Director)
Monico V. Jacob (Independent Director)
Albert F. Del Rosario (Independent Director)

*Mr. Pantangco, Jr. was nominated by FPH in the regular meeting of the BOD last March 21, 2018.

Mr. Jose Valentin A. Pantangco, Jr. was appointed as Vice President and Head of Corporate Planning of FPH last October 2016. He was Managing Director for Consultancy and Business Development of Changi Airports International from 2007 until 2016. From 2004 to 2006 he was Senior Associate at McKinsey and Company. He is a graduate of the Harvard Business School with a Masters in Business Administration degree (2004) and the Ateneo de Manila University with a Bachelor of Arts degree in Economics (1994).

Independent Directors of the Board

Messrs. Hilado, Jacob and Del Rosario are nominated as independent directors. The Company's three independent directors have at least one (1) share of the stock of the Company each in their respective names, are both college graduates and possess integrity, probity and assiduousness. They are persons who, apart from their fees as directors of the Company, are independent of management and free from any business or other relationship which could, or could reasonably, be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. Messrs. Hilado and Jacob: (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last five (5) years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through their firms; and (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arm's length and are immaterial or insignificant. They do not possess any of the disqualifications enumerated under Article 3E of the Revised Code of Corporate Governance and SEC Memorandum Circular No. 6, Series of 2009.

All the directors, excluding the independent directors, were nominated by FPH. The independent directors were nominated by Perla R. Catahan who has no relationship with the nominees nor the Company.

The independent directors are independent of management and free from any business or other relationship with Rockwell Land Corporation.

Nomination and Election Committee

The Board created a Nomination and Election Committee who reviews the qualifications of all persons nominated to the Board and other appointments that require Board approval and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Chairman of the Nominations and Elections Committee is Mr. Manuel M. Lopez, and its other members are Messrs. Oscar M. Lopez, Mr. Eugenio Lopez III and Mr. Monico V. Jacob. The Nominations and Elections Committee passed upon the qualifications of the directors.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the stockholders of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Company's amended by-laws provide that the Board of Directors shall not receive any salary for their services as director other than an honorarium not exceeding P15,000.00 for their attendance in each regular or special meeting of the Board of Directors, or Executive Committee but this provision shall not preclude any director from serving the Company in any other capacity and receiving compensation therefore.

The Company's amended by-laws also provide that the Board of Directors, officers and employees may participate in the unrestricted profits or earnings from the operations of the Company, after taxes, to be distributed in the manner, amounts and proportions as the Board of Directors may determine.

Summary of Compensation Table (Annual Compensation)

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other annual compen sation
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (SVP, Finance and Accounting & Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Pineda, Ma. Lourdes L. (SVP, Rockwell Primaries Development Corporation) Soliven, Valerie Jane L. (SVP, Residential Development & Chief Revenue Officer)	2016	P 54.6 million	P4.4 million	P 520.0 thousand
All other Officers and Directors	2016	P17.0 million	P1.5 million	P 0.8 million
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (SVP, Finance and Accounting & Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Pineda, Ma. Lourdes L. (SVP, Business Development) Soliven, Valerie Jane L. (SVP, Residential Development & Chief Revenue Officer)	2017	P57.3 million	P4.6 million	P 330.0 thousand
All other Officers and Directors	2017	P20.5 million	P 1.8 million	P 1.5 million
CEO + 4 most highly compensated executive officers Almodiel, Ellen V. (SVP, Finance and Accounting & Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Pineda, Ma. Lourdes L. (SVP, Business Development) Soliven, Valerie Jane L. (SVP, Residential Development & Chief Revenue Officer)	2018 (estimate)	P63.0 million	P5.1 million	P 495.0 thousand
All other Officers and Directors	2018 (estimate)	P 22.6 million	P2.0 million	P2.6 million

**In alphabetical order*

Employment Contracts between the Company and Executive Officers

There are no existing employment contracts with executive officers. There are no arrangements for compensation to be received from the Company in the event of a resignation, retirement or termination of the executive officer's employment or a change of control of the Company.

Options Outstanding

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested. On December 6, 2012, the SEC authorized the ESOP. The ESOP was implemented in January 3, 2013.

The outstanding options as of 31 March 2018 are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers* Almodiel, Ellen V. (SVP, Finance and Accounting & Chief Finance and Compliance Officer) Lopez, Miguel Ernesto L. (Treasurer and SVP, Office Development) Padilla, Nestor J. (President and Chief Executive Officer) Pineda, Ma. Lourdes L. (SVP, Business Development) Soliven, Valerie Jane L. (SVP, Residential Development & Chief Revenue Officer)	32,127,000	various	P1.46	various
All Other Officers & directors	10,517,000	various	P1.46	various
Total	42,644,000			

**Alphabetically arranged*

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the Company's directors and officers are compensated, or are to be compensated, directly or indirectly.

7. Independent Public Accountants

The external auditor of the Company is the accounting firm of Sycip, Gorres, and Velayo and Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountants for the last 5 years. There was no event in the past 5 years where SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Company has engaged SGV & Co., with Mr. Roel E. Lucas as the engagement partner, for the audit of the Company's book in 2016. The Company has complied with SRC Rule 68, paragraph 3(b)(iv) re: five year rotation requirement for the signing partner.

SGV & Co. is being recommended for re-election at the scheduled Annual Stockholders' Meeting on 31 May 2017.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholder's Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last three fiscal years for professional services rendered by SGV & Co.

Year ended 31 December	2015	2016	2017
Audit and Audit-related fees (net of VAT)	Php 3.0 million	Php 3.2 million	Php3.3 million

The Audit Committee is composed of Mr. Oscar J. Hilado as Chairman and Mr. Manuel L. Lopez, Jr., Mr. Francis Giles B. Puno and Monico V. Jacob as members. Mr. Manuel L. Lopez, Jr. resigned to on June 08,2017 to allow for the election of an independent director, thereby increasing the total to three (3) independent directors out of the eleven (11) board seats.

8. Compensation Plans

There are no matters or actions to be taken up in the meeting with respect to any compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities other than for Exchange

No action is to be taken with respect to the authorization or issuance of securities other than for exchange.

10. Modification or Exchange of Securities

No action is to be taken with respect to the modification or exchange of the Company's securities

11. Financial and other information

The Company's consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited by SGV & Co., in accordance with Philippine Standards on Auditing. This will be submitted in the Definitive Information Statement.

The Management Discussion and Analysis of the Financial Condition and Results of Operation for the last three fiscal years required under Part IV (c) of Rule 48 are attached hereto as Annex C.

The Statement of Management's Responsibility for Financial Statements as of 31 December 2017 as well as the Audited Financial Statements prepared in accordance with SRC rule 68, as amended, and

Rule 68.1 are attached hereto as Annex D.

12. **Mergers, Consolidations, Acquisitions and Similar Measures**

No action is to be taken with respect to the acquisition or disposition of any property.

13. **Acquisition or Disposition of Property**

No action is to be taken with respect to the acquisition or disposition of any property

14. **Restatement of Accounts**

No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

D. Other Matters

15. **Action with Respect to Reports**

The following will be submitted for approval by the stockholders on the Annual Meeting of the Stockholders to be held on 30 May 2018:

(a) Approval of the Minutes of the Annual Stockholders' Meeting held on May 31, 2017

(b) Approval/Ratification of the December 31, 2017 Reports and the Audited Financial Statements

16. **Matters not required to be submitted**

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

17. **Amendment of Charter, Bylaws or Other Documents**

No action is to be taken with respect to Amendment of Charter, Bylaws or Other Documents to a vote of security holders.

18. **Other Proposed Action**

(a) Ratification of the Acts of the Board of Directors, of the Executive Committee and of Management for the period covering January 1, 2017 through December 31, 2017 adopted in the ordinary course of business.

The resolutions of the Board were duly adopted in the normal course of trade or business and involve –

i) Approval of contracts, projects, investments, and other acts which have been covered by disclosures to the PSE and the SEC;

ii) Treasury matters, including borrowings, opening of accounts and bank transactions; and

iii) Housekeeping matters, including the appointment of signatories and amendments thereof.

(b) Election of the members of the Board, including the independent directors, for the ensuing year.

(c) Election of the external auditor and fixing its remuneration.

19. Voting Procedures

A quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question in the meeting except those matters which the Corporation Code requires a greater proportion of affirmative vote.

At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to vote for each share of stock standing in his name in the books of the Company at the time of the closing of the stock and transfer books for such meeting.

Regarding the election of members of the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 24 of the Corporation Code of the Philippines. Likewise, the nominee – for the Company's external auditor – who receives the highest number of votes shall be declared elected.

The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

In accordance with Section 23 of the Corporation Code, at each election of directors, every stockholder entitled to vote at such election have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number of his shares shall be equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

In the election of directors, the top eleven (11) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected all the shares present or represented at the meeting will be cast in favor of the nominees.

Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting.

20. Corporate Governance

Rockwell Land adopted its Manual on Corporate Governance (the "Manual) on May 2, 2012. An amended report was published last July 31, 2014 and May 31, 2017, respectively. The Company, its directors, officers and employees complied with the leading practices and principles on good governance as embodied in the Manual of Corporate Governance.

Rockwell continues to abide by all the governance regulatory requirements. It has filed the Certificate required by the SEC certifying it, as well as its directors, officers and employees, compliance with the manual last April 19, 2017 when we filed our definitive information statement. Rockwell submitted to the Philippine Stock Exchange its responses to the Disclosure Template on Corporate Governance for Listed Companies last March 31, 2017. In December 2017, the SEC mandated all companies to submit an Integrated Annual Corporate Governance Repot (I-ACGR) by May 31, 2018 in lieu of several reports required in the past years. As of printing of the date of this s annual report for the year ending December 31, 2017, Rockwell Land is still in the process of compliance for the I-ACGR.

Apart from the mandated Manual, Rockwell has also adopted a Corporate Code of Discipline. The Code embodies the principles and guidelines for the conduct of the business of the company and in dealing with its stakeholders.

Pursuant to the Manual of Corporate Governance, the Board has formed committees: Audit, Corporate Governance, Risk Oversight and Related Party Transactions Committees.

Rockwell also has an Internal Audit Group ("IAG") composed of Certified Public Accountants. The AIG reports to eh Board through the Audit Committee. The IAG provides assurance and consulting functions for Rockwell in the areas of internal control, corporate governance and risk management. It conducts its internal audit activities in accordance with eh International Standards for Professional Practice of Internal Auditing (ISPPIA) under the Internal Professional Practices Framework.

It bears mention that the Audit Committee is chaired by an independent director. The Corporate Governance and Risk Oversight Committee are composed of four members of the board, one of which is an independent director.

The appointments of Rockwell's Chief Compliance, Chief Risk, Chief Revenue, Chief Audit, and Data Privacy Officers in June and August 2017 further increases governance for the protection of the rights of all the stakeholders of the company.

Rockwell has sought to keep communications open with its stockholders and encourages them to participate in the meeting of shareholders either in person or by proxy. Shareholders are free to write to the Corporate Governance Committee should they have recommendations and/or nominations for the board of directorship.

21. Brief description of the general nature and scope of the business of the registrant and its subsidiaries

Rockwell Land is a premier property developer for residential and commercial projects that cater to the high-end and upper-mid markets in Metro Manila. It is primarily engaged in the residential development of high-rise condominiums as well as in retail and office leasing. It entered Hotel and Leisure in 2013 with the Aruga Serviced Apartments, as well as expanded in cities outside of the National Capital Region with a mid-rise residential development in Lahug City, Cebu.

The Company was incorporated on August 11, 1975 as First Philippine Realty and Development Corporation, which was later on changed to Rockwell Land Corporation in February 23, 1995. On September 27, 1996, the SEC approved the increase in capital stock of the Company from P1.0 million to P6.0 billion with three major shareholders subscribing to the increase, namely: Manila Electric Company (Meralco), First Philippine Holdings Corporation (FPHC) and Benpres Holdings Corporation (now Lopez Holdings Corporation or LPZ). During the increase, the Company also amended its articles of incorporation to include the increase in capital stock and the increase in number of directors from 5 to 11. On May 4, 2000, the SEC approved the articles of merger of the Company with Hubbard Realty Holdings Inc., Farragut Realty Holdings Inc., Mc Pherson Square, Inc., and Foggy Bottom, Inc., with the Company as the surviving entity. In July 2008, the SEC approved the Company's increase in authorized capital stock from P6.0 billion divided into 6,000,000,000 Common Shares with P1 par value each to P9.0 billion divided into 8,890,000,000 Common Shares with the same par value and 11,000,000,000 Preferred Shares with a P0.01 par value each with existing shareholders subscribing to the increase in capital. In August 2009, LPZ sold its share in the Company to FPHC therefore leaving the Company with only two (2) major shareholders, namely Meralco and FPHC.

On February 28, 2012, the SEC approved the amendment to the First Article of the Articles of Incorporation of the Company changing its name from "Rockwell Land Corporation" to: "ROCKWELL LAND CORPORATION doing business under the name and style of Powerplant Mall; Powerplant Cinemas; and Edades Serviced Apartments".

On February 27, 2012, the Board of Directors of Meralco approved the declaration of its 51% ownership in the Company as property dividend in favor of common stockholders of record as of March 23, 2012, except for foreign common shareholders who were paid the cash equivalent of the property dividend. Consequently, the Company became a public company having more than 200 shareholders. The property dividend was paid on May 11, 2012 wherein FPHC received property dividends from Meralco in the form of 125,079,016 common shares of the Company. On the same date, the Company acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from the property dividend distribution, at ₱1.4637 per share. The Company was listed in the Philippine Stock Exchange (PSE) on May 11, 2012.

On June 28, 2012 and July 27, 2012, FPHC purchased additional shares of the Company from Beacon Electric Asset Holdings, Inc. and San Miguel Corporation, respectively.

As of March 31, 2018, FPHC owns 86.58% of the Company.

Subsidiaries and Affiliates

Rockwell Integrated Property Services, Inc. (RIPSI), a wholly owned subsidiary of the Company, was incorporated in February 19, 1999 to establish, own, manage, operate and carry on the business of maintaining and cleaning buildings and other facilities. To date, RIPSI manages 13 properties. These properties are in Rockwell Center as well in The Grove in Ortigas.

Rockwell Primaries Development Corporation ("Primaries", formerly Rockwell Homes Inc., and Primaries Development Corporation) a wholly owned subsidiary of the Company, was incorporated in September 2012 to primarily cater to the broader market under a 2nd brand "Primaries". The subsidiary envisions itself to be the preferred developer in terms of providing exceptional and quality living at a more affordable price. Primaries commenced operations in mid- 2013 with the launch of its first project, 53 Benitez, located in Quezon City.

Stonewell Property Development Corporation (SPDC), a wholly owned subsidiary of the Company, was incorporated in September 2012 to develop socialized housing for the Parent Company. Another wholly owned subsidiary, Primaries Properties Sales Specialist Inc. (PPSSI), was incorporated in November 2012 primarily to act as the sales and marketing arm of Primaries.

Primaries Properties Sales Specialist Inc. (PPSSI), a wholly owned subsidiary, was incorporated in November 2012 primarily to as act the sales and marketing arm of Primaries.

Rockwell Hotels & Leisure Management Corporation (RHLMC), a wholly owned subsidiary of the Company, was incorporated in June 2013 for the management of hotel and resort operations.

Retailscapes Inc., a wholly owned subsidiary of the Company, was incorporated in November 2014 to develop and operate pocket retail projects of the Company.

Rockwell Primaries South Development Corporation (Rockwell Primaries South), formerly ATR KimEng Land, Inc., is 60% owned by Rockwell Primaries Development Corporation (Rockwell Primaries) and 40% owned by ATR Holdings, Inc. and Dragon Eagle International Limited. Rockwell Primaries South will complete the development of the undeveloped portion (61,787 square meters) of the Tribecca Private Residences located along the East Service Road in Muntinlupa City. The new development will be launched as East Bay Residences.

Rockwell MFA Corporation (Rockwell MFA) is a recently established Joint Venture between the Company and by Mitsui Fudosan (Asia) Pte. Ltd. (Mitsui) through SEAI Metro Manila One, Inc., which was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 22, 2017. The Company owns 80% of the business.

The financial statements of these wholly-owned subsidiaries were consolidated in the Company's attached Audited Financial Statements.

The Company also has ownership in Rockwell Leisure Club Inc. (RLCI), owning 1,491 ordinary shares and 33% of the total 801 proprietary shares as of end December 31,2017. RLCI is a non-profit premier leisure club created to complement Rockwell Land's exclusive lifestyle concept. Opened in December 1999, the Rockwell Club offers its resident members and proprietary shareholders a first-class social, sports and recreational facility within the Rockwell Center.

22. Market Price and Dividends

(1) Market Information

(a) The registrant's common equity is being traded at the Philippine Stock Exchange under the ticker "ROCK".

(b) STOCK PRICES

	Common	
	High	Low
2016		
First Quarter	1.51	1.50
Second Quarter	1.86	1.78
Third Quarter...............................	1.70	1.66
Fourth Quarter............................	1.56	1.51
2017		
First Quarter..................................	1.80	1.75
Second Quarter……………………	1.75	1.72
Third Quarter......………………..	1.80	1.78
Fourth Quarter……………….......	2.19	2.07
2018		
First Quarter	1.97	1.93

ROCK closed at P1.97 per share as of April 16, 2018.

23. Holders

(a) There are 47,150 Common Stockholders as of 06 April 2018.
(b) Top 20 Stockholders of Common Shares as of 06 April 2018.

	Name	No. of Shares	% to Total
1	FIRST PHILIPPINE HOLDINGS CORPORATION	5,296,015,375	86.5820%
2	PCD NOMINEE CORPORATION (FILIPINO)	565,545,796	9.24586%
3	PCD NOMINEE CORPORATION (FOREIGN)	109,749,563	1.79424%
4	PADILLA,NESTOR J.	15,000,001	0.2452%
5	YAN, LUCIO W.	1,136,324	0.0186%
6	CHENG, CHARLOTTE CUA	886,422	0.0145%
7	AVESCO MARKETING CORPORATION	801,574	0.0131%
8	B. P. INSURANCE AGENCY, INC.	792,139	0.0130%
9	MAKATI SUPERMARKET CORPORATION	677,238	0.0111%
10	CROSLO HOLDINGS CORPORATION	584,297	0.0096%
11	TAN, SIMEON Y.	458,804	0.0075%
12	CARLOS, JOSE IGNACIO A.	455,667	0.0074%
13	TAN, LOZANO A.	422,730	0.0069%
14	FLORDELIZA,VIRGILIO CACHERO	398,550	0.0065%
15	AQUINO,ANTONINO T.,&/OR EVELINA S. AQUINO	377,231	0.0062%
16	BP INSURANCE AGENCY, INC.	328,969	0.0054%
17	CONCEPCION, RAUL JOSEPH	316,854	0.0052%
18	FORESIGHT REALTY & DEVELOPMENT CORPORATION	305,353	0.0050%
19	ENRIQUEZ, ALBERT N.	280,451	0.0046%
20	GALLINERO, TEODORO OLIVARES	266,331	0.0044%

Stockholders of Preferred Shares as of April 06, 2018:

Name	No. of Shares Held	% to Total
First Philippine Holdings Corporation	2,750,000,000	100%

Equity Ownership of Foreigners on a per class basis as of April 06, 2018:

Type of Share	Number of Foreign Shares	Foreign Ownership Level
Common Shares	109,798,501	1.79504%
Preferred Shares	0	0%

24. Dividends

(a) Dividend History

Year	Common	Preferred
2017	₱ 0.0594 per share	₱ 0.0006 per share
2016	₱ 0.0537 per share	₱ 0.0006 per share
2015	₱ 0.0511 per share	₱ 0.0006 per share

(b) Dividend Policy

Subject to the preferential dividend right of the Preferred Shares, each holder of a Common Share is entitled to such dividends.

The Board of Directors during the organizational meeting on May 29, 2013 have adopted a dividend policy of declaring as dividends 20% of prior year's Net Income after Tax (NIAT).

The Company's amended by-laws provide that the Board of Directors shall have the power and authority to fix and determine and from time to time vary, the amount to be reserved as working capital, to meet contingencies, to provide for the utilization of dividends and/or for other purposes, to such extent, in such manner and upon such terms as the Board of Directors shall deem expedient in order to determine the part of the nets profits or surplus which shall be declared and paid as dividends; and generally to fix and determine the use and disposition of any net profits or surplus.

The Preferred Shares currently outstanding will earn a cumulative dividend of 6% per annum. The Preferred Shares do not participate in dividends declared in relation to Common Shares.

(c) Restriction on the Payment of Dividends under the Notes Facility Agreement

Under the Fixed Rate Corporate Notes Facility Agreement dated November 27, 2012 among Rockwell Land, First Metro Investment Corporation and PNB Capital & Investment Corporation as Joint Lead Arrangers, Metropolitan Bank & Trust Company – Trust Banking Group as Facility Agent and the Philippine National Bank – Trust Banking Group as the Paying Agents (the "Notes Facility Agreement"), the Company, without the written consent of the Majority Noteholders (as this term is defined in the Notes Facility Agreement), shall not declare, pay or distribute dividends to its stockholders (other than dividends payable solely in shares of its capital stock) if payment of any sum due is in arrears or such declaration, payment or distribution shall result in a violation of the Current Ratio (as this term is defined in the Notes Facility Agreement) of 1:1 and the consolidated Debt-to-Equity Ratio (as this term is defined in the Notes Facility Agreement) not exceeding 2.0x.

25. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

(a) Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the past three years.

(b) Exempt Transactions and Securities

There were no exempt transactions and securities issued during the past three years.

CERTIFICATION

Upon written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of the Company's Annual Report on SEC Form 17-A free of charge. Any written request for a copy shall be addressed to the following:

Ellen V. Almodiel, Chief Finance and Compliance Officer
Rockwell Land Corporation
2/F 8 Rockwell, Hidalgo Drive
Rockwell Center, Makati City 1200

At the discretion of management, a charge may be made for exhibits, provided that such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibits.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 16 April 2018.

By:

Enrique I. Quiason
Corporate Secretary

ROCKWELL LAND CORPORATION

ANNEX

A. Certification on the Qualifications and Disqualifications of Independent Directors

B. Certification that none of the named directors and officers works in the government.

C. Management Discussion and Analysis of Financial Condition and Results of Operations from 2015-2017

D. Statement of Management's Responsibility for Financial Statements as of 31 December 2017 as well as the Audited Financial Statements

E. Supplementary Information

F. Use of Proceeds for the Php5.0B retail bonds

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ALBERT F. DEL ROSARIO, Filipino, of legal age, with office address at 116 Valero corner Rufino Streets, Salcedo Village, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I was elected as Independent Director of ROCKWELL LAND CORPORATION on June 8, 2017.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Listed Companies		
PLDT Inc.	Director	July 11, 2016 to present
Metro Pacific Investments Corporation	Director	May 4, 2016 to present
First Pacific Company Limited	Director	June 30, 2016 to present
Non- Listed Companies		
Philippine Stratbase Consultancy, Inc.	Chairman	March 23, 2016 to present
Gotuaco del Rosario Insurance Brokers, Inc.	Director	April 10, 2017 to present
Stratbase ADR Institute, Inc.	Chairman	April 1, 2016 to present
Indra Philippines, Inc.	Director	April 28, 2016 to present
Metro Pacific Tollways Corporation	Director	April 21, 2016
Cavitex Infrastructure Corporation	Director	April 21, 2016 to present
Sarimonde Foods Corporation	Director	June 29, 2016 to present
Two Rivers Pacific Holdings Corporation	Director	June 30, 2016 to present
Metro Pacific Resources, Inc.	Director	June 30, 2016 to present
Metro Pacific Holdings, Inc.	Director	June 30, 3016 to present
Metro Pacific Asset Holdings, Inc.	Director	June 30, 2016 to present
Philippine Telecommunications Investment Corporation	Director	June 30, 2016 to present
Enterprise Investments Holdings, Inc.	Director	June 30, 2016 to present
Asia Insurance (Phil.) Corp.	Director	June 24, 2016 to present
Carlos P. Romulo Foundation for Peace & Development	Trustee	June 10, 2016 to present
Philippine Cancer Society, Inc.	Trustee	May 22, 2017 to present

Metrobank Foundation, Inc.	Advisory Board	May 9, 2017 to present
CSIS Southeast Asia Program	Trustee	September 1, 2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ROCKWELL LAND CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of ROCKWELL LAND CORPORATION or any of its subsidiaries and affiliates.

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED /INVESTIGATED	TRIBUNAL, OR AGENCY INVOLVED	STATUS
PLEASE SEE ATTACHED LEGAL PENDING CASES		

6. I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ROCKWELL LAND CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done, this 23 JUL 2017 day of June 2017 at PASIG Makati City.

Affiant

SUBSCRIBED AND SWORN to before me this 23 JUL 2017 day of June 2017 at PASIG CITY Makati City, affiant personally appeared before me and exhibited to me his/her Passport No. EC5888000 issued at DFA Manila on November 5, 2015.

Doc. No. 371;
Page No. 76;
Book No. II;
Series of 2017.

JILLIENNE GRACE M. SOTTO
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG, TAGUIG AND SAN JUAN AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2017
PTR NO. 2540177; 1/7/2017; PASIG CITY
IBP NO. 1057004; 1/3/2017; RSM
MCLE COMPLIANCE NO. V-0020092; 4/14/2019
ROLL NO. 63284/ APPOINTMENT NO. 120 (2016-2017)
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

MATERIAL PENDING LEGAL PROCEEDINGS

1. Messrs. Napoleon L. Nazareno, Elmer D. Nitura, Albert F. Del Rosario and other directors and officers of the former PDCP Bank (PDCP), and some officers of the Bangko Sentral ng Pilipinas (BSP) and Development Bank of the Philippines (DBP) (the "Respondents") were charged in a complaint docketed as I.S. No. 2004-631 filed by Chung Hing Wong/Unisteel/Unisco Metals, Inc. (the "Complainants") with the Department of Justice (DOJ), for alleged syndicated estafa, estafa thru falsification of documents, other deceits, malversation and robbery. In the complaint-affidavit, the Complainants alleged that the officers and directors of PDCP deceived the Complainants to secure a loan from PDCP through misrepresentation and with the sinister purpose of taking over the Complainants' corporation. The complaint was referred to the Ombudsman (OMB) by the DOJ considering that some of the Respondents are public officers and the offenses charged were committed in the performance of their official functions.

   In the OMB's Review and Recommendation dated November 28, 2008, the OMB approved the DOJ Resolution dated September 7, 2007 DISMISSING the complaint and referred the case back to the DOJ for appropriate action.

   The Complainants filed separate Motions for Reconsideration before the DOJ and OMB. On December 16, 2009, the DOJ issued a Resolution denying the Complainants' Motion for Reconsideration for lack of merit. In response, the Complainants filed a Petition for Review with the Secretary of Justice on March 2, 2010. Messrs. Nazareno, Nitura, Del Rosario and the other Respondents filed their respective Comments to the petition. On October 9, 2014, the Secretary of Justice issued a Resolution denying the Petition for Review. In response, Complainants filed a Motion for Reconsideration which remains pending to date with the Office of the Secretary of Justice.

   OMB Proceedings

   With respect to the Complainants' Motion for Reconsideration with the OMB, the latter issued an Order dated December 4, 2009 denying the same and affirming its Review and Recommendation of November 28, 2008. In response, the Complainants filed a Petition for Certiorari with the Court of Appeals (CA). In a Resolution dated July 26, 2010, the CA dismissed the petition for lack of jurisdiction. Likewise, the Complainants' Motion for Reconsideration was denied by the CA in a Resolution on January 10, 2011.

   Subsequently, the Complainants filed a Petition for Review with the Supreme Court (SC) questioning the Decision of the CA. In a Resolution dated March 28, 2011, the SC denied the Complainants' Petition for Review for failure to show any reversible error in the challenged Decision of the CA. The Complainants filed a Motion for Clarification. In a Resolution dated August 24, 2011, the SC treated the motion as a Motion for Reconsideration of the dismissal of the Petition and denied the same. The said Resolution of the SC became FINAL AND EXECUTORY based on the Entry of Judgment dated October 26, 2011. The Complainants however still filed a Motion for Clarification and Motion to Refer Case to the Supreme Court en Banc. In a Resolution dated October 10, 2012, the SC ordered the said motion expunged from the records of the case as the petition has already been denied with FINALITY and an ENTRY OF JUDGMENT and Letter of Transmittal already sent to the CA as early as October 26, 2011.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, MONICO V. JACOB, Filipino, of legal age, with address at the 7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of ROCKWELL LAND CORPORATION and have been its independent director since April 6, 2016.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Listed Companies		
Lopez Holdings, Inc.	Independent Director	2013 – Present
DFNN, Inc.	Independent Director	1999 – Present
Phoenix Petroleum Philippines, Inc.	Non-Executive Director	2018 – Present
Jollibee Foods Corporation	Independent Director	2001 – Present
STI Education Systems Holdings, Inc.	Executive Director	2010 – Present
Asian Terminals, Inc.	Non-Executive Director	2009 – Present
Non-Listed Companies		
De Los Santos – STI MegaClinic	Director	2013 – Present
Information and Communications Technology (i-Academy), Inc.	Director	2013 – Present
Maestro Holdings, Inc. *(Formerly STI Investments, Inc.)*	Director	2007 – Present
Negros Navigation Co., Inc.	Independent Director	2009 – Present
Philippines First Insurance Company, Inc.	Director	2016 – Present
Philippine Life Financial Assurance, Inc.	Director	2013 – Present
Philhealthcare, Inc.	Director	2013 – Present
Rosehill Memorial Management, Inc.	Director	2014 – Present
STI Education Services Group, Inc.	Director	2003 – Present
Total Consolidated Asset Management, Inc.	Director	1999 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ROCKWELL LAND CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations 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 Securities Regulation Code. (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 investigation or proceeding in Court/ I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

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 written permission or consent from the (head of the agency/department) to be an independent director in ROCKWELL LAND CORPORATION, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ROCKWELL LAND CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done, this 8th day of April 2018 at Makati City.

Affiant

SUBSCRIBED AND SWORN to before me this 12 day of April 2018 at Makati City, affiant personally appeared before me and exhibited to me his/her Passport No. EC7728486 issued at DFA NCR East on May 17, 2016.

Doc. No. 91 ;
Page No. 8 ;
Book No. VI ;
Series of 2018.

FREDERICK R. TAMAYO
Notary Public for Makati City
until December 31, 2018
Roll of Attorneys No. 46115
IBP No. 034122 / 03.01.18 / Bulacan
PTR No. 6699417 / 02.28.18 / Makati City
MCLE Compliance No. V-0012372

CERTIFICATION OF INDEPENDENT DIRECTOR

I, OSCAR J. HILADO, Filipino, of legal age and a resident of112 Mariposa Loop, Cubao, Quezon City, Philippines, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of ROCKWELL LAND CORPORATION and have been its independent director since May 27, 2015.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

3.

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PHINMA Inc.	Chairman	Aug 2005 - Present
PHINMA Corp.	Chairman	Dec 2003 – Present
Phinma Property Holdings Corp.	Chairman	April 1999 - Present
Union Galvasteel Corporation	Vice Chairman	March 2017 – Present
Phinma Energy Corp.	Vice Chairman	April 2017 – Present
Phinma Power Generation Corp.	Vice Chairman	1996 – Present
A. Soriano Corporation	Independent Director	April 1998 – Present
Philex Mining Corporation	Independent Director	December 2009 – Present
Digital Telecommunications Phils., Inc. (DIGITEL)	Independent Director	May 6, 2013 – Present
Smart Communications, Inc.	Independent Director	May 6, 2013 - Present
Roxas Holdings, Inc.	Independent Director	March 2, 2016 - Present
United Pulp & Paper Co., Inc.	Director	December 1969 – Present
Beacon Property Ventures, Inc.	Director	December 1994 – Present
Manila Cordage Company	Director	1986 – Present
Pueblo de Oro Devt. Corp.	Director	Feb 1996 – Present
Seven Seas Resorts and Leisure, Inc.	Director	1996 – Present
Asian Eye Institute	Director	August 2005 – Present
Araullo University	Director	April 2004 – Present
Cagayan de Oro College	Director	June 2005 – Present
University of Iloilo, Inc.	Director	August 17, 2009 – Present
University of Pangasinan, Inc.	Director	August 17, 2009 – Present
Southwestern University	Director	June 20, 2016
St. Jude College, Manila	Director	January 20, 2018 - Present
PEN Holdings, Inc.	Director	March 2016 – Present
Microtel Development Corp.	Director	July 15, 2011 – Present

Phinma Solar Energy Corp.	Director	July 3, 2017 - Present
One Subic Oil Distribution Corp.	Director	April 16, 2017 - Present

4. none of the disqualifications to serve as an Independent Director of ROCKWELL LAND CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

5. 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 Securities Regulation Code. (where applicable)

6.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER T	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		
t		
h e		

b

est 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		

7. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ROCKWELL LAND CORPORATION, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. – **NOT APPLICABLE**

8. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

9. I shall inform the Corporate Secretary of ROCKWELL LAND CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done, this ____ day of 12 APR 2018 2018 at Makati City.

OSCAR J. HILADO
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of 12 APR 2018 at Makati City, affiant personally appeared before me and exhibited to me his/her Passport No. EC0407396 issued at DFA Manila on February 25, 2014.

Doc. No. 32 ;
Page No. 8 ;
Book No. VI ;
Series of 2018.

FREDERICK R. TAMAYO
Notary Public for Makati City
until December 31, 2018
Roll of Attorneys No. 46115
IBP No. 034122 / 03.01.18 / Bulacan
PTR No. 6699417 / 02.28.18 / Makati City
MCLE Compliance No. V-0012372

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

SECRETARY'S CERTIFICATE

I, **ENRIQUE I. QUIASON**, Filipino, of legal age, the duly elected and incumbent Corporate Secretary of **ROCKWELL LAND CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, DO HEREBY CERTIFY, That:

I am familiar with the facts herein certified and duly authorized to certify the same;

None of the Directors and Independent Directors are elected Public Servants;

To the best of the Corporation's knowledge, information and belief, none of the Directors and Independent Directors and/or Officers of the Corporation are appointed and/or employees in any government agency.

WITNESS THE SIGNATURE of the undersigned this 6th day of April, 2018 at Pasig City.

10 APR 2018

ENRIQUE I. QUIASON
Corporate Secretary

SUBSCRIBED AND SWORN to before me on the date and place first above written; Affiant exhibited to me his Community Tax Certificate No. 07823905 issued on January 9, 2018 at Pasig City and with SSS No. 03-8352363-1 as his competent evidence of identity.

Doc. No. 211;
Page No. 44;
Book No. I;
Series of 2018.

ROCHEZKA BIANCA R. BELTRAN
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG AND SAN JUAN
AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2019
Pasig City

Annex C

PART III – FINANCIAL INFORMATION

Item 6 MANAGEMENT DISCUSSION and ANALYSIS of FINANCIAL CONDITION and RESULTS of OPERATIONS

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited consolidated financial statements, including the related notes thereto, annexed to this Annual Report.

INTRODUCTION

Rockwell Land Corporation's net income after tax (NIAT) in 2017 amounted to ₱2.1 billion, a growth of 13% compounded annually since 2015. As a percentage to revenues, net income was 15% for 2017, 14% for 2016 and 18% for 2015.

Total revenues grew to ₱14.3 billion in 2017, increasing at a compounded annual rate of 27% since 2015. Residential development accounted for 88% of the total revenues in 2017, higher than its 73% share in 2015 as there was substantial sale of office units in 2015. The contribution of Hotel Operations slightly dropped to 2% in 2017 as the Company discontinued in September 2017 the Grove Serviced Apartment which operated for a total of 18 months.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in 2017 amounted to ₱3.6 billion representing 25% of total revenues and a 9% compounded annual growth since 2015. EBITDA from Residential Development accelerated by 23% annually from 2015 mainly due to the strong performance of the Proscenium development. On the other hand, Commercial Development saw a decrease in its EBITDA by 10% annually during the same period as there was substantial Revenue contribution from sale of 8 Rockwell office units in 2015. Meanwhile, the Hotel Operations' EBITDA declined to ₱75.4 million due to the discontinuance of Aruga at The Grove.

Residential development, commercial development and hotel operations contributed 65%, 33% and 2% to total EBITDA in 2017, respectively.

The ratio of cost of real estate to total revenues was kept at 61% coming from 2016. However, 2015's cost ratio had an office and residential mix which brought down ratio to 50%.

Besides the recent acquisitions, the Company is not aware of any event that could materially affect the statement of comprehensive income reported in this Annual Report. However, there will be possible impact to the financial statements from the adoption of the PFRS 15 which takes effect starting January 2017. Management is still in the process of quantifying the impact of PFRS 15.

By the end of 2017 debt level was at ₱19.9 billion while the net-debt-to-equity ratio stands at 0.98. The debt is composed of the outstanding balances of ₱10.0 billion corporate notes drawn in portion from January to August 2013, ₱5.0 billion from bond issuance in November 2013 and ₱10.0 billion terms loans drawn from 2016-2017. Below is a table showing the key performance indicators of the Company for 2015-2017.

KPI	2017	2016	2015
EBITDA (P)	3.6 billion	3.4 billion	3.1 billion
Current Ratio (x)	2.89	3.01	2.92
Net DE Ratio (x)	0.98	0.91	0.82
Asset to Equity Ratio (x)	2.76	2.58	2.54
Interest coverage ratio (x)	4.73	4.54	7.64
ROA	4.68%	4.80%	4.40%
ROE	12.51%	12.20%	12.10%
EPS (P)	0.34	0.30	0.27

Notes:
(1) EBITDA [Net Income + (Interest Expense, Provision for Income Tax, Depreciation & Amortization)]
(2) Current ratio [Current assets/Current liabilities]
(3) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]
(4) Assets to Equity Ratio [Total Assets/Total Equity]
(5) Interest coverage ratio [EBITDA/ Total interest payments]
(6) ROA [Net Income/Average Total Assets]
(7) ROE [Net Income/ Average Total Equity]
(8) EPS [Net Income/number of common shares outstanding]

RESULTS OF OPERATIONS

The following section provides information on the results of operations and financial condition for the periods 2015-2017.

I. Review of 2017 versus 2016

The following table shows the breakdown of the revenues by business segment for the periods 2015-2017.

	2017	**% to Total**	**2016**	**% to Total**	**2015**	**% to Total**
Residential Development [(1)]	12,567	88%	11,040	87%	6,515	73%
Commercial Development [(2)]	1,424	10%	1,324	10%	2,147	24%
Hotel Operations[(3)]	313	2%	347	3%	260	3%
Total Consolidated Revenues	**14,303**	**100%**	**12,711**	**100%**	**8,922**	**100%**
Share in Net Income (Losses) in JV [(4)]	*265*		*254*		*171*	

Notes:

1. *Revenues from this segment consist of the following projects in the years indicated: 205 Santolan (2016), The Grove (2015 to 2017), The Proscenium Towers (2015 to 2017), 53 Benitez (2015 to 2017),32 Sanson (2015 to 2017), Vantage (2016-2017), Edades Suites (2016-2017), Stonewell (2016-2017), The Arton West (2017).*
2. *Revenues from this segment include leasing income, cinema revenues and revenue from sale of office units from 8 Rockwell project. The amounts exclude revenues from RBC. Under the Accounting policy for a jointly controlled entity, results of operations of RBC are not consolidated line by line.*
3. *Revenues from Hotel Operations come from the operations of Aruga Serviced Apartments in Edades Tower and The Grove (2016-2017).*
4. *These amounts represent the Company's share in the net income after tax of RBC.*

Below is another table showing the breakdown of revenues by type of revenue for the periods 2015-2017.

	2017	% to Total	2016	% to Total	2015	% to Total
Residential Sales[(1)]	12,171	85%	10,834	85%	6,266	70%
Office Sales[(2)]	74	1%	77	1%	1,045	12%
Commercial Leasing	1,007	7%	915	7%	793	9%
Room Revenues	286	2%	326	3%	260	3%
Others[(3)]	765	5%	559	4%	558	6%
Total Consolidated Revenues	**14,303**	**100%**	**12,711**	**100%**	**8,922**	**100%**

Notes:
1. *Pertains only to sales of condominium units (at present value) and related interest income.*
2. *Pertains to sale of office units (at present value) and related interest income.*
3. *Includes income from Cinema, parking and other income.*

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are as follows:

Residential Development contributed 88% of the total revenues of 2017. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱12.2 billion. The 12% increase in this segment's revenue was largely influenced by higher bookings of the Proscenium projects, and with higher construction accomplishment for Edades Suites and Rockwell Primaries' The Vantage. EBITDA from this segment amounted to ₱2.4 billion, which represents 65% of the total EBITDA of ₱3.6 billion.

Reservation sales reached ₱11.6 billion, slightly lower than last year's ₱11.8 billion, still driven by Proscenium and The Vantage. Sales from The Arton, which was the only project launched in 2017, amounts to ₱1.6 billion.

Commercial Development revenues amounted to ₱1.4 billion, higher by 7% than last year. Leasing Income, which accounts for bulk of the segment revenues, grew from ₱915.0 million to ₱1.0 billion due mainly from higher occupancy of 8 Rockwell. Sale of office units slightly dropped by 4% with a 5% contribution to total segment revenues. Overall, Commercial segment contributed 10% of total revenues, same as last year. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amounted to ₱909.5 million and accounted for 6% of total consolidated revenues. This dropped by 3% vs. last year's revenues of ₱941.0 million, mainly driven by closures of several stores affected by the construction of the expansion of the Power Plant Mall. The latter will add 5,600 sqm of leasable area starting 2018.

- Cinema Operations amounted to ₱211.3 million and comprised 2% of the total consolidated revenues. Despite the usual price increase imposed on an annual basis, overall revenues declined by 4% from last year's ₽220.2 million due to fewer blockbuster movies.

- Revenue from sale of office units amount to ₽74.5 million, down by 4% compared to last year. In 2015, sale of office spaces at 8 Rockwell amounted to ₽1.0 billion.

- Office Leasing for units located in 8 Rockwell accelerated to ₽198.8 million from ₽80.6 million last year due to increase occupancy from 2016's 34% to 80% by end 2017.

- Office Leasing, operated under the Rockwell-Meralco BPO Venture, generated gross revenues of ₽689.0 million, which grew by 3% from last year's ₽673.0 million due to higher occupancy and rent escalation. At its 70% share, the Company generated revenues of ₽482.0 million and a share in net income of ₽263.6 million. To reiterate, only the ₽264.8 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

The Commercial segment's EBITDA amounted to ₽1.2 billion, comprised of Retail and Office at 65% and 35%, respectively. EBITDA increased by 5% from last year's ₽1.1 billion due to the increase in occupancy of office, which yields higher EBITDA margin of 83% compared to retail.

Hotel Operations contributed 2% of the total consolidated revenues for 2017. Revenues declined by 10% from ₽346.7 to ₽312.7 million, resulting to a 15% drop in EBITDA from ₽ 88.6 million to ₽ 75.4 million in 2017, after Aruga at The Grove was discontinued.

Costs and Expenses

Cost of real estate amounted to ₽8.7 billion in 2017, 12% higher than the ₽7.8 billion that was recorded in 2016. The substantial completion of The Vantage, Proscenium and Edades Suites were the main drivers in the increase in cost.

General and administrative expenses (G&A) amounted to ₽1.8 billion which represents 13% of the total revenues. The level of expenses grew by 16% vs. last year's ₽1.6 billion. This is mainly attributable to additional expenses incurred from taxes due to higher collections of The Grove and 53 Benitez in 2017; higher depreciation, occupancy and administrative costs due to 8 Rockwell and RBC Sheridan which opened 1st quarter of 2016 and July 2017, respectively; and higher manpower costs.

Interest Expense amounted to ₽251.0 million, which is 36% lower than last year's ₽389.8 million. Despite higher loan balance and average interest rates of 5.3% p.a. vs. 2016's 4.8% p.a., the decrease is primarily due to higher portion capitalized to development costs in 2017 compared to 2016.

Share in Net Losses (Income) of JV recorded at ₽264.7 million, a 4% growth from last year of ₽254.2 million. At 70% share, the gross revenues increased by 29% to ₽482.0 million due to higher rental rate and occupancy. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₽799.7 million, which is 19% higher than last year's provision of ₽671.9 million. The effective tax rate for 2017 is 27.7%, slightly higher than 2016's 27.0%, but which is lower than the statutory tax rate of 30.0% due to the Company's share in the income of RBC, which is no longer subject to income tax.

Project and capital expenditures

The Company spent a total of ₱11.8 billion for project and capital expenditures in 2017. Bulk of the expenditures pertained to development costs of Proscenium, PowerPlant Mall Expansion, RBC Sheridan and Santolan Town Plaza.

FINANCIAL CONDITION

Total Assets as of December 31, 2017 amounted to ₱48.9 billion, which grew by 21% from last year's ₱40.4 billion mainly due to completed and ongoing construction of Investment properties as well as recognition of Trade receivables following the completion progress of ongoing residential projects.

Total Liabilities as of December 31, 2017 amounted to ₱31.2 billion, higher than 2016's ₱24.8 billion. The increase in liabilities was mainly from loans availed to fund construction of both residential and commercial projects.

Total Equity as of December 31, 2017 amounted to ₱17.7 billion. The 11% acceleration, which is at par with 2016, is mainly attributable to the ₱2.1 billion Net Income in 2017.

Current ratio as of December 31, 2017 is 2.89x from 3.01x the previous year while Net debt to equity ratio increased to 0.98x in 2017 from 0.92x in 2016.

Causes for any material changes (+/- 5% or more) in the financial statements

<u>Statement of Comprehensive Income Items</u> – 2017 vs. 2016

12% increase in Sale of condominium units
Mainly driven by higher sales bookings of Proscenium and first-time Revenue recognition for 32 Sanson Phase 2, Edades Suites and Vantage projects

12% increase in Interest Income
Mainly due to higher interest income accretion from sales bookings of Proscenium, Edades Suites, and Vantage

10% increase in Lease income
Due to rental rate escalation for retail and office projects, and ramp up of occupancy in 8 Rockwell and RBC Sheridan

12% decrease in Room revenues
Due the discontinuance of Aruga at the Grove serviced apartments

4% decrease in Cinema revenues
Primarily due to fewer blockbuster movies compared to 2016

12% increase in Cost of Real Estate
Primarily due substantial construction completion from Proscenium and start of Revenue and Cost recognition for 32 Sanson Phase 2, Edades Suites and Vantage projects.

16% increase in General and Administrative Expenses
Due to increase in expenses from higher taxes due to higher collection of Upon-Turnover Dues, repairs and maintenance, depreciation and manpower costs.

17% increase in Selling Expenses
Primarily due to higher sales commission and marketing expenses

36% decrease in Interest Expense
Mainly due to higher capitalization of interest

4% increase in Share in Net Income of Joint Venture
Attributable to higher rental rates and higher occupancy of RBC Ortigas

134% decrease in Foreign Exchange Gain
Due to the impact of weaker Peso on the US dollar collections

150% increase in Comprehensive Income
Mainly due to the remeasurement of gain on employee benefits following a strong stock market performance in 2017 and increase in fixed income securities

Balance Sheet items – 2017 vs. 2016

78% increase in Cash and Cash Equivalents
Primarily due to collections from various projects: The Grove, Proscenuim, 32 Sanson Phase 1, and 53 Benitez by Rockwell Primaries, and proceeds from loan borrowings.

40% increase in Trade and Other Receivable
Mainly due to higher sales bookings from Proscenium and projects which started to recognize revenues in 2017, namely: Edades Suites and Vantage.

13% decrease in Advances to Contractors
Due to substantial completion of Mall Expansion, RBC Sheridan and Santolan Town Plaza

16% increase in Condominium Units for Sale
Mainly due to the completion of The Grove E&F in 2017 and the discontinuance of The Grove Serviced Apartments (SA). About 33 SA units were transferred to unit inventory.

4% decrease in Other Current Assets
Mainly due to the release of Restricted cash in upon the issuance of permanent license to sell for the Edades Suites and Fordham (East Bay) projects

47% increase in Investment Properties
Mainly due to substantial construction progress for RBC Sheridan, Santolan Town Plaza and Mall Expansion projects

16% decrease in Land Held for Future Development
Due to the reclassification of Mactan property to Land and Development as development will start in 2018.

17% increase in Available-for-sale investments
Due to fair value remeasurement

72% decrease in Deferred Tax Asset
Mainly due to amortization of past service cost

23% increase in Trade and Other Payables
Mainly attributable to increase in development cost accruals, output VAT payable and higher security deposit from new tenants.

27% increase in Interest Bearing Loan and Borrowings (Current + Non current)
Due to long-term loan drawdown of ₱6.0B, net of repayments

5% increase in Installment Payable – net of current portion
Due to accretion of interest expense

19% increase in Deferred Tax Liabilities
Due to increase in revenue recognition from The Arton, Edades Suites and Vantage.

42% decrease in Pension liability
Mainly due to remeasurement gain on plan assets for the year 2017

57% increase in Deposits and other liabilities
Primarily due to the retention payable for Santolan Town Plaza and Rockwell Primaries Vantage and 53 Benitez, and higher Security deposits resulting from higher occupancy from 8 Rockwell and RBC Sheridan

40% increase in Unrealized Gain in Available-for-Sale Investments
Due to market appreciation of investments

20% increase in Retained Earnings
Due to net income after tax of ₱ 2.1 billion for 2017 net of dividends amounting to ₱ 365 million. Additional appropriation to retained earnings for capital expenditures and asset acquisitions amounted to ₱ 2.0 billion.

II. Review of 2016 versus 2015

The following table shows the breakdown of the revenues by business segment for the periods 2014-2016.

	2016	% to Total	2015	% to Total	2014	% to Total
Residential Development (1)	11,040	87%	6,515	73%	7,408	84%
Commercial Development (2)	1,324	10%	2,147	24%	1,355	15%
Hotel Operations(3)	347	3%	260	3%	90	1%
Total Consolidated Revenues	**12,711**	**100%**	**8,922**	**100%**	**8,853**	**100%**
Share in Net Income (Losses) in JV (4)	*254*		*171*		*103*	

Notes:

5. *Revenues from this segment consist of the following projects in the years indicated: 205 Santolan (2014), Alvendia (2014), Edades (2014), The Grove (2014 to 2016), The Proscenium Towers (2014 to 2016), 53 Benitez (2014 to 2016),32 Sanson (2014 to 2016), Vantage (2016), Edades Suites (2016), Stonewell (2016).*
6. *Revenues from this segment include leasing income, cinema revenues and revenue from sale of office units from 8 Rockwell project. The amounts exclude revenues from RBC. Under the*

Accounting policy for a jointly controlled entity, results of operations of RBC are not consolidated line by line.

7. *Revenues from Hotel Operations come from the operations of Aruga Serviced Apartments in Edades Tower and The Grove.*
8. *These amounts represent the Company's share in the net income after tax of RBC.*

Below is another table showing the breakdown of revenues by type of revenue for the periods 2014-2016.

	2016	% to Total	2015	% to Total	2014	% to Total
Residential Sales[1]	10,834	85%	6,266	70%	7,092	80%
Office Sales[2]	77	1%	1,045	12%	336	4%
Commercial Leasing	915	7%	793	9%	735	8%
Room Revenues	326	3%	260	3%	90	1%
Others[3]	559	4%	558	6%	600	7%
Total Consolidated Revenues	**12,711**	**100%**	**8,922**	**100%**	**8,853**	**100%**

Notes:

4. *Pertains only to sales of condominium units (at present value) and related interest income.*
5. *Pertains to sale of office units (at present value) and related interest income.*
6. *Includes income from Cinema, parking and other income.*

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are as follows:

Residential Development contributed 87% of the total revenues of 2016. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱10.8 billion. The 69% increase in this segment's revenue was largely influenced by the substantial completion of the Proscenium projects and 32 Sanson. EBITDA from this segment amounted to ₱2.2 billion, which represents 64% of the total EBITDA of ₱3.4 billion.

Reservation sales, driven by Proscenium, The Vantage and the launch of Edades Suites, reached a total of ₱11.8 billion, 45% up from last year's ₱8.1 billion.

Commercial Development revenues amounted to ₱1.3 billion. Despite the increase in lease income by 15%, total revenues from the segment was 38% lower than last year's revenues of ₱2.1 billion due to the dip in sale of office units. The Commercial segment contributed 10% of total revenues. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amounted to ₱948.6 million and accounted for 7% of total revenues. This saw a rise of 7% vs. last year's revenues of ₱885.4 million, mainly driven by rental escalation and increase in total leasable area.

- Cinema Operations amounted to ₱220.2 million and comprised 2% of the total revenues. It grew by 1% from last year's ₱217.1 million due to an increase in ticket prices.

- Revenue from sale of office units amount to ₱76.8 million. This pertains to revenue recognized based on completion and related interest income recognized from sale of office units of the Proscenium project. Last year, sale of office spaces at 8 Rockwell amounted to ₱1.0 billion.

- Office Leasing for units located in 8 Rockwell accelerated to ₱78.8 million from ₱1.8 million last year due to increase in occupancy.

- Office Leasing, operated under the Rockwell-Meralco BPO Venture, generated gross revenues of ₱672.8 million, which grew by 29% from last year's ₱519.8 million due to higher occupancy and rent escalation. At its 70% share, the Company generated revenues of ₱471.0 million and a share in net income of ₱254.2 million. To reiterate, only the ₱254.2 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

The Commercial segment's EBITDA amounted to ₱1.1 billion, which composed 33% of the total EBITDA of ₱3.4 billion. EBITDA dipped by 23% from last year's ₱1.5 billion due to the decrease in office unit sales after the majority were sold in the prior year.

Hotel Operations contributed 3% of the total revenues for 2016. Revenues grew by 33% from ₱260.0 to ₱346.7 million, while EBITDA grew by 43% from ₱ 61.8 million to ₱ 88.6 million in 2016, after Aruga at The Grove was launched last April.

Costs and Expenses

Cost of real estate amounted to ₱7.8 billion in 2016, 73% higher than the ₱4.5 billion that was recorded in 2015. The substantial completion of Proscenium and 32 Sanson were the main drivers in the increase in cost.

General and administrative expenses (G&A) amounted to ₱1.6 billion which equated to 12% of the total revenues. The level of expenses grew by 12% vs. last year's ₱1.4 billion. This is mainly attributable to additional expenses incurred from the opening of Aruga at The Grove and higher depreciation expense.

Interest Expense amounted to ₱389.8 million, which is 17% lower than last year's ₱471.2 million. The decrease is primarily due to higher capitalization of interest and lower average interest rate.

Share in Net Losses (Income) of JV recorded a net income of ₱254.2 million, a 49% growth from last year's net income of ₱170.8 million. At 70% share, the gross revenues increased by 29% to ₱471.0 million due to higher rental and occupancy rates. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₱671.9 million, which is 6% higher than last year's provision of ₱633.4 million. The effective tax rate for 2016 is 27%, almost the same as 2015's 28%, which is lower than the statutory tax rate of 30% due to the Company's share in the income of RBC, which is no longer subject to income tax.

Project and capital expenditures

The Company spent a total of ₱12.6 billion for project and capital expenditures in 2016. Bulk of the expenditures pertained to development and land acquisition costs.

FINANCIAL CONDITION

Total Assets as of December 31, 2016 amounted to ₱40.4 billion, which grew by 12% from last year's amount of ₱36.0 billion mainly due to increasing investments in ongoing and new projects.

Total Liabilities as of December 31, 2016 amounted to ₱24.8 billion, higher than 2015's ₱21.9 billion. The increase in liabilities was mainly from loans availed to fund landbanking and construction of projects.

Total Equity as of December 31, 2016 amounted to ₱15.7 billion. The 11% acceleration is mainly attributable to the ₱1.8 billion Net Income in 2016.

Current ratio as of December 31, 2016 is 3.01x from 2.92x the previous year while Net debt to equity ratio increased to 0.91x in 2016 from 0.82x in 2015.

Causes for any material changes (+/- 5% or more) in the financial statements

<u>Statement of Comprehensive Income Items</u> – 2016 vs. 2015

52% increase in Sale of condominium units
Mainly driven by significant construction completion for The Proscenium and higher sales bookings from Proscenium, 32 Sanson, Edades Suites, The Grove and Vantage

34% increase in Interest Income
Mainly due to higher interest income accretion from sales bookings of Proscenium, Edades Suites, 32 Sanson and Vantage

15% increase in Lease income
Due to rental rate escalation for retail and office projects, and ramp up of occupancy in 8 Rockwell and other retail areas

25% increase in Room revenues
Due to higher room rates and occupancy from Aruga Makati, and opening of the Aruga at The Grove

5% increase in Cinema revenues
Primarily due to higher ticket prices

73% increase in Cost of Real Estate
Primarily due substantial construction completion from Proscenium and 32Sanson

12% increase in General and Administrative Expenses
Due to increase in expenses from the opening of Aruga at The Grove and higher depreciation expense

62% increase in Selling Expenses
Primarily due to higher amortization of prepaid costs and higher sales commission expenses

17% decrease in Interest Expense
Mainly due to higher capitalization of interest

49% increase in Share in Net Income of Joint Venture
Attributable to higher rental rates and higher occupancy of RBC Ortigas

39% decrease in Foreign Exchange Gain
Due to the impact of weaker Peso on the US dollar collections

104% increase in Gain on sale of property and equipment
Due to disposal of club equipment

132% increase in Comprehensive Income
Mainly due unrealized gain on fair value remeasurement of available for sale investments gains (loss) and remeasurement of loss on employee benefits based on Revised PAS 19 in 2013

Balance Sheet items – 2016 vs. 2015

36% decrease in Cash and Cash Equivalents
Primarily due to disbursements for the construction of ongoing projects and land acquisitions

5% increase in Trade and Other Receivable
Mainly due to higher sales bookings from Proscenium and 32Sanson

69% increase in Advances to Contractors
Driven by the downpayments to contractors of Proscenium and 32 Sanson

454% increase in Condominium Units for Sale
Mainly due to the completion of The Grove

22% increase in Other Current Assets
Mainly due to increase in restricted cash and higher input VAT

20% increase in Investment Properties
Mainly due to payments for the construction of RBC Sheridan, Santolan Town Plaza and Mall Expansion projects

5% decrease in Investment in Joint Venture
Due to recognized income from RBC-Ortigas operations partially offset by dividends

19% increase in Property, Plant & Equipment
Due to reclassification of serviced apartments from Land and Development Costs

114% increase in Land Held for Future Development
Due to increased landbanking efforts

6% increase in Available-for-sale investments
Due to fair value remeasurement

997% increase in Non-current Trade Receivables
Due to recognition of long-term receivables based on completed projects

61% decrease in Deferred Tax Asset
Mainly due to amortization of past service cost

17% increase in Trade and Other Payables
Mainly attributable to increase in development cost accruals and deposits from pre-selling

22% decrease in Current Portion of Interest Bearing Loan and Borrowings
Due to payment of short-term borrowing

100% decrease in Income Tax Payable
Due to higher creditable withholding taxes

20% increase in Non-current Portion of Interest Bearing Loan and Borrowings
Due to loan availments

12% increase in Installment Payable – net of current portion
Due to additional accretion of interest expense

6% decrease in Pension liability
Mainly due to remeasurement of retirement obligations and additional contributions to plan assets

28% increase in Deposits and other liabilities
Primarily due to the reclassification of the current portion of retention payable

17% increase in Unrealized Gain in Available-for-Sale Investments
Due to market appreciation of investments

21% increase in Retained Earnings
Due to net income after tax of ₱ 1.8 billion for 2016, net of dividends paid amounting to ₱ 330 million. Appropriated retained earnings for to capital expenditures and asset acquisitions in the next 2 years amounted to ₱ 3.0 billion.

III. Review of 2015 versus 2014

The following table shows the breakdown of the revenues by business segment for the periods 2013-2015.

	2015	% to Total	2014	% to Total	2013	% to Total
Residential Development (1)	6,515	73%	7,408	84%	6,815	87%
Commercial Development (2)	2,147	24%	1,355	15%	1,015	13%
Hotel Operations(3)	260	3%	90	1%	-	-
Total Consolidated Revenues	**8,922**	**100%**	**8,853**	**100%**	**7,830**	**100%**
Share in Net Income (Losses) in JV (4)	*171*		*103*		*93*	

Note:

1. *Revenues from this segment consist of the following projects in the years indicated: 205 Santolan (2013 to 2014), Alvendia (2013 to 2014), Edades (2013 to 2014), The Grove (2013 to 2015), The Proscenium Towers (2013 to 2015), 53 Benitez (2013 to 2015),32 Sanson (2014 to 2015).*
2. *Revenues from this segment include leasing income, cinema revenues and revenue from sale of office units from 8 Rockwell project, formerly "Lopez Tower. The amounts exclude revenues from RBC. Under the Accounting policy for a jointly controlled entity, results of operations of RBC are not consolidated line by line.*

3. *Revenues from Hotel Operations come from the operations of Aruga Serviced Apartments in Edades Tower.*
4. *These amounts represent the Company's share in the net income after tax of RBC.*

Below is another table showing the breakdown of revenues by type of revenue for the periods 2013-2015.

	2015	% to Total	2014	% to Total	2013	% to Total
Residential Sales[1]	6,266	70%	7,092	80%	6,573	84%
Commercial Leasing	793	9%	735	8%	727	9%
Office Sales[2]	1,045	12%	336	4%		
Hotel Revenues	260	3%	90	1%		
Others[3]	558	6%	600	7%	530	7%
Total Consolidated Revenues	**8,922**	**100%**	**8,853**	**100%**	**7,830**	**100%**

Note:
1. *Pertains only to sales of condominium units (at present value) and related interest income.*
2. *Pertains to sale of office units (at present value) and related interest income.*
3. *Includes income from Cinema, parking and other income.*

Total revenues for 2015 amounted to P8.9 billion where about 81% came from sale of residential and commercial condominium units, including accretion of interest income. Reservation sales reached ₱8.1 billion, mainly coming from the Proscenium towers.

Total EBITDA amounted to ₱3.1 billion, which is about the same level as last year's. Total EBITDA margin registered at 35% of total revenues for both 2015 and 2014. Contributions to total EBITDA from residential development, commercial development and hotel operations are currently at 51%, 47% and 2%, respectively.

Resulting net income after tax amounts to ₱1.64 billion, up by 5% from previous year's net income of ₱1.56 billion. The net income after tax margin remained at 18% of total revenues. The effective income tax rate is lower than the statutory rate of 30% in 2015 due to the Company's share in the income of RBC, which is no longer subject to income tax.

Business Segments

The details of the individual performance of each business segment, in terms of revenues and EBITDA, are discussed as follows:

Residential Development contributed 73% of the total revenues of 2015. Total revenues reported from the sale of condominium units, including accretion of interest income, amounted to ₱6.3 billion. The 12% decrease in this segment's revenue was primarily due to the lower completion of The Grove, Edades, and Alvendia, which were substantially complete already in 2014. EBITDA from this segment amounted to ₱1.6 billion and contributed 51% to the total EBITDA of ₱3.1 billion.

Commercial Development revenues amounted to ₱2.1 billion, which is 58% higher than last year's revenues of ₱1.4 billion mainly due to sale of some units in 8 Rockwell. This segment contributes 24% to total revenues. This excludes the share in the joint venture (RBC) as this is reported as "Share in Net Losses (Income) of JV" under Other Income (Expenses) and not consolidated line by line in the consolidated financial statements.

The details of the performances per source of revenue stream are explained as follows:

- Revenues from Retail operations amount to ₱795.2 million and accounts for 10% of total revenues. It grew by 7% vs. last year's revenues of ₱825.0 million. This mainly resulted from rental escalation and the replacement of underperforming stores with new and better performing tenants.

- Cinema Operations amounted to ₱ 217.1 million and accounting for 2% of the total revenues. It grew by 12% from last year's ₱194.4 million due to higher ticket sales and higher ticket price.

- Revenue from sale of office units amount to ₱1.0 billion. This revenue pertains to revenue recognized based on completion and related interest income recognized from sale of office units of 8 Rockwell project.

- Office Leasing, operated under the Rockwell-Meralco BPO Venture, generated gross revenues of ₱517.9 million, which is higher by 60% than last year's ₱324.4 million due to higher occupancy of the third tower, which is 100% occupied as of end of the year. At its 70% share, the Company generated revenues of ₱414.3 million and share in net income of ₱170.8 million. To reiterate, only the ₱170.8 million share in net income of RBC is reflected in the Company's consolidated statements of comprehensive income as "Share in Net Losses (Income) of JV".

The segment's EBITDA amounted to ₱1.5 billion, which accounts for 47% of the total EBITDA of ₱3.1 billion. EBITDA grew by 49% from last year's ₱980.7million mainly resulting from sale of office units and improved performance of Retail and Office operations.

Hotel Operations contributed 3% of the total revenues for 2015. Revenues grew by 190% from ₱89.6 to ₱260.0 million, while EBITDA grew by 974% from ₱ 5.8 million to ₱ 61.8 million in 2015, since the serviced apartments has become fully operational.

Costs and Expenses

Cost of real estate amounted to ₱4.5 billion in 2015. This is 5% lower than the ₱4.7 billion that was recorded in 2014 due to the lower construction completion for projects completed in 2014 and 2015.

General and administrative expenses (G&A) amounted to ₱1.4 billion and represents 16% of the total revenues. The level of expenses grew by 26% vs. last year's ₱1.1 billion. This is mainly attributable to expenses incurred by serviced apartments operations, which only started on the 2nd half of last year, and higher manpower costs.

Interest Expense amounted to ₱471.2 million, which is 22% lower than last year's ₱603.8 million. The decrease is primarily due to lower debt level of Php13.8 billion as of December 2015 vs December 2014's P15.0 billion. By end of 2015, average interest rate of 5.0%, slightly higher from last year's 4.8%.

Share in Net Losses (Income) of JV recorded a net income of ₱170.8 million. This is a 66% increase from last year's net income of ₱102.8 million. At 70% share, the gross revenues increased by 60% to ₱ 414.3 million due to higher average occupancy rate of RBC's 3rd tower. The share in net income is reported net of taxes and represents the Company's share in the operations generated by RBC.

Provision for Income Tax

Provision for income tax amounted to ₽633.4 million, which is 3% higher than last year's provision of ₽613.4 million. The effective tax rate for 2014 and 2015 is 28%, which is lower than the statutory tax rate of 30% due to the Company's share in the income of RBC, which is no longer subject to income tax.

Project and capital expenditures

The Company spent a total of ₽7.4billion for project and capital expenditures in 2015, which is 15% lower than same period last year. The decrease was primarily due lower disbursements for projects already completed in 2014 and early 2015.

FINANCIAL CONDITION

Total Assets as of December 31, 2015 amounted to ₽36.0billion, which decreased by 8% from last year's amount of ₽39.2 billion mainly due to lower Cash balance.

Total Liabilities as of December 31, 2015 amounted to ₽21.9 billion, lower than 2014's ₽26.3 billion. The decrease in liabilities was primarily attributable to payment of trade and other liabilities and partial principal loan payment.

Total Equity as of December 31, 2015 amounted to ₽14.2 billion. The 10% increase in equity is mainly attributable to the ₽ 1.6 billion Net Income in 2015.

Current ratio as of December 31, 2015 is 2.92x from 2.47x the previous year while Net debt to equity ratio increased to 0.82x in 2015 from 0.70x in 2014.

Causes for any material changes (+/- 5% or more) in the financial statements

<u>Statement of Comprehensive Income Items</u> – 2015 vs. 2014

8% increase in Lease income
Mainly due to rental rate escalation, and opening of new retail spaces in Edades Tower and 8 Rockwell

12% decrease in Interest Income
Lower interest income from The Grove CD because of its substantial completion and start of turnover last year

11% increase in Cinema revenues
Mainly due to higher ticket sales and ticket price increase

190% increase in Hotel revenues
Primarily due to revenues derived from the full year operations of Aruga serviced apartments

8% increase in Other revenues
Primarily due to other hotel segment-related revenues

5% decrease in Cost of Real Estate
Primarily due to lower construction completion from substantially complete projects, namely, The Grove, Edades, and Alvendia

26% increase in General and Administrative Expenses

Mainly attributable to expenses incurred by serviced apartments operations, from its full year of operations

41% increase in Selling Expenses
Primarily due to higher sales commission expenses

22% decrease in Interest Expense
Primarily due to lower debt level and higher capitalization of interest

66% increase in Share in Net Income of Joint Venture
Mainly due to additional rental revenue from higher occupancy of RBC Tower 3

127% increase in Foreign Exchange Gain
Due to increase in U.S. dollar collections mainly from Proscenium project

440% increase in Comprehensive Income
Mainly due to remeasurement of gains (loss) on employee benefits based on Revised PAS 19 in 2013

Balance Sheet items – 2015 vs. 2014

62% decrease in Cash and Cash Equivalents
Primarily due to capital expenditures for the construction of ongoing projects and loan principal payments

9% decrease in Trade and Other Receivable
Mainly due to higher collections from The Grove, and Edades Tower, and Alvendia

28% increase in Advances to Contractors
Primarily due to down payment to contractors for Proscenium project

6% increase in Other Current Assets
Mainly due to higher prepaid sales & marketing costs for Proscenium and input VAT

63% decrease in Non-current Trade Receivables
Due to reclassification to current year for accounts receivable due within one year

8% increase in Investment Properties
Mainly due to from the completion of 8 Rockwell, and construction in progress of RBC Sheridan and Santolan Town Plaza

6% increase in Investment in Joint Venture
Mainly due to recognized income from RBC operations

16% increase in Property, Plant & Equipment
Due to acquisition of additional property & equipment

88% increase in Land Held for Future Development
Due to land acquisitions in 2015

134% increase in Deferred Tax Asset
Due to increase of advanced rental income and pension cost

30% decrease in Other Non-Current Assets
Due to decrease in deferred input VAT

35% decrease in Trade and Other Payables
Mainly attributable to payment of trade and other project-related payables.

30% increase in Current Portion of Interest Bearing Loan and Borrowings
Due to additional P0.5 billion short term borrowing in 2015

100% decrease in Current Portion of Installment Payable
Due to its payment in 2015.

357% increase in Income Tax Payable
Due to application of creditable withholding tax in 2015.

13% decrease in Non-current Portion of Interest Bearing Loan and Borrowings
Due to reclassification to current portion of loan amortization.

8% increase in Deferred Tax Liabilities
Primarily due to increase in revenue recognition for The Grove EF, Proscenium, Lincoln, Sakura and 32 Sanson

77% increase in Accrued Pension Costs
Due to provision for retirement benefits for the year 2015.

55% increase in Deposits and other liabilities
Primarily due to increase in retention payable for The Grove CD, 8 Rockwell and Edades.

9% increase in Unrealized Gain in Available-for-Sale Investments
Due to market appreciation of the investments

21% increase in Retained Earnings
Due to net income after tax of P1.6 billion for 2015, net of dividends paid.

ANNEX D

ROCKWELL LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ROCKWELL LAND 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, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors (Trustees) reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

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

MANUEL M. LOPEZ	**NESTOR J. PADILLA**	**ELLEN V. ALMODIEL**
Chairman of the Board	Chief Executive Officer	Chief Financial Officer

Signed this 10th day of April 2018.

SUBSCRIBED AND SWORN to before me this day 1_(April 2018 at Makati City, affiant exhibiting to me his/her Passport as follows:

NAME	**PASSPORT NO.**	**DATE ISSUED**	**PLACE ISSUED**
Manuel M. Lopez	EC4033188	25 April 2015	DFA Manila
Nestor J. Padilla	P3279524A	03 June 2017	DFA NCR Central
Ellen V. Almodiel	EC3260629	26 January 2015	DFA NCR Central

Doc No. 12 ;
Page No. 4 ;
Book No. VI ;
Series of 2018.

FREDERICK R. TAMAYO
Notary Public for Makati City
until December 31, 2018
Roll of Attorneys No. 46115
IBP No. 034122 / 03.01.18 / Bulacan
PTR No 6699417 / 02.28.18 / Makati City
MCLE Compliance No. V-0012372

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SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Rockwell Land Corporation
The Garage at Rockwell Center
Estrella St., Rockwell Center
Makati City

Opinion

We have audited the consolidated financial statements of Rockwell Land Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, 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, 2017, 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 Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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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.

Accounting for Real Estate Revenue and Cost under Percentage of Completion Method

The Group applies the percentage of completion (POC) method in determining real estate revenue and costs. The POC is based on physical completion of the real estate project. The cost of real estate sold is determined on the basis of the total estimated costs applied with the POC of the project. The Group's real estate revenue and costs accounts for 75% of the total consolidated revenue and the total consolidated expenses, respectively. The assessment of the physical stage of completion and the total estimated costs requires technical determination by management's project development engineers. In addition, the Group considers a certain percentage of collection over the total selling price (buyer's equity), as one of the criteria in order to initiate revenue recognition. The percentage is representative of the buyer's continuing commitment with the sales agreement and the level at which management has assessed the probability of inflow of economic benefits to the Group. The assessment of the stage of completion, total estimated costs and level of buyer's equity involves significant management judgment and estimates as disclosed in Note 5 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's processes for determining the POC and for determining and updating the total estimated costs, and performed tests of the relevant controls of these processes. We obtained the certified POC reports prepared by the project development engineers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of the POC reports showing the completion of the major activities of the project construction. We obtained the approved total estimated costs and any revisions thereto, including supporting documents such as project contracts and contractor's billings, and made relevant inquiries. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers for each project.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, 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, 2017 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

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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 Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
SEC Accreditation No. 1621-A (Group A),
March 21, 2017, valid until March 20, 2020
Tax Identification No. 205-947-572
BIR Accreditation No. 08-001998-126-2017,
February 9, 2017, valid until February 8, 2020
PTR No. 6621282, January 9, 2018, Makati City

March 21, 2018

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018 TSIS
MA. GRACIA AURORA L. CASTILLO

Securities and Exchange Commission
Electronic Records Management Division
APR 16 2018
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

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

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 29 and 30)	₱2,562,942	₱1,440,860
Trade and other receivables (Notes 8, 29 and 30)	13,371,478	9,519,194
Land and development costs (Notes 6, 9, 12, 14, 15, 16, 18 and 28)	8,890,906	9,301,507
Advances to contractors (Note 9)	2,296,859	2,637,680
Condominium units for sale	717,389	620,947
Other current assets (Notes 10, 16, 29 and 30)	1,528,160	1,599,159
Total Current Assets	29,367,734	25,119,347
Noncurrent Assets		
Investment properties (Notes 12 and 15)	11,668,243	7,929,445
Investment in joint venture (Note 13)	2,881,116	2,879,249
Property and equipment (Notes 14 and 15)	2,841,446	2,736,986
Land held for future development (Note 9)	1,190,715	1,422,094
Noncurrent trade receivables (Notes 8, 29 and 30)	717,319	118,248
Available-for-sale investments (Notes 11, 29 and 30)	19,658	16,808
Deferred tax assets - net (Note 25)	694	2,468
Other noncurrent assets (Note 16)	212,072	213,127
Total Noncurrent Assets	19,531,263	15,318,425
	₱48,898,997	₱40,437,772
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 4, 9, 17, 18, 24, 29 and 30)	₱8,148,916	₱6,636,153
Current portion of interest-bearing loans and borrowings (Notes 6, 9, 12, 14, 15, 29 and 30)	2,020,014	1,711,506
Total Current Liabilities	10,168,930	8,347,659
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 9, 12, 14, 15, 29 and 30)	17,888,752	13,922,440
Deferred tax liabilities - net (Note 25)	1,066,216	893,659
Installment payable (Note 16)	544,957	521,054
Pension liability - net (Note 24)	102,634	176,468
Deposits and other liabilities (Notes 9, 17, 18, 24, 29 and 30)	1,412,750	898,103
Total Noncurrent Liabilities	21,015,309	16,411,724
Total Liabilities	31,184,239	24,759,383

(Forward)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018 TSIS
MA. GRACIA AURORA L. CASTILLO

	December 31	
	2017	2016
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Notes 19 and 20)	**₱6,270,882**	₱6,270,882
Additional paid-in capital	**28,350**	28,350
Unrealized gain on available-for-sale investments (Note 11)	**8,516**	6,093
Other equity adjustments (Note 20)	**291,162**	291,162
Share-based payments (Note 19)	**69,700**	69,700
Retained earnings (Note 20)		
Appropriated	**5,000,000**	3,000,000
Unappropriated	**5,659,266**	5,884,246
	17,327,876	15,550,433
Less cost of treasury shares (Notes 1 and 20)	**(185,334)**	(185,334)
Total Equity Attributable to Equity Holders of the Parent Company	**17,142,542**	15,365,099
Non-controlling interests (Note 6)	**572,216**	313,290
Total Equity	**17,714,758**	15,678,389
	₱48,898,997	₱40,437,772

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31		
	2017	2016	2015
REVENUE			
Sale of condominium units	**P10,777,599**	P9,602,054	P6,336,931
Interest income (Notes 7 and 21)	**1,479,907**	1,323,216	988,329
Lease income (Note 12)	**1,006,952**	914,783	793,368
Room revenue (Note 14)	**285,730**	325,951	260,002
Cinema revenue	**211,316**	220,226	210,421
Others (Note 13)	**541,889**	325,073	333,178
	14,303,393	12,711,303	8,922,229
EXPENSES			
Cost of real estate (Notes 9, 12 and 22)	**8,739,992**	7,777,643	4,496,722
General and administrative expenses (Notes 8, 14, 22, 23, 24 and 27)	**1,809,269**	1,565,741	1,394,957
Selling expenses (Notes 22 and 23)	**877,702**	748,202	460,931
	11,426,963	10,091,586	6,352,610
INCOME BEFORE OTHER INCOME (EXPENSES)	**2,876,430**	2,619,717	2,569,619
OTHER INCOME (EXPENSES)			
Interest expense (Notes 15 and 22)	**(250,983)**	(389,848)	(471,188)
Share in net income of joint venture (Note 13)	**264,763**	254,231	170,844
Foreign exchange gain - net (Note 29)	**(1,378)**	4,026	6,586
Gain (loss) on sale of property and equipment (Note 14)	**–**	5	(130)
	12,402	(131,586)	(293,888)
INCOME BEFORE INCOME TAX	**2,888,832**	2,488,131	2,275,731
PROVISION FOR INCOME TAX (Note 25)	**799,661**	671,897	633,386
NET INCOME	**2,089,171**	1,816,234	1,642,345
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on available-for-sale investments (Note 11)	**2,850**	1,000	500
Income tax effect	**(427)**	(100)	(50)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on employee benefits (Note 24)	**42,515**	7,792	(57,459)
Income tax effect	**(12,755)**	3,938	16,851
	32,183	12,630	(40,158)
TOTAL COMPREHENSIVE INCOME	**P2,121,354**	P1,828,864	P1,602,187
Net Income Attributable To			
Equity holders of the Parent Company	**P2,110,245**	P1,823,981	P1,643,731
Non-controlling interests	**(21,074)**	(7,747)	(1,386)
	P2,089,171	P1,816,234	P1,642,345
Total Comprehensive Income Attributable To			
Equity holders of the Parent Company	**P2,142,428**	P1,836,184	P1,603,953
Non-controlling interests	**(21,074)**	(7,320)	(1,766)
	P2,121,354	P1,828,864	P1,602,187
Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)			
Basic	**P0.3447**	P0.2979	P0.2685
Diluted	**P0.3442**	P0.2977	P0.2682

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 20)	Additional Paid-in Capital	Unrealized Gain on Available-for-Sale Investments (Note 11)	Other Equity Adjustments (Note 20)	Share-based Payments (Note 19)	Retained Earnings (Note 20) Appropriated	Retained Earnings (Note 20) Unappropriated	Treasury Shares (Notes 1 and 20)	Total	Non-controlling Interests (Notes 4 and 6)	Total Equity
Balance at December 31, 2016	₱6,270,882	₱28,350	₱6,093	₱291,162	₱69,700	₱3,000,000	₱5,884,246	(₱185,334)	₱15,365,099	₱313,290	₱15,678,389
Net income	–	–	–	–	–	–	2,110,245	–	2,110,245	(21,074)	2,089,171
Other comprehensive income (Notes 11 and 24)	–	–	2,423	–	–	–	29,760		32,183	–	32,183
Total comprehensive income	–	–	2,423	–	–	–	2,140,005	–	2,142,428	(21,074)	2,121,354
Appropriation (Note 20)	–	–	–	–	–	2,000,000	(2,000,000)	–	–	–	–
Cash dividends (Note 20)	–	–	–	–	–	–	(364,985)	–	(364,985)	–	(364,985)
Non-controlling interests arising from incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	280,000	280,000
Balance at December 31, 2017	₱6,270,882	₱28,350	₱8,516	₱291,162	₱69,700	₱5,000,000	₱5,659,266	(₱185,334)	₱17,142,542	₱572,216	₱17,714,758
Balance at December 31, 2015	₱6,270,882	₱28,350	₱5,193	₱291,162	₱69,700	₱–	₱7,379,082	(₱185,334)	₱13,859,035	₱320,610	₱14,179,645
Net income	–	–	–	–	–	–	1,823,981	–	1,823,981	(7,747)	1,816,234
Other comprehensive income (Notes 11 and 24)	–	–	900	–	–	–	11,303	–	12,203	427	12,630
Total comprehensive income	–	–	900	–	–	–	1,835,284	–	1,836,184	(7,320)	1,828,864
Appropriation (Note 20)	–	–	–	–	–	3,000,000	(3,000,000)	–	–	–	–
Cash dividends (Note 20)	–	–	–	–	–	–	(330,120)	–	(330,120)	–	(330,120)
Balance at December 31, 2016	₱6,270,882	₱28,350	₱6,093	₱291,162	₱69,700	₱3,000,000	₱5,884,246	(₱185,334)	₱15,365,099	₱313,290	₱15,678,389
Balance at December 31, 2014	₱6,270,882	₱28,350	₱4,743	₱291,162	₱69,700	₱–	₱6,089,792	(₱185,334)	₱12,569,295	₱322,376	₱12,891,671
Net income	–	–	–	–	–	–	1,643,731	–	1,643,731	(1,386)	1,642,345
Other comprehensive loss (Notes 11 and 24)	–	–	450	–	–	–	(40,228)	–	(39,778)	(380)	(40,158)
Total comprehensive income	–	–	450	–	–	–	1,603,503	–	1,603,953	(1,766)	1,602,187
Cash dividends (Note 20)	–	–	–	–	–	–	(314,213)	–	(314,213)	–	(314,213)
Balance at December 31, 2015	₱6,270,882	₱28,350	₱5,193	₱291,162	₱69,700	₱–	₱7,379,082	(₱185,334)	₱13,859,035	₱320,610	₱14,179,645

See accompanying Notes to Consolidated Financial Statements.

ROCKWELL LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**P2,888,832**	P2,488,131	P2,275,731
Adjustments for:			
Interest income (Notes 7 and 21)	**(1,479,907)**	(1,323,216)	(988,329)
Depreciation and amortization (Note 22)	**491,711**	500,265	335,687
Share in net income of joint venture (Note 13)	**(264,764)**	(254,231)	(170,844)
Interest expense (Notes 15 and 22)	**250,983**	389,848	471,188
Pension expense, net of contributions (Note 24)	**(31,319)**	(3,236)	24,396
Unrealized foreign exchange gain – net	**1,378**	(4,026)	(6,586)
Loss (gain) on sale of property and equipment (Note 14)	**–**	(5)	130
Operating income before working capital changes	**1,856,914**	1,793,530	1,941,373
Decrease (increase) in:			
Trade and other receivables	**(3,398,673)**	689,594	1,796,205
Land and development costs	**218,761**	(1,537,448)	436,596
Advances to contractors	**340,821**	(1,079,003)	(338,850)
Condominium units for sale	**363,253**	64,568	(1,244)
Other current assets	**485,613**	(291,161)	(70,374)
Increase (decrease) in trade and other payables	**1,449,808**	813,292	(3,002,175)
Net cash generated from operations	**1,316,497**	453,372	761,531
Income taxes paid	**(638,511)**	(590,617)	(521,950)
Interest paid	**(162,311)**	(383,093)	(403,651)
Net cash provided by (used in) operating activities	**515,675**	(520,338)	(164,070)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties (Note 12)	**(3,521,458)**	(1,453,229)	(493,485)
Property and equipment (Note 14)	**(733,323)**	(558,814)	(419,178)
Land held for future development	**(97,960)**	(365,826)	(664,595)
Dividends received (Note 13)	**262,896**	405,445	–
Increase in other noncurrent assets	**1,055**	(2,427)	–
Interest received	**12,611**	30,987	56,241
Proceeds from sale of property and equipment	**5,199**		
Net cash used in investing activities	**(4,070,980)**	(1,943,864)	(1,521,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of loans and borrowings (Note 15)	**6,250,000**	5,000,000	500,000
Payments of:			
Interest-bearing loans and borrowings (Note 15)	**(1,968,527)**	(3,213,954)	(1,709,284)
Debt issue cost (Note 15)	**(35,000)**	(20,000)	–
Dividends (Note 20)	**(362,355)**	(309,171)	(306,588)
Installment payable	**–**	–	(799,755)
Increase in deposits and other liabilities	**514,647**	194,950	247,633
Subsidiary's issuance of shares to non-controlling interest	**280,000**	–	–
Net cash provided by (used in) financing activities	**4,678,765**	1,651,825	(2,067,994)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,378)**	4,026	6,586

(Forward)

	Years Ended December 31		
	2017	2016	2015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P1,122,082	(P808,351)	(P3,746,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,440,860	2,249,211	5,995,706
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P2,562,942	P1,440,860	P2,249,211

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018 TSIS
MA. GRACIA AURORA L. CASTILLO

1. Corporate Information

Rockwell Land Corporation (Rockwell Land or the Parent Company) is incorporated in the Philippines and is engaged in real estate development and sale or lease of condominium and commercial units and lots. The Parent Company's corporate life is 50 years and can be extended for another 50 years on or within five years before the expiration of its term.

The Parent Company's principal office address is The Garage at Rockwell Center, Estrella St., Rockwell Center, Makati City.

Rockwell Land became a public company in 2012 following the declaration of 51% ownership by Manila Electric Company (Meralco) as property dividend in favor of common stockholders, except for foreign common shareholders who were paid the cash equivalent of the property dividend (see Note 20).

As at December 31, 2017 and 2016, First Philippine Holdings Corporation (FPHC) owns 86.58% of Rockwell Land and the rest by the public. Lopez, Inc. is the ultimate parent company.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 21, 2018.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is 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 have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS), including Interpretations issued by the Financial Reporting Standards Council.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Rockwell Land and its subsidiaries (collectively referred to as the "Group"). Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

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

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent 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 Parent Company's voting rights and potential voting rights.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent 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 Parent Company gains control until the date the Parent 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, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

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 resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Parent Company and are presented in the profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries it controls:

		Percentage of Ownership		
Subsidiaries	Nature of Business	2017	2016	2015
Rockwell Integrated Property Services, Inc.	Service provider	100.0	100.0	100.0
Rockwell Primaries Development Corporation (Rockwell Primaries)	Real estate development	100.0	100.0	100.0
Stonewell Property Development Corporation	Real estate development	100.0	100.0	100.0
Primaries Properties Sales Specialists Inc.	Marketing	100.0	100.0	100.0
Rockwell Hotels & Leisure Management Corp.	Hotel management	100.0	100.0	100.0
Rockwell Leisure Club, Inc. (Rockwell Club)	Leisure club	76.4	76.7	77.0
Retailscapes Inc. (Retailscapes)	Commercial development	100.0	100.0	100.0
Rockwell Primaries South Development Corporation (Rockwell Primaries South)	Real estate development	60.0	60.0	60.0
Rockwell MFA Corp. (Rock MFA)*	Real estate development	80.0	–	–

*Incorporated in August 2017

All subsidiaries are incorporated in the Philippines.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018 TSIS
MA. GRACIA AURORA L. CASTILLO

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

3. **Changes in Accounting Policies and Disclosures**

Changes in Accounting Policies
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following amended PAS and PFRS which were adopted effective beginning January 1, 2017. Except as otherwise indicated, adoption of the new standards and amendments has no significant impact on the Group's consolidated financial statements.

- Amendment to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

  Adoption of these amendments did not have any impact on the consolidated financial statements.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*

  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

  The Group has provided the required information in Note 33 to the consolidated financial statements. As allowed under the transition provisions of the standard, the Group did not present comparative information for the year ended December 31, 2016.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The Group is currently assessing the potential effect of the amendments on its consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

  The amendments are not applicable to the Group since none of the entities within the Group have activities that are connected with insurance or issue insurance contracts.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  In 2017, the Group performed its initial impact assessment of all three phases of PFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information becoming available to the Group when it adopts PFRS 9 in 2018. The Group is still finalizing the impact of adopting this standard.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

  Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of this interpretation.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Group is still assessing the impact of adopting these amendments.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Group is still assessing the impact of adopting these amendments.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:

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

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

  The Group is currently assessing the impact of adopting this interpretation.

Deferred effectivity

- Amendments to PFRS 10 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, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

4. **Summary of Significant Accounting Policies**

Current Versus Non-current Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when:
- It is expected to be realized or intended to be sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, 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 current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group 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 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.

Financial Assets and Financial Liabilities
Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss.

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets and financial liabilities are classified into the following categories: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this classification at each financial year-end.

Financial Assets

Financial Assets at Fair Value through Profit or Loss (FVPL). Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognized in the consolidated statement of comprehensive income.

Financial assets may be designated by management at initial recognition as at fair value through profit or loss when any of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis; or
- the assets are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivative instruments are also classified under this category unless they are designated as effective hedges under hedge accounting. Assets classified under this category are carried at fair value in the consolidated statement of financial position.

As at December 31, 2017 and 2016, the Group has no financial assets and liabilities at FVPL.

Derivative Financial Instruments. Derivative instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Group has no bifurcated embedded derivatives as at December 31, 2017 and 2016.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. The effective interest amortization is recorded in "Interest income" account in the consolidated statement of comprehensive income. Assets in this category are included in the current assets, except for maturities more than 12 months after the end of the reporting period, which are classified as noncurrent assets.

This category includes the Group's cash and cash equivalents, trade receivables from sale of condominium units and lease, advances to officers and employees, other receivables, refundable deposits and restricted cash (see Notes 7, 8 and 10).

Held-to-Maturity Investments. Non-derivative quoted financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the EIR method, less impairment. 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 in interest income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized as interest expense in the consolidated statement of comprehensive income.

The Group has no held-to-maturity investments as at December 31, 2017 and 2016.

Available-for-sale Financial Assets. Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs of liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are measured at fair value with unrealized gains or losses being recognized as other comprehensive income in the consolidated statement of comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income section is transferred to other income (expenses) section of the consolidated statement of comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are valued at cost. Assets under this category are classified as current assets if the Group intends to hold the assets within 12 months from financial reporting date and as noncurrent assets if it is more than a year from financial reporting date.

This category includes mainly the Parent Company's investments in Manila Polo Club shares and Meralco preferred shares (see Note 11).

Financial Liabilities

Financial Liabilities at Fair Value through Profit or Loss. Financial liabilities are classified in this category if these result from trading activities or derivatives transaction that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

The Group has no financial liabilities at fair value through profit or loss as at December 31, 2017 and 2016.

Other Financial Liabilities. The Group's financial liabilities classified under this category include mainly interest-bearing loans and borrowings. All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs, if any.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

This category includes the Group's trade and other payables (excluding statutory payables), interest-bearing loans and borrowings, installment payable, retention payable and security deposits (see Notes 15, 16, 17 and 18).

Fair Value Measurement

The Group measures financial instruments at fair value at each financial reporting date. The fair value information of certain financial and nonfinancial assets and liabilities are also required to be disclosed in the consolidated financial statements.

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Group 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 Profit. Where 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 difference between the transaction price and fair value (a Day 1 profit) is recognized in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 profit amount. The Group has determined that the discounted cash flow analysis using credit-adjusted Philippine Dealing and Exchange Corporation (PDEx) interest rates is appropriate in determining the fair value of retention payable, with the Day 1 profit treated as a reduction from "Land and development costs" as these are directly related to project development (see Notes 9 and 18).

Offsetting of Financial Instruments
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 legal right to offset the recognized amounts; and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, when applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or

- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right 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 asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as a 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 Group; 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 Group 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. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Impairment of Financial Assets

The Group assesses at each financial reporting date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the consolidated statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The Group considers breach of contract, such as default or delinquency in interest or principal payments as objective evidence that a financial asset or group of assets is impaired. For both specific and collective assessment, any collateral and credit enhancement are considered in determining the amount of impairment loss. The carrying amount of an impaired financial asset is reduced through an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Financial assets, particularly trade receivables, are written off to the extent of the amount determined by management to be uncollectible. Those with pending cases in court are recommended for write-off, subject to management's approval.

Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-Sale Financial Assets. The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of comprehensive income, is transferred from other comprehensive income to profit or loss in the consolidated statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognized as part of profit or loss but as part of other comprehensive income in the consolidated statement of comprehensive income. Reversals of impairment losses on debt instruments are generally reversed through the consolidated statement of comprehensive income as part of profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss as recognized in the consolidated statement of comprehensive income.

Land and Development Costs and Condominium Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land cost
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less specifically identifiable estimated costs of completion and the estimated costs of sale. As at year-end, condominium units for sale are stated at cost.

Land acquisitions expected to be launched beyond the following year are presented as "Land held for future development" in the consolidated statements of financial position.

Advances to Contractors
Advances to contractors represent advance payments on services to be incurred in connection with the Group's operations. These are capitalized to projects under "Land and development costs" account in the consolidated statement of financial position, upon actual receipt of services, which is normally within 12 months or within the normal operating cycle. These are considered as nonfinancial instruments as these will be applied against future billings from contractors normally within one year.

Investment Properties
Investment properties represent land, building, structures and improvements of the mall (the "Power Plant"), 8 Rockwell, other structures held for lease within the Rockwell Center and The Grove, and land held for appreciation. These, except land, are measured initially at cost, including transaction costs, less accumulated depreciation and any impairment in value. The carrying amount 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. Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of investment properties, except for land. Investment properties are estimated to have a useful life of 5 to 35 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of comprehensive income in the period of derecognition.

The investment properties' estimated useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

When each major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied.

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. 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. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investment properties in progress pertain to projects under construction and are stated at cost which includes cost of construction and other direct costs. Investment properties in progress are not depreciated until such time that the relevant assets are completed and become available for operational use.

Property Acquisition

When property is acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investment in Joint Venture

The Parent Company recognizes its interest in a joint venture as an investment and accounts for the investment using the equity method. Under the equity method, the investment in joint venture is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Parent Company's share in net assets of the joint venture, less any impairment in value. The consolidated statement of comprehensive income reflects the Parent Company's share in the results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealized gains arising from transactions with the joint venture are eliminated to the extent of the Parent Company's interest in the joint venture against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred. The financial statements of the joint venture are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Upon loss of joint control, the Parent Company measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

Property and Equipment

Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, net of accumulated depreciation and/or impairment in value, if any. Such cost includes the cost of replacing part of such property and equipment, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Land is carried at cost (initial purchase price and other costs directly attributable in bringing such assets to its working condition) less any impairment in value.

Depreciation and amortization is calculated for each significant item or part of an item of property and equipment on a straight-line basis over the following estimated useful lives:

Buildings and improvements	15–40 years
Office furniture and other equipment	1–10 years
Transportation equipment	3–5 years

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

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 from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed at each financial year end, and adjusted prospectively if appropriate.

When each 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.

Construction in progress pertains to serviced apartments under construction and is stated at cost which includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and become available for operational use. Upon completion, it will be depreciated over a period of 5 to 25 years.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (e.g., investment properties, investment in joint venture and property and equipment) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. Those budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amounts, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Condominium Units. The Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sale of completed real estate projects is accounted for using the full accrual method.

For revenue from sales of uncompleted real estate projects, in accordance with Philippine Interpretation Committee Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering and design work, execution of construction contracts, site clearance and preparation, excavation, and completion of the building foundation are finished), and the costs incurred or to be incurred can be reliably measured. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers is recognized as "Deposits from pre-selling of condominium units" account under "Trade and other payables" account in the consolidated statement of financial position (see Note 17).

Any excess of collections over the recognized receivables are presented as part of "Trade and other payables" account in the consolidated statement of financial position (see Note 17).

Cost of real estate sold is recognized consistent with the revenue recognition method applied. Cost of condominium units sold before completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by in-house technical staff.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Contract costs include all direct materials and labor costs and those direct costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Other costs incurred during the pre-selling stage to sell real estate are capitalized as prepaid costs and shown as part of “Other current assets” account in the consolidated statement of financial position if they are directly associated with and their recovery is reasonably expected from the sale of real estate that are initially being accounted for as deposits (see Note 10). Capitalized selling costs shall be charged to expense in the period in which the related revenue is recognized as earned.

Interest. Revenue is recognized using the effective interest, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Unearned discount is recognized as income over the terms of the related financial assets at amortized cost (i.e., loans and receivables) using the effective interest method and is shown as deduction to the related financial assets.

Lease. Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms or based on the terms of the lease, as applicable.

Room Revenue. Room revenue is recognized when services are performed. Deposits received from customers in advance on rooms or other services are recorded as liabilities until services are provided to the customers.

Cinema, Mall and Other Revenues. Revenue is recognized when services are rendered.

Membership Dues (presented under Other Revenue). Membership dues are recognized as revenue in the applicable membership period. Membership dues received in advance are recorded as part of “Trade and other payables - others” under the current liabilities section of the consolidated statement of financial position.

Income from Recreational Facilities (presented under Other Revenue). Revenue is recognized as the services are provided to or the rights are used by the members.

Operating Leases

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an 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 bases as lease income.

As a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income or capitalized in the consolidated statement of financial position (in case of leases directly related to construction) on a straight-line basis over the lease term.

As a lessor

Leases where the Group does not transfer substantially all the risks and benefits 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 bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity
When the Parent Company issues its par value shares, the proceeds shall be credited to the "Capital stock" account in the consolidated statement of financial position to the extent of the par value, with any excess being reflected as "Additional paid-in-capital" account in the consolidated statement of financial position. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Other equity adjustments represent the difference between the fair value of the consideration and the book value of the shares sold of the non-controlling interests.

Retained earnings represent the Group's accumulated earnings, net of dividends declared. This includes the accumulated equity in undistributed earnings of the consolidated subsidiaries which are not available for dividends until declared by the subsidiaries.

Treasury Shares
Acquisitions of treasury shares are recorded at cost. Own equity instruments which are reacquired are deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issuance or the cancellation of the Parent Company's own equity instruments.

Share-based Payment Transactions
Employees (including directors) of the Parent Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions. The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date the option is granted. The fair value is determined using Binomial Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than the conditions linked to the price of the shares of the Parent Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized in profit or loss with a corresponding increase in "Share-based payments" account in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest at that date. The cost of share-based payment is recognized in the consolidated statement of comprehensive income as part of "Personnel expenses" account under "General and administrative expenses" account.

No expense is recognized for awards that do not ultimately vest.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled with payment, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 31).

Pension Costs and Other Employee Benefits
The Group has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of general and administrative and selling expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation 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 obligation or asset is recognized under general and administrative expenses in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) 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. Remeasurements recognized in other comprehensive income are closed to retained earnings at the end of every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund. 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).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. Employee entitlements beyond 12 months are recognized as part of the noncurrent portion of other employee benefits liability.

Income Tax

Current Income Tax. Current income tax assets and liabilities for the current period 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 financial reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the financial reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred tax assets and liabilities, however, are not recognized when the deductible and taxable temporary differences arise 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.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future 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 financial 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 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 at the financial reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax on share-based payments is recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except: where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from and payable to the tax authority is included as part of “Other current assets” and “Trade and other payables” accounts in the consolidated statement of financial position. Deferred output VAT, however, is shown separately under “Trade and other payables” account in the consolidated statement of financial position.

Deferred input VAT relating to the unpaid portion of the acquisition cost of the asset expected to be settled beyond the succeeding year is recognized under “Other noncurrent assets” account in the consolidated statement of financial position.

Foreign Currency-Denominated Transactions
The consolidated financial statements are presented in Philippine peso, which is the Group’s functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. All other borrowing costs are expensed in the period in which they occur.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the

expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to 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 notes to the 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 Group's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding.

Diluted earnings per share attributable to equity holders of the Parent Company is calculated in the same manner assuming that, the weighted average number of common shares outstanding is adjusted for potential common shares from the assumed exercise of convertible stock options. Outstanding convertible stock options will have a dilutive effect only when the average market price of the underlying common shares during the year exceeds the exercise price of the option. Where the outstanding convertible stock options have no dilutive effect, diluted earnings per share is the same as basic earnings per share attributable to equity holders of the Parent Company.

Segment Reporting

The Group's operating businesses are organized and managed separately into three business activities. Such business segments are the bases upon which the Group reports its operating segment information. The Group operates in one geographical area where it derives its revenue. Financial information on segment reporting is presented in Note 32.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating Lease Commitments. The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, which are leased out under operating lease arrangements.

Lease income earned from investment properties amounted to ₱1,007.0 million, ₱914.8 million and ₱793.4 million in 2017, 2016 and 2015, respectively (see Note 12).

Transfers of Investment Properties. The Group has made transfers to investment properties after determining that there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties 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. These transfers are recorded using the carrying amount of the investment properties at the date of change in use.

Transfers made to investment properties amounted to ₱406.7 million and ₱246.0 million in 2017 and 2016, respectively. Transfer made from investment properties amounted to nil and ₱171.2 million in 2017 and 2016, respectively (see Notes 9, 12 and 14).

Interest in a Joint Venture. Management has assessed that it has joint control in its joint venture agreement and both parties have rights to the net assets of the arrangement. Under the Joint Venture Agreement, each party's share in any proceeds, profits, losses, and other economic value derived under the Joint Venture as well as any economic benefits and losses derived from the utilization of the access ways and open spaces of the joint venture property shall be proportional to the respective financial contributions made by each party (see Note 13).

Fair Value of Financial Assets and Financial Liabilities. Entities are required to disclose for each class of financial assets and liabilities the fair value of that class of assets and liabilities in a way that permits it to be compared with the corresponding carrying amount in the consolidated statement of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would affect the disclosures made by management. The fair values of the Group's financial assets and liabilities are set out in Note 30.

Contingencies. The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 28). No provision for contingencies was recognized in 2017, 2016 and 2015.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue and Cost Recognition. The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. This is generally driven by the buyer's commitment to pay and percentage of completion.

The Group's revenue from sale of real estate is recognized using the percentage-of-completion method. This is measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

The Group has set a certain percentage of collection over the total selling price in demonstrating the buyer's commitment to pay. The percentage is representative of the buyer's substantial investment that gives the buyer a stake in the project sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group.

In addition, the Group's project development costs used in the computation of the cost of real estate sold are based on estimated cost components determined by the Group's project development engineers. There is no assurance that such use of estimates may not result to material adjustments in future periods.

Revenue from sale of condominium units amounted to ₱10.8 billion, ₱9.6 billion and ₱6.3 billion in 2017, 2016 and 2015 respectively, while the cost of real estate sold amounted to ₱8.6 billion, ₱7.6 billion and ₱4.4 billion in 2017, 2016 and 2015, respectively (see Note 9).

Impairment of Financial Assets. The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible trade receivables. The level of this allowance is evaluated by management based on the results of the specific and collective assessments of impairment of financial assets, considering the Group's collection experience and other factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the customers, the customers' payment behavior and known market factors. The amount and timing of recorded expenses for any period would therefore differ depending on the judgments and estimates made for each year.

Provision for doubtful accounts amounted to ₱0.06 million in 2017, ₱1.2 million in 2016 and nil in 2015 (see Note 22). Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱14.1 billion and ₱9.6 billion as at December 31, 2017 and 2016, respectively (see Note 8).

Evaluation of Net Realizable Value of Condominium Units for Sale and Land Held for Future Development. Land held for future development and condominium units for sale are carried at the lower of cost or NRV. The carrying value of land held for future development and condominium units for sale are adjusted when the NRV becomes lower than cost due to changes in estimated selling prices less cost to sell. Condominium units for sale, stated at cost, amounted to ₱717.3 million and ₱620.9 million as at December 31, 2017 and 2016, respectively. Land held for future development amounted to ₱1,190.7 million and ₱1,422.1 million as at December 31, 2017 and 2016, respectively.

Estimating Useful Lives of Investment Properties and Property and Equipment. The useful life of each of the Group's investment properties and property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any items of property and equipment, and investment properties would increase the recorded depreciation expense and decrease investment properties and property and equipment accounts.

There were no changes in the estimated useful lives of investment properties and property and equipment in 2017, 2016 and 2015.

Investment properties, net of accumulated depreciation, amounted to ₱11.7 billion and ₱7.9 billion as at December 31, 2017 and 2016, respectively (see Note 12).

Property and equipment, net of accumulated depreciation and amortization, amounted to ₱2.8 billion and ₱2.7 billion as at December 31, 2017 and 2016, respectively (see Note 14).

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Determining the recoverable amounts of investment properties, investment in joint venture and property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that investment properties, investment in joint venture and property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations of the Group.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Noncurrent assets that are subject to impairment testing when impairment indicators are present are as follows:

	2017	2016
Investment properties (see Note 12)	**₱11,668,243**	₱7,929,445
Investment in joint venture (see Note 13)	**2,881,116**	2,879,249
Property and equipment (see Note 14)	**2,841,446**	2,736,986

The fair value of the investment properties amounted to ₱28.7 billion and ₱19.4 billion as at December 31, 2017 and 2016, respectively (see Note 12).

No impairment loss was recognized in 2017, 2016 and 2015.

Deferred Tax Assets. Management uses judgment in reviewing the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each financial 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 such deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets recognized in the consolidated statements of financial position amounted to ₱164.4 million and ₱144.5 million as at December 31, 2017 and 2016, respectively. Unrecognized deferred tax assets amounted to ₱9.4 million and ₱8.0 million as at December 31, 2017 and 2016, respectively (see Note 25).

Pension Costs and Other Employee Benefits. The determination of the Group's obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 and include, among others, discount rate and expected rate of salary increase. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability and other employee benefits amounted to ₱164.7 million and ₱235.0 million as at December 31, 2017 and 2016, respectively. Since there is no minimum funding requirement, the resulting net asset or net liability recognized in the consolidated statements of financial position was determined as the lower of the surplus of the plan and the present value of the future service cost to the Group (see Note 24).

6. Non-controlling Interests

a. Acquisition of Majority Interest in Rockwell Primaries South

On December 22, 2014, Rockwell Primaries entered into a Memorandum of Agreement with ATR Holdings, Inc. and Dragon Eagle International Limited for the joint and collective investment in and acquisition of all of the outstanding common shares of Maybank ATR KimeEng Capital Partners, Inc. (Maybank ATR) in Rockwell Primaries South, the developer of East Bay Residences (East Bay) project. Rockwell Primaries acquired 1,860,000 common shares, equivalent to 60% ownership interest, through a Deed of Absolute Sale for a consideration of ₱591.1 million (initial consideration of ₱561.6 million plus payment of indemnity premium of ₱29.5 million). Initial payment representing 25% of the purchase price was made at closing date and the remaining 75% is payable over five years with 5% interest per annum (see Notes 5 and 9). The unpaid purchase price of ₱180.9 million and ₱265.2 million as at December 31, 2017 and 2016, respectively, is presented as part of "Notes payable" under "Interest-bearing loans and borrowings" account in the consolidated statements of financial position (see Note 15).

Non-controlling interest in Rockwell Primaries South amounted to ₱279.9 million and ₱297.0 million as at December 31, 2017 and 2016, respectively.

b. Incorporation of Rock MFA

On July 14, 2017, the Parent Company entered into a Joint Venture Agreement with Mitsui Fudosan (Asia) Pte. Ltd. (Mitsui) to develop the residential component of its project in Quezon City called "The Arton by Rockwell". In accordance with the Agreement, Rock MFA was incorporated on August 22, 2017 by the Parent Company and Mitsui through SEAI Metro Manila One, Inc. (MFAP) to handle the development of "The Arton by Rockwell". As at December 31, 2017, the Parent Company owns 80% interest in Rock MFA.

7. Cash and Cash Equivalents

This account consists of:

	2017	2016
Cash on hand and in banks	**₱1,157,297**	₱463,186
Short-term investments	**1,405,645**	977,674
	₱2,562,942	₱1,440,860

Cash in banks earn interest at the respective bank deposit rates. Short-term investments consist of peso and dollar-denominated placements made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱10.2 million, ₱17.1 million and ₱50.0 million in 2017, 2016 and 2015 respectively (see Note 21).

8. Trade and Other Receivables

This account consists of:

	2017	2016
Trade receivables from:		
Sale of condominium units - net of noncurrent portion of ₱717.3 million in 2017 and ₱118.2 million in 2016	**₱12,506,927**	₱9,117,318
Lease	**235,571**	123,264
Advances to officers and employees (see Note 27)	**60,110**	45,985
Others - net of allowance for doubtful accounts of ₱2.0 million in 2017 and ₱3.3 million in 2016	**568,870**	232,627
	₱13,371,478	₱9,519,194

Trade receivables from sale of condominium units are noninterest-bearing long-term receivables with terms ranging from 1 to 5 years. Unamortized unearned interest on these receivables amounted to ₱3.1 billion and ₱4.1 billion as at December 31, 2017 and 2016, respectively.

Movements of unearned interest on trade receivables from sale of condominium units are as follows:

	2017	2016
Trade receivables at nominal amount	**₱16,336,289**	₱13,353,489
Less unearned interest:		
Balance at beginning of year	**4,117,923**	2,704,625
Unearned interest	**461,158**	2,699,409
Amortization (see Note 21)	**(1,467,038)**	(1,286,111)
Balance at end of year	**3,112,043**	4,117,923
Trade receivables at discounted amount	**₱13,224,246**	₱9,235,566

Trade receivables from sale of condominium units are classified as follows:

	2017	2016
Current	**₱12,506,927**	₱9,117,318
Noncurrent	**717,319**	118,248
	₱13,224,246	₱9,235,566

Trade receivables from lease represent short-term receivables from the "Power Plant" Mall tenants and from other commercial establishments on properties held for lease within the Rockwell Center and The Grove.

Advances to officers and employees mainly representing cash advances to be used for operations are noninterest-bearing and will be liquidated within one year.

Other receivables mainly consist of claims from contractors and receivable from various third parties. The movements in the allowance for doubtful accounts of other receivables are as follows:

	2017	2016
Balance at beginning of year	**₱3,307**	₱2,611
Provision during the year (see Note 22)	**64**	1,223
Reversal of provision	**(1,223)**	(527)
Write-off	**(138)**	–
Balance at end of year	**₱2,010**	₱3,307

9. Land and Development Costs

This account consists of land and development costs for the following projects:

	2017	2016
Proscenium (see Note 16)	**₱3,461,074**	₱4,139,845
East Bay Residences (see Note 6)	**1,263,038**	1,165,470
The Arton	**1,042,055**	889,833
Mactan	**871,660**	–
The Vantage	**866,404**	702,438
32 Sanson Phase 1 & 2	**583,412**	732,686
Edades Suites	**440,142**	469,092
Stonewell	**180,199**	136,664
The Grove Phases 2 & 3	–	404,064
Others	**182,922**	661,415
	₱8,890,906	₱9,301,507

A summary of the movements in land and development costs is set out below:

	2017	2016
Balance at beginning of year	**₱9,301,507**	₱8,923,712
Cost of real estate sold (shown as part of cost of real estate)	**(8,550,674)**	(7,565,192)
Construction/development costs incurred (see Note 28)	**7,777,093**	7,506,069
Borrowing costs capitalized (see Notes 15, 16 and 18)	**511,015**	330,846
Reclassification to condominium units for sale	**(459,695)**	(573,412)
Reclassification from (to) land held for future development	**435,330**	(386,984)
Net transfers to investment properties (see Note 12)	**(189,647)**	(246,016)
Land acquired during the year	**67,708**	1,312,484
Transfer to property and equipment (see Note 14)	**(1,731)**	–
Balance at end of year	**₱8,890,906**	₱9,301,507

Details related to these completed projects in 2017 and on-going projects as at December 31 are as follows:

Project	Structure and Location	Expected Completion Date	Construction Stage*	Estimated Cost to Complete 2017	2016
Proscenium:					
Kirov	Highrise condominium, Rockwell Center	2018	Superstructure	**₱1,125,173**	₱2,190,627
Sakura	Highrise condominium, Rockwell Center	2018	Superstructure	**927,153**	1,715,032
Lincoln	Highrise condominium, Rockwell Center	2018	Superstructure	**601,477**	1,403,793
Lorraine	Highrise condominium, Rockwell Center	2019	Superstructure	**880,919**	1,761,262
Garden Villas	Midrise condominium, Rockwell Center	2018	Superstructure	**70,965**	254,073
Residences	Highrise condominium, Rockwell Center	2020	Superstructure	**3,304,759**	4,681,849
East Bay Residences	Midrise condominium, Muntinlupa City	2021	Substructure	**205,112**	417,109
The Grove Phase 3	Highrise condominium, Pasig City	2017	Completed	–	1,176
32 Sanson:					
Phase 1	Low rise residential buildings, Cebu City	2017	Completed	–	41,439
Phase 2	Low rise residential buildings, Cebu City	2020	Superstructure	**761,722**	1,245,460
The Vantage	Midrise condominium, Pasig City	2021	Superstructure	**2,291,600**	2,945,993
Stonewell	Low rise residential buildings, Batangas	2018	Superstructure	**43,032**	124,319
Edades Suites	Highrise condominium, Rockwell Center	2019	Superstructure	**1,279,011**	1,138,613
The Arton - West	Highrise condominium, Quezon City	2021	Substructure	**1,542,840**	–
				₱13,033,763	₱17,920,745

**Construction stage as at December 31, 2017.*

As at December 31, 2017, other land and development costs mainly pertain to land acquisition for the Batangas project which is expected to be launched in 2018. As at December 31, 2016, other land and development costs mainly pertain to land acquisitions for projects in Quezon City and Batangas expected to be launched in 2017.

Other land acquisitions expected to be launched beyond the following year are presented as "Land held for future development" in the consolidated statements of financial position.

As at December 31, 2017, advances to contractors, shown separately in the consolidated statements of financial position, mainly pertain to advances related to the development of "Proscenium", "32 Sanson Phase 2", "The Arton", "Edades Suites", "The Vantage" and "Stonewell" projects. As at December 31, 2016, advances to contractors, shown separately in the consolidated statements of financial position, mainly pertain to advances related to the development of "Proscenium", "The

Grove Phase 3", "8 Rockwell", "32 Sanson Phases 1 and 2", "Edades Suites", "The Vantage" and "Stonewell" projects.

General borrowing costs on interest-bearing loans and borrowings capitalized as part of development costs amounted to ₱455.4 million and ₱255.5 million in 2017 and 2016, respectively. Average capitalization rate used is 5.03% and 5.06% in 2017 and 2016, respectively (see Note 15).

Amortization of discount on retention payable, capitalized as part of development costs, amounted to ₱31.7 million and ₱21.2 million in 2017 and 2016, respectively (see Note 18). Accretion of interest from installment payable amounted to ₱23.9 million and ₱54.1 million in 2017 and 2016, respectively (see Note 16).

Total cash received from pre-selling activities amounted to ₱243.2 million and ₱560.4 million as at December 31, 2017 and 2016, respectively (see Note 17).

10. **Other Current Assets**

This account consists of:

	2017	2016
Prepaid costs	**₱850,842**	₱742,188
Creditable withholding tax	**239,398**	129,498
Input VAT	**206,522**	308,346
Refundable deposits	**174,103**	166,190
Supplies	**19,138**	14,874
Restricted cash	–	194,307
Others	**38,157**	43,756
	₱1,528,160	₱1,599,159

Refundable deposits mainly consist of deposits for various planned property acquisitions for future development.

In 2016, restricted cash represents funds with an escrow agent in compliance with Presidential Decree No. 957, as amended, in connection with the Group's application for a Certificate of Registration and a License to Sell (LTS) with the Housing and Land Use Regulatory Board (HLURB). The proceeds from the pre-selling of residential development projects, received from the date of issuance of the temporary LTS by HLURB, are temporarily restricted until receipt by the Group of its Certificate of Registration and permanent LTS. The escrow account shall only be disbursed for purposes of payment of refunds to buyers, cancellation charges to the developer, fees, charges and other expenses incurred in the management and administration of the escrow agent. The restricted cash pertains to "Edades Suites" and "East Bay" projects.

11. Available-for-Sale Investments

As at December 31, this account consists of:

	2017	2016
Quoted	**₱16,350**	₱13,500
Unquoted	**3,308**	3,308
	₱19,658	₱16,808

<u>Quoted Equity Shares</u>
This consists of investment in Manila Polo Club shares. Movement in the balance follows:

	2017	2016
Balance at beginning of year	**₱13,500**	₱12,500
Unrealized gain on fair value adjustments (gross of tax effects of ₱427 in 2017 and ₱100 in 2016)	**2,850**	1,000
Balance at end of year	**₱16,350**	₱13,500

<u>Unquoted Equity Shares</u>
Unquoted equity securities consist of investments in Meralco preferred shares, which do not have a quoted market price, hence, valued at cost. These shares were issued to the Parent Company when Meralco meters were connected and will only be disposed of upon termination of service. As at financial reporting date, the Parent Company has no plans of disposing the unquoted equity securities.

12. Investment Properties

The rollforward analysis of this account follows:

			2017	
	Land	**Buildings and Improvements**	**Investment Properties in Progress**	**Total**
At January 1, 2017, net of accumulated depreciation	**₱2,191,469**	**₱2,451,453**	**₱3,286,523**	**₱7,929,445**
Additions:				
Construction costs (see Note 28)	**–**	**3,396,636**	**8,534**	**3,405,170**
Borrowing costs (see Note 15)	**–**	**–**	**116,288**	**116,288**
Transfers from property and equipment (see Note 14)	**–**	**217,011**	**–**	**217,011**
Transfers from land and development costs (see Note 9)	**1,502**	**188,145**	**–**	**189,647**
Reclassification	**–**	**3,214,953**	**(3,214,953)**	**–**
Depreciation (see Note 22)	**–**	**(189,318)**	**–**	**(189,318)**
At December 31, 2017, net of accumulated depreciation	**₱2,192,971**	**₱9,278,880**	**₱196,392**	**₱11,668,243**

	2017			
	Land	**Buildings and Improvements**	**Investment Properties in Progress**	**Total**
At January 1, 2017:				
Cost	**₱2,191,469**	**₱4,508,085**	**₱3,286,523**	**₱9,986,077**
Accumulated depreciation	**–**	**(2,056,632)**	**–**	**(2,056,632)**
Net carrying amount	**₱2,191,469**	**₱2,451,453**	**₱3,286,523**	**₱7,929,445**
At December 31, 2017:				
Cost	**₱2,192,971**	**₱11,535,681**	**₱196,392**	**₱13,925,044**
Accumulated depreciation	**–**	**(2,256,801)**	**–**	**(2,256,801)**
Net carrying amount	**₱2,192,971**	**₱9,278,880**	**₱196,392**	**₱11,668,243**

	2016			
	Land	Buildings and Improvements	Investment Properties in Progress	Total
At January 1, 2016, net of accumulated depreciation	₱1,976,755	₱2,641,205	₱1,995,898	₱6,613,858
Additions:				
Construction costs (see Note 28)	–	98,844	1,257,601	1,356,445
Borrowing costs (see Note 15)	–	–	96,784	96,784
Transfers from land and development costs (see Note 9)	241,101	4,915	–	246,016
Transfers to property and equipment (see Note 14)	(23,739)	(144,820)	–	(168,559)
Transfers to land held for future development	(2,648)	–	–	(2,648)
Reclassification	–	63,760	(63,760)	–
Depreciation (see Note 22)	–	(212,451)	–	(212,451)
At December 31, 2016, net of accumulated depreciation	₱2,191,469	₱2,451,453	₱3,286,523	₱7,929,445

	2016			
	Land	Buildings and Improvements	Investment Properties in Progress	Total
At January 1, 2016:				
Cost	₱1,976,755	₱4,500,880	₱1,995,898	₱8,473,533
Accumulated depreciation	–	(1,859,675)	–	(1,859,675)
Net carrying amount	₱1,976,755	₱2,641,205	₱1,995,898	₱6,613,858
At December 31, 2016:				
Cost	₱2,191,469	₱4,508,085	₱3,286,523	₱9,986,077
Accumulated depreciation	–	(2,056,632)	–	(2,056,632)
Net carrying amount	₱2,191,469	₱2,451,453	₱3,286,523	₱7,929,445

Investment properties are carried at cost. Investment properties consist of the "Power Plant" Mall (₱4.2 billion as at December 31, 2017 and ₱3.0 billion as at December 31, 2016), other investment properties held for lease within the Rockwell Center, The Grove, Santolan Town Plaza, 53 Benitez and The Rockwell Business Center - Sheridan (₱6.7 billion as at December 31, 2017 and ₱4.1 billion as at December 31, 2016) and land held for appreciation (₱800.6 million as at December 31, 2017 and 2016, respectively).

Investment properties in progress include costs incurred for the construction of Proscenium offices and Arton Stop in 2017; and Mall Expansion, The Rockwell Business Center - Sheridan and Santolan Town Plaza in 2016. Borrowing costs capitalized as part of investment properties amounted to ₱116.3 million and ₱96.8 million in 2017 and 2016, respectively (see Note 15). Capitalization rates used are 5.03% and 5.06% in 2017 and 2016, respectively. As at December 31, 2017 and 2016, unamortized borrowing costs capitalized as part of investment properties amounted to ₱605.0 million and ₱498.1 million, respectively.

Lease income earned from investment properties amounted to ₱1,007.0 million, ₱914.8 million and ₱793.4 million in 2017, 2016 and 2015, respectively. Direct operating expenses incurred amounted to ₱398.4 million, ₱349.2 million and ₱334.9 million in 2017, 2016 and 2015, respectively.

The aggregate fair value of the Group's Power Plant Mall and Mall Expansion amounted to ₱16.8 billion and ₱11.8 billion as at December 31, 2017 and 2016, respectively. The aggregate fair value of other investment properties held for lease within the Rockwell Center and The Grove, Rockwell Business Center Sheridan, 8 Rockwell, Santolan Town Plaza and 53 Benitez, and land held for appreciation amounted to ₱11.9 billion and ₱7.6 billion as at December 31, 2017 and 2016, respectively.

The fair value was determined by independent professionally qualified appraisers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

The value of the mall (excluding the mall expansion component) and investment properties held for lease within the Rockwell Center and The Grove was arrived at through the use of the "Income Approach," particularly the "Discounted Cash Flow Analysis" which is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property being valued. In an operating property, periodic cash flow is typically estimated as gross revenue less operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. This is included under Level 3 in the fair value hierarchy (see Note 30).

The value of land held for appreciation and land component of assets under construction was arrived at through the use of the "Market Data Approach." "Market Data Approach" is based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute parcel or site. This approach is primarily based on sales and listings, which are adjusted for time of sale, location, and general characteristics of comparable lots in the neighborhood where the subject lot is situated. This is included under Level 2 in the fair value hierarchy (see Note 30).

The value of assets recently completed and undergoing construction was arrived at through the use of the "Cost Approach". "Cost Approach" is based on the amount required to replace the service capacity of an asset (frequently referred to as current replacement cost). This approach is applied by estimating the amount that currently would be required to construct a substitute software asset of comparable utility. This is included under Level 3 in the fair value hierarchy (see Note 30).

13. **Investment in Joint Venture**

Joint Venture (JV) Agreement
On March 25, 2008, the Parent Company entered into a 25-year JV Agreement with Meralco to form an unincorporated and registered JV (70% for the Parent Company and 30% for Meralco), referred to as "unincorporated JV." Under the JV Agreement, the parties agreed to pool their allocated areas in the first two towers of the BPO Building, including the right to use the land, and to operate and manage the combined properties for lease or any similar arrangements to third parties under a common property management and administration. Consequently, the Parent Company's contribution to the unincorporated JV is presented as "Investment in joint venture" account in the consolidated statements of financial position. The unincorporated JV started commercial operations in July 2009.

In accordance with the terms of the JV Agreement, the Parent Company acts as the Property Manager of the unincorporated JV. Management fees recognized by the Parent Company, which is shown as part of "Others" account in the consolidated statements of comprehensive income, amounted to ₱1.6 million, ₱1.5 million and ₱1.4 million in 2017, 2016 and 2015, respectively (see Note 27). The unincorporated JV will be managed and operated in accordance with the terms of the JV Agreement and with the Property Management Plan provided for in the JV Agreement. The principal place of business of the unincorporated JV is at Meralco Compound, Ortigas Center, Pasig City.

On November 25, 2009, Meralco and the Parent Company agreed to revise the sharing of earnings before depreciation and amortization to 80% for the Parent Company and 20% for Meralco until 2014 or until certain operational indicators are reached, whichever comes first. Sharing of depreciation and amortization is proportionate to their contribution.

On December 6, 2013, Meralco and the Parent Company entered into a Supplemental Agreement to the JV Agreement to include their respective additional rights and obligations, including the development and construction of the third tower of the BPO Building. Under the Supplemental Agreement, Meralco shall contribute the corresponding use of the land where the third BPO Building will be constructed while the Parent Company shall provide the additional funds necessary to cover the construction costs.

The joint venture's statements of financial position include the following:

	2017	2016
Current assets	**₱760,867**	₱691,965
Noncurrent assets	**3,799,749**	3,859,344
Current liabilities	**256,994**	249,995
Noncurrent liabilities	**187,742**	188,101
Cash and cash equivalents	**608,409**	553,144
Current financial liabilities (excluding trade and other payables and provisions)	**46,647**	67,282
Noncurrent financial liabilities (excluding trade and other payables and provisions)	**137,610**	109,585

The joint venture's statements of comprehensive income include the following:

	2017	2016	2015
Revenue	**₱689,392**	₱672,765	₱519,759
General and administrative expenses	**30,117**	24,903	23,833
Depreciation and amortization expense	**175,609**	178,703	175,829
Interest income	**9,046**	11,255	9,291
Interest expense	–	2,488	–
Provision for income tax	**114,479**	114,739	85,325
Total comprehensive income/net income	**378,233**	363,187	244,063

The carrying value of the Parent Company's investment in joint venture consists of:

	2017	2016
Cost	**₱2,536,691**	₱2,536,691
Accumulated share in net income:		
Balance at beginning of year	**342,558**	493,772
Share in net income	**264,763**	254,231
Dividend distribution	**(262,896)**	(405,445)
Balance at end of year	**344,425**	342,558
Carrying value	**₱2,881,116**	₱2,879,249

Below is the reconciliation of the summarized financial information of the unincorporated JV to the carrying amount of the Parent Company's investment therein:

	2017	2016
Net assets of the unincorporated JV	**₱4,115,880**	₱4,113,213
Interest of the Parent Company in the net asset of the unincorporated JV	**70%**	70%
Carrying amount of the investment in joint venture	**₱2,881,116**	₱2,879,249

As at December 31, 2017 and 2016, the unincorporated JV has no commitments and contingencies.

14. Property and Equipment

The rollforward analysis of this account follows:

	2017					
	Land	**Buildings and Improvements**	**Office Furniture and Other Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
At January 1	**₱323,478**	**₱2,530,072**	**₱1,557,090**	**₱214,239**	**₱–**	**₱4,624,879**
Additions during the year	–	**131,975**	**113,636**	**111,226**	**376,487**	**733,324**
Reclassifications from land and development costs (see Note 9)	–	**1,731**	–	–	–	**1,731**
Reclassification to land held for future development	**(105,991)**	–	–	–	–	**(105,991)**
Reclassifications to investment properties (see Note 12)	–	**(217,011)**	–	–	–	**(217,011)**
Disposals	–	–	–	**(31,031)**	–	**(31,031)**
At December 31 *(Carried Forward)*	**217,487**	**2,446,767**	**1,670,726**	**294,434**	**376,487**	**5,005,901**

	2017					
	Land	**Buildings and Improvements**	**Office Furniture and Other Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
At December 31 *(Brought Forward)*	**₱217,487**	**₱2,446,767**	**₱1,670,726**	**₱294,434**	**₱376,487**	**₱5,005,901**
Accumulated Depreciation and Amortization						
At January 1	**–**	**505,095**	**1,219,061**	**163,737**	**–**	**1,887,893**
Depreciation and amortization (see Note 22)	**–**	**203,093**	**10,498**	**88,802**	**–**	**302,393**
Disposals	**–**	**–**	**–**	**(25,831)**	**–**	**(25,831)**
At December 31	**–**	**708,188**	**1,229,559**	**226,708**	**–**	**2,164,455**
Net Book Value at December 31	**₱217,487**	**₱1,738,579**	**₱441,167**	**₱67,726**	**₱376,487**	**₱2,841,446**

	2016					
	Land	Buildings and Improvements	Office Furniture and Other Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
At January 1	₱301,781	₱2,052,363	₱1,335,464	₱188,316	₱27,713	₱3,905,637
Additions during the year	–	305,176	221,718	31,920	–	558,814
Reclassifications from (to) completed projects	–	27,713	–	–	(27,713)	–
Reclassifications to land held for future development	(2,042)	–	–	–	–	(2,042)
Reclassifications from investment properties (see Note 12)	23,739	144,820	–	–	–	168,559
Disposals	–	–	(92)	(5,997)	–	(6,089)
At December 31	323,478	2,530,072	1,557,090	214,239	–	4,624,879
Accumulated Depreciation and Amortization						
At January 1	–	424,244	1,037,640	142,121	–	1,604,005
Depreciation and amortization (see Note 22)	–	80,851	181,444	25,519	–	287,814
Disposals	–	–	(23)	(3,903)	–	(3,926)
At December 31	–	505,095	1,219,061	163,737	–	1,887,893
Net Book Value at December 31	₱323,478	₱2,024,977	₱338,029	₱50,502	₱–	₱2,736,986

Property and equipment account includes the portion of Edades (in 2017 and 2016) and The Grove (in 2016) used in the hotel operations. Construction of Edades Serviced Apartments was completed in November 2014 (see Note 26) while The Grove Serviced Apartments was completed in March 2016. The net book value of Edades Serviced Apartments included in property and equipment account amounted to ₱653.8 million and ₱668.9 million as at December 31, 2017 and 2016, respectively; while the net book value of The Grove Serviced Apartments included in property and equipment account amounted to ₱297.6 million as at December 31, 2016.

Borrowing costs capitalized as part of property and equipment amounted to ₱2.5 million and ₱8.8 million in 2017 and 2016, respectively (see Note 15).

15. Interest-bearing Loans and Borrowings

This account consists of:

	Effective Interest Rate	**2017**	2016
Current			
Corporate notes	4.9%, 4.6%, 4.5% fixed	**₱1,612,000**	₱1,612,000
Term loan	5.6%, 4.4%, 5.9%, 6.0% fixed, 2.53% floating, 2.59% floating	**315,125**	–
Notes payable	5.0% fixed	**111,854**	106,527
		2,038,979	1,718,527
Less unamortized loan transaction costs		**18,965**	7,021
		₱2,020,014	₱1,711,506

	Effective Interest Rate	2017	2016
Noncurrent			
Corporate notes	4.9%, 4.6%, 4.5% fixed	**₱3,140,000**	₱4,752,000
Term loan	5.6%, 4.4%, 5.9%, 6.0%, 5.8%, 5.6%, 6.1%, 6.7% fixed, 2.53% floating, 2.59% floating	**9,684,875**	4,000,000
Bonds payable	5.0932% fixed	**5,000,000**	5,000,000
Notes payable	5.0% fixed	**117,446**	229,300
		17,942,321	13,981,300
Less unamortized loan transaction costs		**53,569**	58,860
		₱17,888,752	₱13,922,440

Corporate Notes
On November 27, 2012, the Parent Company entered into a Fixed Rate Corporate Notes Facility Agreement (“the Notes”) with First Metro Investment Corporation (FMIC), PNB Capital and Investment Corporation, Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group, and Philippine National Bank (PNB) – Trust Banking Group for the ₱10.0 billion Notes for the purpose of refinancing the existing ₱4.0 billion fixed rate corporate notes and to finance the Parent Company’s capital expenditures and land acquisitions. Details of the drawdown is as follows:

Drawdown	Drawdown Date	Amount (in billions)
1	January 7, 2013	₱4.0
2	March 7, 2013	2.0
3	May 2013	1.0
4	July 26, 2013	1.5
5	August 27, 2013	1.5
		₱10.0

The Notes are payable in 22 quarterly payments which started in October 2014. A portion of Tranche 2 amounting to ₱1.2 billion is paid annually at 1% of the principal amount from the issue date for six (6) years while the remaining 94% of the principal amount is payable in 2020. The Notes contain a negative pledge.

Interest is fixed up to maturity at 75 to 90 bps over the seven-year or ten-year PDST-F, grossed-up for gross receipts tax.

Term Loan
On May 25, 2016, the Parent Company entered into a credit facility with PNB amounting to ₱5.0 billion. The Parent Company will pay 70% of the loan amount quarterly over the term of the loan and the balance upon maturity. Detals of drawdowns is as follows:

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	May 2016	10 years	August 2016	31	₱1.0
2	August 2017	7 years	November 2019	20	1.0
3	September 2017	7 years	December 2019	20	1.0
4	October 2017	7 years	January 2020	20	1.0
5	December 2017	7 years	March 2020	20	1.0
					₱5.0

On June 14, 2016, the Parent Company entered into a credit facility with MBTC amounting to ₱4.0 billion. The Parent Company will pay 70% of the loan amount quarterly over the term of the loan and the balance upon maturity. Schedule of drawdowns are shown below.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarter Payments	Amount (in billions)
1	June 2016	7 years	September 2018	20	₱1.0
2	June 2016	10 years	September 2018	32	1.0
3	September 2016	7 years	December 2018	20	0.5
4	June 2017	10 years	September 2018	32	1.0
5	October 2017	10 years	September 2018	32	0.5
					₱4.0

On June 14, 2016, Retailscapes entered into a credit facility with MBTC amounting to ₱1.0 billion to be used for the development of Santolan Town Plaza. Retailscapes will pay 70% of the loan amount quarterly over the term of the loan and the balance upon maturity.

Drawdown	Drawdown Date	Maturity	Start of Principal Payment	No. of Quarterly Payments	Amount (in billions)
1	June 2016	10 years	September 2018	31	₱0.5
2	May 2017	10 years	September 2018	31	0.5
					₱1.0

Bonds Payable

On November 15, 2013, the Parent Company issued ₱5.0 billion unsecured fixed rate retail peso bonds. The bonds have a term of seven (7) years and one (1) quarter from the issue date, with fixed interest rate equivalent to 5.0932% per annum. Interest on the bonds will be payable quarterly in arrears commencing on February 15, 2014.

The bonds were offered to the public at face value and were issued in scripless form, with the Philippine Depository & Trust Corporation maintaining the Electronic Registry of Bondholders, as the Registrar of the Bonds. On issue date, the bonds were listed in Philippine Dealing & Exchange Corporation to facilitate secondary trading.

The bonds shall be redeemed at par (or 100% of face value) on February 15, 2021, its maturity date, unless the Parent Company exercises its early redemption option in accordance with certain conditions. The embedded early redemption is clearly and closely related to the host debt contract; thus, does not require to be bifurcated and accounted for separately from the host contract.

Notes Payable

On December 22, 2014, Rockwell Primaries issued promissory notes to Maybank ATRKE Capital for the remaining unpaid balance of the acquisition cost of 60% interest in Rockwell Primaries South amounting to ₱421.2 million (see Note 6). Notes payable are payable over five years and bear interest of 5% per annum and are not secured by collateral.

In 2017 and 2016, Rockwell Primaries made principal payments on the loan amounting to ₱84.0 million and ₱80.0 million, respectively. In 2017 and 2016, interest expense incurred and paid amounted to ₱13.2 million and ₱17.2 million, respectively, as part of interest expense (see Note 22).

On December 23, 2014, Rockwell Primaries South obtained a loan from Maybank ATRKE Capital in the aggregate principal amount of ₱112.7 million to pay off its obligations to a third party pursuant to the termination of the existing Joint Venture Agreement.

Notes payable are payable over five years and bear interest of 5% per annum and are not secured by collateral.

In 2017 and 2016, Rockwell Primaries South made principal payments on the loan amounting to ₱22.5 million and ₱21.4 million, respectively. In 2017 and 2016, interest expense incurred and paid amounted to ₱3.5 million and ₱4.6 million, respectively (see Note 22).

Covenants. The loan contains, among others, covenants regarding incurring additional long-term debt and paying out dividends, to the extent that such will result in a breach of the required debt-to-equity ratio and current ratio. As at December 31, 2017 and 2016, the Group has complied with these covenants (see Note 29).

Loan Transaction Costs. As at December 31, 2017 and 2016, loan transaction costs consisting of documentary stamp tax and underwriting fees on the corporate notes and bonds were capitalized and presented as a deduction from the related loan balance.

The movements in the balance of the capitalized loan transaction costs are as follows:

	2017	2016
Balance at beginning of year	**₱65,881**	₱65,108
Additions	**35,000**	20,000
Amortization (see Note 22)	**(28,347)**	(19,227)
Balance at end of year	**₱72,534**	₱65,881

Interest expense on interest-bearing loans and borrowings amounted to ₱221.3 million, ₱370.0 million and ₱430.2 million in 2017, 2016 and 2015, respectively (see Note 22). Interest expense capitalized as part of land and development costs amounted to ₱455.4 million and ₱255.5 million in 2017 and 2016, respectively (see Note 9). Interest expense capitalized as part of investment properties amounted to ₱116.3 million and ₱96.8 million in 2017 and 2016, respectively (see Note 12). Interest expense capitalized as part of property and equipment amounted to ₱2.5 million and ₱8.8 million in 2017 and 2016, respectively (see Note 14).

The principal repayments of all loans and borrowings based on existing terms are scheduled as follows:

Year	Amount
2018	₱2,038,979
2019	2,563,521
2020	2,712,875
2021	6,184,875
2022 and onwards	6,481,050
	₱19,981,300

16. Installment Payable

In November 2011, the Parent Company entered into a Deed of Sale with Futura Realty, Inc. for the purchase of land for development adjacent to the Rockwell Center. This is the location where the "Proscenium" Project of the Parent Company is being constructed (see Note 9).

Under the Deed of Sale, the Parent Company will pay for the cost of the property in installment until 2015 and a one-time payment in 2020. As at December 31, 2017 and 2016, the remaining undiscounted installment payable due in June 2020 amounted to ₱655.8 million.

The installment payable and the corresponding land held for development were recorded at present value using the discount rate of 8%. Accretion of interest expense amounting to ₱23.9 million and ₱54.1 million in 2017 and 2016, respectively, was capitalized as part of land and development costs (see Note 9).

As at December 31, 2017 and 2016, the carrying value of the installment payable amounted to ₱545.0 million and ₱521.1 million, respectively.

Installment payable is secured by Stand-By Letters of Credit (SBLC) from MBTC and FMIC totaling ₱2.4 billion until 2020. These SBLC provides for a cross default provision wherein the SBLC shall automatically be due and payable in the event the Parent Company's other obligation is not paid when due or a default in any other agreement shall have occurred, entitling the holder of the obligation to cause such obligation to become due prior to its stated maturity. As at December 31, 2017 and 2016, the Parent Company has not drawn from the facility.

Unamortized prepaid premium on the SBLC as at December 31, 2017 and 2016 amounting to ₱0.4 million, is presented as part of "Prepaid costs" under "Other current assets" account in the consolidated statements of financial position (see Note 10).

As at December 31, 2017 and 2016, the related deferred input VAT amounting to ₱70.3 million is recognized as part of "Other noncurrent assets" account in the consolidated statements of financial position. This deferred input VAT will be claimed against output VAT upon payment of the related installment payable.

17. Trade and Other Payables

This account consists of:

	2017	2016
Trade	**₱943,085**	₱897,031
Accrued expenses:		
Project costs	**3,053,104**	1,970,158
Interest	**412,209**	115,371
Taxes and licenses	**61,803**	54,439
Utilities	**26,748**	42,018
Producers' share	**31,749**	24,595
Marketing and promotions	**32,218**	22,621
Repairs and maintenance	**22,240**	13,777
Others (see Notes 18 and 24)	**458,164**	551,509

(Forward)

	2017	2016
Due to related parties (see Note 27)	**₱527,655**	₱537,550
Deferred output VAT	**1,317,208**	965,968
Deposits from pre-selling of condominium units (see Note 9)	**262,726**	560,365
Current portions of:		
Retention payable (see Note 18)	**125,138**	244,178
Security deposits (see Note 18)	**286,723**	181,419
Deferred lease income (see Note 18)	**105,178**	73,567
Excess collections over recognized receivables (see Note 4)	**389,498**	80,740
Advance payments from members and customers	**10,826**	24,377
Output VAT	**68,111**	50,498
Others	**14,533**	225,972
	₱8,148,916	₱6,636,153

Trade payables and accrued project costs are noninterest-bearing and are normally settled on a 30-day term.

Accrued taxes mainly consist of transfer fees payable and taxes payable other than income tax.

Accrued expenses are normally settled within 12 months.

Deposits from pre-selling of condominium units represent cash received from buyers of those projects with pending recognition of revenue. These are expected to be applied against receivable from sale of condominium units the following year (see Note 9).

Excess collections over recognized receivables pertain to Edades Suites, Proscenium Lorraine and Residences in 2017 and Proscenium Garden Villa and Residences projects in 2016.

Advance payments from members and customers mainly include membership dues received but are not yet due as at reporting period.

18. Deposits and Other Liabilities

This account consists of:

	2017	2016
Retention payable - net of current portion of ₱115.5 million in 2017 and ₱244.2 million in 2016 (see Note 17)	**₱1,034,896**	₱616,777
Security deposits - net of current portion of ₱286.7 million in 2017 and ₱181.4 million in 2016 (see Note 17)	**234,747**	180,545
Deferred lease income - net of current portion of ₱105.2 million in 2017 and ₱73.6 million in 2016 (see Note 17)	**110,844**	74,811
Others (see Notes 17 and 24)	**32,263**	25,970
	₱1,412,750	₱898,103

Retention payable is the portion of the amount billed by contractors that is being withheld as security in case the Parent Company incurs costs during the defects and liability period, which is one year after a project's completion. This is subsequently released to the contractors after the said period.

As discussed in Note 4, the Group uses discounted cash flow analysis to measure the fair value of retention payable. The resulting difference between the transaction price and fair value at initial recognition is recognized in the consolidated statements of financial position as a reduction from "Land and development costs". The retention payable is carried at amortized cost using effective interest method. The amortization of discount on retention payable is capitalized as part of land and development costs while the related project's construction is in progress (see Note 9).

The following table shows a reconciliation of unamortized discount on retention payable as at year-end.

	2017	2016
Balance at beginning of year	**₱20,414**	₱20,872
Additions during the year	**65,735**	20,775
Amortization during the year (see Note 9)	**(31,700)**	(21,233)
Balance at end of year	**₱54,449**	₱20,414

Security deposits mainly consist of the four months deposits paid by mall tenants at the beginning of the lease term, to be refunded at the end of the contract.

Deferred lease income pertains to two months advance rent included in the initial billing to mall tenants, which shall be applied to the monthly rental at the end of the lease term.

19. Share-based Payment Plans

The Parent Company has an Employee Stock Option Plan (ESOP) that was approved by the BOD and stockholders on May 2, 2012 and August 3, 2012, respectively. The ESOP is offered to all regular employees of the Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock or 192,630,881 common shares of the Parent Company on a fully diluted basis and may be issued upon the exercise by the eligible participants of the stock option plans. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested. The ESOP was approved by the SEC on December 6, 2012 and was communicated to the employees on January 3, 2013.

The terms of the ESOP include, among others, a limit as to the number of shares a qualified regular employee Parent Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include may purchase. Options are expected to be granted annually over a period of 5 years. Options granted are vested after one year. All qualified participants are given until 10th year of the grant date to exercise the stock option.

The primary terms of the grants follow:

Grant date	January 3, 2013
Number of options granted	63,918,000
Offer price per share	1.46
Option value per share	1.43

The fair value of equity-settled share options granted is estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility (%)	36.94
Exercise price (₱)	1.46
Spot price (₱)	2.52
Risk-free interest rate (%)	4.19
Term to maturity (years)	10.0
Dividend yield (%)	1.91

The expected volatility reflects the average historical volatility of peer companies based on a lookback period consistent with the term to maturity of the option. This may likewise not necessarily be the actual volatility outcome. The effects of expected early exercise, including the impact of the vesting period and blackout periods, are captured in the binomial model. No other features of the option grants were incorporated into the measurement of the fair value of the options.

There were no share options granted or exercised in 2017 and 2016.

As at December 31, 2017 and 2016, the outstanding ESOP shares are as follows:

	2017	2016
Number of grants	**63,918,000**	63,918,000
Cancellations	**(2,732,000)**	(1,957,000)
Exercised	**(15,000,000)**	(15,000,000)
Remaining shares	**46,186,000**	46,961,000

As at December 31, 2017 and 2016, total share-based payment transactions, net of applicable tax, amounting to ₱69.7 million are presented as "Share-based payments" account under the equity section of the consolidated statements of financial position.

20. **Equity**

a. Capital Stock

As at December 31, 2017 and 2016, capital stock consists of:

	Number of Shares	**Amount**
Authorized		
Common - ₱1 par value	**8,890,000,000**	**₱8,890,000**
Preferred - ₱0.01 par value	**11,000,000,000**	**110,000**
	19,890,000,000	**₱9,000,000**

	Number of Shares	Amount
Issued		
Common - ₱1 par value	**6,243,382,344**	**₱6,243,382**
Preferred - ₱0.01 par value	**2,750,000,000**	**27,500**
	8,993,382,344	**₱6,270,882**

The preferred shares are of equal rank, preference and priority with the common shares and are identical in all respects regardless of series, except as to the issue value which may be specified by the BOD from time to time. It has voting rights and are non-participating in any other or further dividends beyond that specifically on such preferred shares. Each preferred share shall not be convertible to common shares. Other features of the preferred shares shall be at the discretion of the BOD at the time of such issuance. All preferred shares currently outstanding earn 6% cumulative dividend per annum. On January 31, 2012, the Parent Company fully redeemed these preferred shares at par value, including dividends in arrears of ₱4.1 million. On February 28, 2012, the BOD authorized the reissuance of these preferred shares at a later date. On April 10, 2012, the Parent Company issued to FPHC all preferred shares at par value.

Below is the movement of the common stock of the Parent Company:

Date of SEC Approval	Authorized Capital Stock	New Subscriptions/ Issuances	Issue/ Offer Price
May 2012, listing by way of introduction	8,890,000,000	6,228,382,344	₱1.46
Exercise of ESOP shares (see Note 19)	–	15,000,000	
	8,890,000,000	6,243,382,344	

As of December 31, 2017 and 2016, the Parent Company has total shareholders of 47,330 and 47,939, respectively, on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

b. Other Equity Adjustments

This account represents the difference between the consideration received from the sale of the proprietary shares and the carrying value of the related interest amounting to ₱291.2 million as at December 31, 2017 and 2016.

c. Treasury Shares

In May 2012, Rockwell Land acquired 126,620,146 common shares from Meralco, representing the foreign shareholders' entitlement from property dividend distribution made by Meralco, at ₱1.4637 per share (see Note 1).

d. Retained earnings

As at December 31, 2017 and 2016, the unappropriated consolidated retained earnings include undistributed net earnings of subsidiaries amounting to ₱193.2 million and ₱167.9 million, respectively. Such undistributed net earnings are not currently available for dividend distribution unless declared by the BOD of the subsidiaries.

The BOD approved the appropriation of retained earnings amounting to ₱2.0 billion and ₱3.0 billion in 2017 and 2016, respectively, for capital expenditures and asset acquisitions to be implemented in the next 2 years. As at December 31, 2017 and 2016, appropriated retained earnings amounted to ₱5.0 billion and ₱3.0 billion, respectively.

e. Dividends

On June 8, 2017, BOD approved the declaration of a regular cash dividend of ₱0.0594 per share to all common shareholders of record as at June 23, 2017 amounting to ₱363.3 million and 6% per annum cumulative cash dividend from July 1, 2016 to June 30, 2017 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on July 19, 2017.

On July 28, 2016, BOD approved the declaration of a regular cash dividend of ₱0.0537 per share to all common shareholders of record as at August 11, 2016 amounting to ₱328.4 million and 6% per annum cumulative cash dividend from July 1, 2015 to June 30, 2016 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on September 6, 2016.

On July 1, 2015, BOD approved the declaration of a regular cash dividend of ₱0.0511 per share to all common shareholders of record as at July 15, 2015 amounting to ₱312.5 million and 6% per annum cumulative cash dividend from July 1, 2014 to June 30, 2015 to all preferred shareholders amounting to ₱1.7 million. Payments of cash dividends for common shares were made on August 10, 2015.

As at December 31, 2017 and 2016, unpaid cumulative dividends on preferred shares amounted to ₱0.8 million for each year.

21. **Interest Income**

This account consists of:

	2017	2016	2015
Interest income from:			
Amortization of unearned interest (see Note 8)	**₱1,467,038**	₱1,286,111	₱933,273
Cash and cash equivalents (see Note 7)	**10,185**	17,107	49,970
Interest and penalty charges	**1,670**	17,963	2,998
In-house financing	**1,014**	2,035	2,088
	₱1,479,907	₱1,323,216	₱988,329

22. **Expenses**

Depreciation and amortization expense included in the consolidated statements of comprehensive income is as follows:

	2017	2016	2015
Included in:			
Cost of real estate (see Note 12)	**₱189,318**	₱212,451	₱143,509
General and administrative expenses (see Note 14)	**302,393**	287,814	192,178
	₱491,711	₱500,265	₱335,687

General and administrative expenses pertain to the following businesses:

	2017	2016	2015
Real estate	**₱1,406,303**	₱1,113,221	₱1,022,626
Cinema	**186,408**	190,213	187,137
Hotel	**216,558**	262,307	185,194
	₱1,809,269	₱1,565,741	₱1,394,957

a. Real Estate

	2017	2016	2015
Personnel (see Notes 23 and 24)	**₱346,684**	₱319,757	₱323,272
Taxes and licenses	**292,285**	155,609	180,251
Depreciation and amortization (see Note 14)	**248,379**	219,147	147,184
Entertainment, amusement and recreation	**92,709**	93,287	44,942
Professional fees	**73,629**	37,592	27,456
Marketing and promotions	**62,356**	78,793	68,430
Contracted services	**41,570**	39,312	36,529
Utilities	**38,433**	25,920	34,725
Security services	**34,425**	10,220	9,575
Dues and subscriptions	**23,296**	16,169	20,556
Fuel and oil	**20,834**	9,926	9,799
Insurance	**16,423**	10,643	9,620
Provision for doubtful accounts (see Note 8)	**64**	1,223	–
Transportation and travel	**5,108**	2,304	3,958
Others	**110,108**	93,219	106,329
	₱1,406,303	₱1,113,121	₱1,022,626

b. Cinema

	2017	2016	2015
Producers' share	**₱83,527**	₱88,150	₱87,645
Utilities	**27,595**	20,863	23,596
Depreciation and amortization (see Note 14)	**21,637**	18,149	19,941
Amusement tax	**14,590**	15,551	14,871
Snack bar	**14,120**	16,402	13,719
Contracted services	**11,030**	6,676	11,643
Personnel (see Notes 23 and 24)	**6,837**	2,542	2,518
Advertising	**–**	–	2,749
Others	**7,072**	21,880	10,455
	₱186,408	₱190,213	₱187,137

c. Hotel

	2017	2016	2015
Rental expense	**₱35,652**	₱59,411	₱56,766
Depreciation and amortization (see Note 14)	**32,377**	50,518	25,053
Contracted services	**31,294**	9,133	9,175
Utilities	**18,697**	27,050	15,758
Accommodations	**17,647**	25,146	11,717
Dues and subscriptions	**17,121**	13,532	4,149
Personnel (see Notes 23 and 24)	**12,393**	30,636	21,612
Supplies	**8,665**	11,247	28,449
Security services	**6,549**	6,588	3,040
Others	**36,163**	29,046	9,475
	₱216,558	₱262,307	₱185,194

Selling expenses are comprised of:

	2017	2016	2015
Commissions and amortization of prepaid costs (see Notes 4 and 10)	**₱514,392**	₱525,805	₱326,966
Marketing and promotions	**184,472**	83,616	56,930
Personnel (see Notes 23 and 24)	**116,919**	89,365	38,449
Contracted services	**12,290**	6,509	5,330
Utilities	**6,768**	12,890	6,158
Usufruct	**2,668**	6,673	2,314
Others	**40,193**	23,344	24,784
	₱877,702	₱748,202	₱460,931

Interest expense is comprised of:

	2017	2016	2015
Interest expense on interest-bearing loans and borrowings (see Note 15)	**₱221,321**	₱370,035	₱430,220
Amortization of loan transaction costs (see Note 15)	**28,347**	19,227	20,913
Amortization of deferred security deposit	**1,315**	586	–
Others	–	–	20,055
	₱250,983	₱389,848	₱471,188

23. **Personnel Expenses**

Personnel expenses included in general and administrative expenses and selling expenses are comprised of:

	2017	2016	2015
Salaries and wages and other employee benefits (see Notes 22 and 24)	**₱429,212**	₱385,536	₱341,455
Pension costs (see Note 24)	**53,622**	56,764	44,396
	₱482,834	₱442,300	₱385,851

24. **Pension Costs and Other Employee Benefits**

a. Pension Costs

The Group has a funded, noncontributory defined benefit pension plan covering all qualified and permanent employees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group's retirement plan meets the minimum retirement benefit specified under Republic Act 7541.

The following tables summarize the components of the net pension costs recognized in the consolidated statements of comprehensive income and the fund status and amounts recognized in the consolidated statements of financial position for the plan:

Net Pension Costs

	2017	2016	2015
Current service cost	**₱45,688**	₱47,426	₱39,535
Interest cost	**7,934**	9,338	4,861
Net pension cost	**₱53,622**	₱56,764	₱44,396

Pension Liability

	2017	2016
Present value of benefit obligation	**₱596,808**	₱522,311
Fair value of plan assets	**(494,174)**	(345,843)
Pension liability	**₱102,634**	₱176,468

The changes in the present value of benefit obligation are as follows:

	2017	2016
Defined benefit obligation at beginning of year	**₱522,311**	₱470,799
Current service cost	**45,688**	47,426
Interest cost	**22,394**	19,332
Actuarial loss in other comprehensive income/loss due to:		
Experience adjustments	**21,600**	43,331
Change in assumptions	**(15,185)**	(55,547)
Benefits paid	**–**	(3,030)
Defined benefit obligation at end of year	**₱596,808**	₱522,311

The changes in the fair values of plan assets of the Group are as follows:

	2017	2016
Fair values of plan assets at beginning of year	**₱345,843**	₱283,303
Interest income included in net interest cost	**14,460**	9,994
Actual contributions	**84,941**	60,000
Gain (loss) on return on plan assets in other comprehensive income/loss	**48,930**	(4,424)
Benefits paid	**–**	(3,030)
Fair values of plan assets at end of year	**₱494,174**	₱345,843

The Group expects to contribute ₱58.9 million to its pension plan in 2018.

The major categories of plan assets as percentage of the fair value of total plan assets are as follows:

	2017	2016
Investments in:		
Government securities	**32.45%**	36.33%
Loans and debt instruments	**2.25%**	8.58%
Other securities	**65.30%**	55.09%
	100.00%	100.00%

The principal assumptions used as at December 31, 2017 and 2016 in determining pension cost obligation for the Group's plans are as follows:

	2017	2016
Discount rate	**5.78%-5.80%**	5.5%-5.68%
Future salary rate increases	**10.00%**	10.0%

The plan assets of the Group are maintained by the trustee banks, BDO Unibank, Inc. (BDO) and MBTC.

As at December 31, 2017 and 2016, the carrying values of the plan approximate their fair values:

	2017	2016
Cash in banks:		
MBTC	**₱16,600**	₱18,233
BDO	**5**	7,338
Receivables - net of payables:		
MBTC	**9,184**	149
BDO	**3,366**	920
Investments held for trading:		
MBTC	**270,632**	185,410
BDO	**194,387**	133,793
	₱494,174	₱345,843

Cash in banks are composed of current account, savings deposits and special savings deposits.

Receivables - net of payables are composed of loans receivables, interest receivables and accrued trust fees.

Investments held for trading are investments in government securities, corporate bonds and stocks.

i. Government securities' maturities range from 1 to 25 years with interest rates ranging from 3.20% to 9.12%.
ii. The Corporate bonds are certificates of indebtedness issued by top and usually listed corporations exhibiting sound financial performance and enjoying good credit from reputable/accredited agencies. Maturity dates range from 7 to 10 years with interest rates ranging from 4.41% to 8.85%.
iii. Investment in stocks represents equity securities of companies listed in the PSE.

The Retirement Plan has investment in shares of stock of the Parent Company's amounting to ₱84.8 million and ₱62.4 million as at December 31, 2017 and 2017, respectively.

The Group's retirement fund is exposed to a short term risk since 50% of it is in equities. On the long term, should there be any major corrections in the local equities market, the correction should have a positive impact of the fund since historically the equities market have always out-performed the fixed income market in the long term.

There are no outstanding balances arising from transactions between the Retirement Plan and the Group as at December 31, 2017 and 2016. Except as stated above, there were no other transactions entered into during the year by the Retirement Plan relating to the Group.

In 2016, the sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+100	(₱42,668)
	-100	51,520
Future salary increases	+100	53,215
	-100	(45,360)

The Group does not currently employ any asset-liability matching.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

Year	2017	2016
Less than 1 year	**₱258,070**	₱1,452
More than 1 year to 5 years	**58,765**	608
More than 5 years to 10 years	**142,455**	2,320
More than 10 years to 15 years	**333,784**	7,437
More than 15 years to 20 years	**411,763**	16,835
More than 20 years	**2,404,649**	407,994

b. Other Employee Benefits

Other employee benefits consists of accumulated employee vacation and sick leave benefit amounted to ₱8.9 million and ₱1.6 million in 2017 and 2016, respectively (see Notes 22 and 23).

The present value of the defined benefit obligation of other employee benefits amounted to ₱62.1 million and ₱58.5 million as at December 31, 2017 and 2016, respectively (see Notes 17 and 18).

25. **Income Taxes**

The components of provision for income tax for the years ended December 31 follow:

	2017	2016	2015
Current income tax	**₱638,512**	₱671,017	₱552,229
Deferred income tax	**161,149**	880	81,157
	₱799,661	₱671,897	₱633,386

The current provision for income tax represents the regular corporate income tax (RCIT)/minimum corporate income tax (MCIT) of the Parent Company and certain subsidiaries.

For income tax purposes, full revenue recognition is applied when greater than 25% of the selling price has been collected in the year of sale, otherwise, the installment method is applied.

The components of the Group's deferred tax assets and liabilities shown in the consolidated statements of financial position are as follows:

	2017	2016
Deferred tax liabilities:		
Unrealized gain on real estate	**₱1,160,457**	₱809,053
Capitalized interest	**63,178**	66,295
Collections after the ITH period on low-cost housing project (Stonewell)	**5,089**	–
Unrealized gain on available-for-sale investments	**1,104**	677
Unrealized foreign exchange gain	**115**	33
Fair value increment on the real estate inventories	–	159,610
Total *(Carried Forward)*	**1,229,943**	1,035,668

	2017	2016
Total *(Brought Forward)*	**₱1,229,943**	₱1,035,668
Deferred tax assets:		
Deferred lease income	**58,242**	28,004
Unfunded pension costs	**29,766**	47,160
Share-based payment	**22,574**	22,574
Other employee benefits	**30,437**	17,683
Unamortized past service cost	**13,431**	2,461
Allowance for doubtful accounts and others	**4,714**	5,372
NOLCO	**4,411**	473
MCIT	**839**	78
Unrealized foreign exchange loss	**7**	19,044
Advance payment from members	**–**	1,628
	164,421	144,477
	₱1,065,522	₱891,191

The above components of deferred tax assets and liabilities are presented in the consolidated statements of financial position as follows:

	2017	2016
Deferred tax assets - net	**₱694**	₱2,468
Deferred tax liabilities - net	**(1,066,216)**	(893,659)
	(₱1,065,522)	(₱891,191)

The details of the subsidiaries' deductible temporary differences, NOLCO and MCIT for which no deferred tax assets are recognized since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized are as follows:

	2017	2016
Advances from members	**₱11,377**	₱6,172
MCIT	**3,495**	2,985
Unfunded pension costs	**7,566**	6,265
NOLCO	**46**	3,528
Allowance for doubtful accounts	**559**	632
	₱23,043	₱19,582

As at December 31, 2017, MCIT of a subsidiary which can be claimed as deduction from regular taxable income due as follows:

Year Paid	Expiry Year	Amount
2015	2018	₱1,497
2016	2019	1,291
2017	2020	1,546
		₱4,334

MCIT amounting to ₱1.5 million, ₱1.5 million and ₱0.15 million expired in 2017, 2016 and 2015, respectively.

As at December 31, 2016, NOLCO of certain subsidiaries can be carried forward and claimed as deduction against regular taxable income as follows:

Year Incurred	Expiry Date	Amount
2015	2018	₱1,136
2016	2019	494
2017	2020	13,119
		₱14,749

The reconciliation of the statutory income tax rate to effective income tax rate as shown in the consolidated statements of comprehensive income is summarized as follows:

	2017	2016	2015
Statutory income tax rate	**30.0%**	30.0%	30.0%
Additions to (deductions from) income tax resulting from:			
Share in net income of joint venture	**(2.7%)**	(3.1%)	(2.3%)
Nontaxable income and others	**0.4%**	0.1%	0.1%
Effective income tax rate	**27.7%**	27.0%	27.8%

Revenue Memorandum Circular (RMC) No. 35-2012
On August 3, 2012, RMC No. 35-2012 was issued to clarify the taxability of clubs organized and operated exclusively for pleasure, creation and non-profit purposes.

In accordance with this RMC, Rockwell Club pays output VAT under protest starting August 3, 2012 and income tax effective January 1, 2013.

Tax Reform for Acceleration and Inclusion (TRAIN) Law
Republic Act No.10963 or the TRAIN Act was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same did not have any significant impact on the 2017 financial statements.

26. Registration with the Board of Investments

On June 6, 2013, the Board of Investments approved the Parent Company's registration as new operator of Tourist Accommodation Facility for its Edades Serviced Apartments in accordance with the provisions of Omnibus Investments Code of 1987 with entitlement to Income Tax Holiday (ITH) of four years reckoning on February 2014.

On May 27, 2014, the BOI approved the amendments of specific terms and conditions under the Certificate of Registration particularly the registered capacity to cover 94 serviced apartment units and the corresponding change in projections.

Commercial operations of Edades Serviced Apartments started on July 1, 2014. ITH incentive enjoyed by the Parent Company amounted to ₱12.3 million and ₱14.0 million in 2017 and 2016, respectively (see Note 25).

On January 8, 2015, Rockwell Land requested for amendments of investment and project timetable and sales revenue projection under the above mentioned BOI certification due to unforeseen circumstances affecting the construction and changes from projected launch. The request was approved on April 13, 2015.

On June 24, 2015, request for status upgrade of said BOI registration from Non-pioneer to Pioneer status was made. The Parent Company's request for status upgrade for its Edades Serviced Apartments, under BOI Certificate of Registration No 2013-121, was approved on November 4, 2015. Consequently, the ITH period was also amended from 4 years (February 2014-January 2016) to 6 years (February 2014-January 2020).

27. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following table summarizes these significant transactions with related parties:

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts Owed from (to) Related Parties	Terms	Conditions
Rockwell - Meralco BPO	Joint venture	Advances (see Note 17)	**2017**	**₱22,931**	**(₱527,655)**	90-day; noninterest-bearing	Unsecured
			2016	267,840	(519,395)		
		Management fee (see Note 13)	**2017**	**1,650**	**8,202**	On demand; non-interest-bearing	Unsecured, no impairment
			2016	4,290	6,552		
FPHC	Parent	Charges for construction of 8 Rockwell (see Note 17)	**2017**	–	–	90-day; noninterest-	Unsecured
			2016	–	(18,155)		
Advances to officers and employees		Advances (see Note 8)	**2017**	**14,125**	**60,110**	30-day; noninterest-bearing	Unsecured; no impairment
			2016	18,261	45,985		

Other transactions with related parties pertain to the Project Development and JV Agreement with Meralco (see Note 13).

Terms and Conditions of Transactions with Related Parties

Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2017, 2016 and 2015, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel of the Group

	2017	2016	2015
Short-term employee benefits	**₱84,203**	₱73,353	₱70,948
Post-employment pension and other benefits (Note 24)	**38,144**	36,919	18,612
Total compensation attributable to key management personnel	**₱122,347**	₱110,272	₱89,560

28. **Commitments and Contingencies**

Operating Lease Commitments
The Group has entered into agreements for the lease of land to be used for various commercial projects. These noncancellable leases have remaining terms of between two and twenty five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum lease payments are as follows:

Year	Amount (in thousands)
2017	₱31,863
2018	32,925
2019	34,554
2020	35,743
2021 and after	2,130,417
	₱2,265,502

In 2017 and 2016, capitalized rentals included under "Land and development costs" amounted to nil and ₱69.5 million, respectively (see Note 9), while capitalized rentals included under "Investment properties in progress" amounted to nil and ₱15.4 million, respectively (see Note 12).

Capital Commitment

a. The Group entered into contract covering Substructure works related to "Proscenium Substructure and Podium" with Megawide Construction Corporation. The contract sum awarded for the work amounted to ₱980.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Substructure works commenced in July 2014. Megawide has a deductive change order of ₱527.9 million but with an additional of ₱173.0 million. As at December 31, 2017 and 2016, ₱576.0 million and ₱403.0 million, respectively, has been incurred and paid.

b. The Group entered into contract covering Superstructure works related to "Proscenium Phase 1B" with Megawide Construction Corporation. The contract sum awarded for the work amounted to ₱2.1 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in October 2015. As at December 31, 2017 and 2016, ₱1.3 billion and ₱883.0 million, respectively, has been incurred and paid.

c. The Group entered into contract covering Superstructure works related to "Proscenium Phase 1A" with Phenix Garuda Construction and Development Corporation. The contract sum awarded for the work amounted to ₱2.4 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in May 2015. As at December 31, 2017 and 2016, ₱1.4 billion and ₱934.0 million, respectively, has been incurred and paid.

d. The Group entered into contract covering Excavation works related to "Proscenium Phase 2" with IPM Construction and Development Corp. The contract sum awarded for the work amounted to ₱61.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Excavation works commenced in August 2015. As at December 31, 2017 and 2016, ₱57.0 million and ₱31.5 million, respectively, has been incurred and paid.

e. The Group entered into contract covering Substructure and Superstructure works related to "Proscenium Phase 2" with Phenix Garuda Construction and Development Corporation. The contract sum awarded for the work amounted to ₱2.0 billion, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in May 2016. As at December 31, 2017 and 2016, ₱593.53 and ₱328.0 million, respectively, has been incurred and paid.

f. The Group entered into contract covering Superstructure works (Ground – 7th floor) related to "Mall Expansion and hotel" with Phenix Garuda Construction and Development Corporation. The contract sum awarded for the work amounted to ₱459.1 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Superstructure works commenced in October 2015. As at December 31, 2017 and 2016, ₱582.1 million and ₱230.0 million has been incurred and paid.

g. The Group entered into contract covering General Construction works related to "Rockwell Business Center Sheridan" with Phenix Garuda Construction and Development Corporation. The contract sum awarded for the work amounted to ₱900.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Phenix has an additive change order of ₱37.3 million. General Construction Works commenced in October 2015. As at December 31, 2017 and 2016, ₱846.7 million and ₱421.7 million, respectively, has been incurred and paid.

h. The Group entered into contract covering Earthworks related to "32 Sanson" with Omicron Construction. The contract sum awarded for the work amounted to ₱55.4 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. General construction works commenced in May 2015. As at December 31, 2017 and 2016, ₱32.0 million and ₱23.2 million, respectively, has been incurred and paid.

i. The Group entered into contract covering General Construction works related to "Santolan Town Plaza" with Omicron Construction. The contract sum awarded for the work amounted to ₱401.6 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of works. Omicron has an additive change order of ₱37.3 million. General Construction Works commenced in November 2015. As at December 31, 2017 and 2016, ₱404.0 million and ₱137.9 million has been incurred and paid, respectively.

j. The Group entered into a contract with Millennium Erectors Corporation in 2016 covering structural and building enclosure works related to "The Vantage" Project. The contract amounted to a fixed fee of ₱460.0 million, inclusive of all pertinent local and national taxes, overhead and cost of labor and materials and all cost necessary for the proper execution of the works. Structural and building enclosure works commenced in 2016 and is currently ongoing. As at December 31, 2017 and 2016, ₱258.8 million and ₱92.0 million has been incurred and paid.

Contingencies
The Group is contingently liable for lawsuits or claims filed by third parties, which are either pending decision by the courts or under negotiations, the outcomes of which are not presently determinable. It is the opinion of management and its outside legal counsel that it is possible, but not probable that the lawsuits and claims will be settled. Accordingly, no provision for any liability has been made in the consolidated financial statements.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, available-for-sale investments, and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, refundable deposits, trade and other payables, installment payable, retention payable and security deposits which arise directly from its operations.

The Group also occasionally enters into derivative transactions, specifically foreign currency forward contracts to sell US$. The primary purpose was to manage currency risks arising from its foreign currency-denominated receivables from sale of condominium units.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Cash Flow Interest Rate Risk
Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of the changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at December 31, 2017 and 2016, approximately 90% of the Group's borrowings are at a fixed rate of interest.

The following tables set out the principal amounts, by maturity, of the Group's interest-bearing financial instruments.

	2017				
	Within 1 Year	**1–2 Years**	**2–3 Years**	**More than 3 Years**	**Total**
Fixed Rate					
Interest-bearing loans and borrowings	**₱2,023,755**	**₱2,399,515**	**₱2,548,868**	**₱11,509,162**	**₱18,481,300**
Floating Rate					
Interest-bearing loans and borrowings	**104,584**	**164,007**	**164,007**	**1,067,402**	**1,500,000**
Short-term investments	**1,405,645**	**–**	**–**	**–**	**1,405,645**

	2016				
	Within 1 Year	1–2 Years	2–3 Years	More than 3 Years	Total
Fixed Rate					
Interest-bearing loans and borrowings	₱1,718,527	₱1,901,754	₱2,011,246	₱8,568,300	₱14,199,827
Floating Rate					
Interest-bearing loans and borrowings	–	85,900	163,700	1,250,400	1,500,000
Short-term investments	977,674	–	–	–	977,674

Interest on financial instruments is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

	Effect on income before income tax increase (decrease)	
Change in basis points	**+100 basis points**	**-100 basis points**
Floating rate borrowings	(15,208)	15,208

	Effect on income before income tax increase (decrease)	
Change in basis points	+100 basis points	-100 basis points
Floating rate borrowings	(1306)	1306

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future value of the financial instruments will fluctuate because of changes in foreign exchange rates. As a result of the Group's significant marketing operations in the United States in the past, the Group's consolidated statement of financial position can be affected significantly by movements in the US$ exchange rates.

Foreign Currency-Denominated Asset

	2017		2016	
	US		US$	Peso
Cash and cash equivalents	**$667**	**₱33,297**	$1,378	₱68,514

As at December 31, 2017 and 2016, the exchange rate was ₱49.92 to US$1.00 and ₱49.72 to US$1.00, respectively. Net foreign exchange gain (loss) amounted to (₱1.4 million), ₱4.0 million and ₱6.6 million in 2017, 2016 and 2015, respectively.

The following tables demonstrate the sensitivity to a reasonably possible change in the US$ exchange rate with respect to Peso, with all other variables held constant, of the Group's December 31, 2016 and 2015 income before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity other than those already affecting the income.

	2017	
	Increase/Decrease in US$ Rate (in %)	**Effect on Income Before Income Tax**
Foreign currency-denominated financial assets	+5%	₱1,665
	-5%	(₱1,665)

	2016	
	Increase/Decrease in US$ Rate (in %)	Effect on Income Before Income Tax
Foreign currency-denominated	+5%	₱3,426
financial assets	-5%	(₱3,426)

Foreign exchange gain or loss is computed for the year based on management's best estimate that the Peso-US$ conversion rate may strengthen or weaken using the year end balances of dollar-denominated cash and cash equivalents. An increase in the US$ rate means a weaker peso while a decrease in the US$ rate means a stronger peso. There has been no change in the methods and assumptions used by management in the above analyses.

Credit Risk

Credit risk is the risk that a counterparty will meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily from trade receivables and loans) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Default or delinquency on the part of buyers of condominium units are being monitored on an ongoing basis to enable the Group to determine the appropriate action, usually cancelling the sale and holding the units open for sale. Lease receivables are closely monitored based on aging of the accounts. Accounts determined to be uncollectible are recommended for write off. With regard to the other financial assets of the Group, these are also monitored regularly with the result that the Group's exposure to bad debts is not significant.

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

The table below summarizes the maximum exposure to credit risk of each class of financial assets.

	2017		
	Gross Maximum Exposure	**Net Exposure**	**Financial Effect of Collateral or Credit Enhancement**
Cash and cash equivalents*	**₱2,561,224**	**₱2,547,062**	**₱14,162**
Trade receivables from:			
Sale of condominium units	**13,224,246**	**340,827**	**13,039,553**
Lease	**235,571**	**78,310**	**157,261**
Advances to officers and employees	**60,110**	**–**	**60,110**
Other receivables	**634,857**	**634,857**	**–**
Available-for-sale investments:			
Quoted	**13,500**	**13,500**	**–**
Unquoted	**3,308**	**3,308**	**–**
Refundable deposits**	**162,240**	**162,240**	**–**
	₱16,895,056	**₱3,780,104**	**₱13,271,086**

	2016		
	Gross Maximum Exposure	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Cash and cash equivalents*	₱1,435,757	₱1,413,480	₱22,277
Trade receivables from:			
Sale of condominium units	9,235,566	107,912	9,127,654
Lease	123,264	70,352	52,912
Advances to officers and employees	45,985	–	45,985
Other receivables	232,627	232,627	–
Available-for-sale investments:			
Quoted	13,500	13,500	–
Unquoted	3,308	3,308	–
Refundable deposits**	166,190	166,190	–
Restricted cash **	194,307	194,307	–
	₱11,450,504	₱2,201,676	₱9,248,828

**Excluding cash on hand amounting to ₱1,718 and ₱5,103 as at December 31, 2017 and 2016, respectively.*
***Presented as part of "Other current assets" account in the consolidated statements of financial position.*

There are no significant concentrations of credit risk because the Group trades with various third parties.

The tables below show the credit quality by class of financial asset based on the Group's credit rating system.

	2017		
	A Rating	**B Rating**	**Total**
Cash and cash equivalents	**₱2,562,942**	**₱–**	**₱2,562,942**
Trade receivables from:			
Sale of condominium units	**11,997,392**	**1,037,427**	**13,034,819**
Lease	**201,565**	**34,006**	**235,571**
Advances to officers and employees	**60,110**	**–**	**60,110**
Other receivables	**634,857**	**–**	**634,857**
Available-for-sale investments:			
Quoted	**13,500**	**–**	**13,500**
Unquoted	**3,308**	**–**	**3,308**
Refundable deposits	**162,240**	**–**	**162,240**
	₱15,635,914	**₱1,071,433**	**₱16,707,347**

	2016		
	A Rating	B Rating	Total
Cash and cash equivalents	₱1,440,860	₱–	₱1,440,860
Trade receivables from:			
Sale of condominium units	6,603,820	1,935,626	8,539,446
Lease	97,879	21,519	119,398
Advances to officers and employees	45,985	–	45,985
Other receivables	232,627	–	232,627
Available-for-sale investments:			
Quoted	13,500	–	13,500
Unquoted	3,308	–	3,308
Restricted cash	194,307	–	194,307
Refundable deposits	64,297	–	64,297
	₱8,696,583	₱1,957,145	₱10,653,728

For trade receivables from sale of condominium units, customers who have no history of delayed payment are classified as having a credit rating of "A" while customers who have history of delayed payment but is currently updated are given a credit rating of "B".

Trade receivables from lease are classified as having a credit rating of "A" when tenants pay within the discount period and "B" when tenants pay on or before due date.

As at December 31, 2017 and 2016, the analyses of the age of financial assets are as follows:

	2017						
	Neither Past Due nor Impaired	**Past Due but not Impaired**				**Impaired Financial Assets**	
		Less than 30 Days	**31 to 60 Days**	**61 to 90 Days**	**More than 90 Days**		**Total**
Cash and cash equivalents	**₱1,157,147**	**₱1,405,645**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,562,942**
Trade receivables from:							
Sale of condominium units	**13,034,819**	**41,425**	**5,395**	**6,846**	**135,761**		**13,224,246**
Lease	**221,915**	**12,969**	**678**	**-**	**9**		**235,571**
Advances to officers and employees	**60,110**	–	–	–	–	–	**60,110**
Other receivables	**566,860**	–	–	–	–	**2,010**	**568,870**
Available-for-sale investments:		–	–	–	–	–	
Quoted	**13,500**	–	–	–	–	–	**13,500**
Unquoted	**3,308**	–	–	–	–	–	**3,308**
Refundable deposits	**16,369**	**10,695**	**121,102**	**176**	**13,899**		**162,240**
	₱15,074,028	**₱1,470,734**	**₱127,175**	**₱7,022**	**₱149,669**	**₱2,010**	**₱16,830,787**

	2016						
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired Financial Assets	
		Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days		Total
Cash and cash equivalents	₱1,440,860	₱–	₱–	₱–	₱–	₱–	₱1,440,860
Trade receivables from:							
Sale of condominium units	8,539,446	391,609	11,859	51,167	241,475	–	9,235,556
Lease	119,398	1,571	520	400	1,375	–	123,264
Advances to officers and employees	45,985	–	–	–	–	–	45,985
Other receivables	232,627	–	–	–	–	3,307	235,934
Available-for-sale investments:							
Quoted	13,500	–	–	–	–	–	13,500
Unquoted	3,308	–	–	–	–	–	3,308
Refundable deposits	64,297	10,210	78,246	168	13,269	–	166,190
Restricted cash	194,307	–	–	–	–	–	194,307
	₱10,653,728	₱403,390	₱90,625	₱51,735	₱256,119	₱3,307	₱11,458,904

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 condominium units and club shares are recoverable since the legal title and ownership of the condominium units and club shares will only be transferred to the customers upon full payment of the contract price. In case of cancellation, the condominium units and club shares become available for sale. The fair value of the condominium units amounted to ₱23.3 billion and ₱24.1 billion as at December 31, 2017 and 2016, respectively. The fair value of the club shares amounted to ₱0.2 million and ₱2.7 million as at December 31, 2017 and 2016, respectively.

Past due accounts pertaining to lease are recoverable because security deposits and advance rent paid by the tenants are sufficient to cover the balance in case of default or delinquency of tenants.

No provision for impairment was made for trade receivables from sale of condominium units and club shares which are subjected to collective assessment since these assets are secured with collateral.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. As at December 31, 2017 and 2016, 11% and 11% of the Group's debt will mature in less than one year as at December 31, 2017 and 2016, respectively.

The liquidity risk of the Group arises from their financial liabilities. The tables below summarized the maturity profile of the Group's financial liabilities at December 31, 2017 and 2016 based on contractual undiscounted payments.

	2017				
	On Demand	**Due Within 3 Months**	**Due Between 3 and 12 Months**	**Due After 12 Months**	**Total**
Trade and other payables*	**₱–**	**₱926,286**	**₱8,409,074**	**₱–**	**₱9,335,357**
Interest-bearing loans and borrowings**	**–**	**412,000**	**1,608,014**	**17,888,762**	**19,908,776**
Installment payable	**–**	**–**		**544,957**	**544,957**
Retention payable***	**–**	**–**	**271,912**	**815,735**	**1,087,646**
Security deposits***	**–**	**–**	**76,876**	**230,627**	**307,503**
	₱–	**₱1,338,286**	**₱10,365,875**	**₱19,480,081**	**₱31,184,239**

	2016				
	On Demand	Due Within 3 Months	Due Between 3 and 12 Months	Due After 12 Months	Total
Trade and other payables*	₱–	₱555,385	₱3,728,024	₱–	₱4,283,409
Interest-bearing loans and borrowings**	–	912,000	806,527	13,981,300	15,699,827
Installment payable	–	–	–	655,799	655,799
Retention payable***	–	–	244,178	616,777	860,955
Security deposits***	–	–	181,419	180,545	361,964
	₱–	₱1,467,385	₱4,960,148	₱15,434,421	₱21,861,954

**Excluding the current portion of retention payable and security deposits, deposits from pre-selling of condominium units and excess of collections over recognized receivables and other statutory payables.*
***Principal payments*
****Presented as part of "Trade and other payables" and "Deposits and other liabilities" accounts in the consolidated statements of financial position.*

Maturity Profile of Financial Assets Held for Liquidity Purposes

The table below shows the maturity profile of the Group's financial assets based on contractual undiscounted cash flows as at December 31:

	2017					
	On Demand	**Within 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Total**
Cash and cash equivalents	**₱1,157,147**	**₱1,405,645**	**₱–**	**₱–**	**₱–**	**₱2,562,942**
Trade receivables from:						
Sale of condominium units	**16,446,995**	**1,014,941**	**164,840**	**152,897**	**896,675**	**18,676,348**
Lease	**221,915**	**12,969**	**678**	**–**	**9**	**235,571**
Available-for-sale investments	**–**	**–**	**–**	**–**	**16,808**	**16,808**
	₱17,826,057	**₱2,433,555**	**₱165,518**	**₱152,897**	**₱913,492**	**₱21,491,669**

	2016					
	On Demand	Within 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Cash and cash equivalents	₱463,186	₱977,674	₱–	₱–	₱–	₱1,440,860
Trade receivables from:						
Sale of condominium units	11,014,139	1,571,387	519,813	399,509	1,375,197	14,880,045
Lease	119,398	1,571	520	400	1,375	123,264
Available-for-sale investments	–	–	–	–	16,808	16,808
	₱11,596,723	₱2,550,632	₱520,333	₱399,909	₱1,393,380	₱16,460,977

Capital Management Policy

The primary objective of the Group's capital management is to maximize shareholder value by maintaining a healthy balance between debt and equity (capital) financing in support of its business requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2017 and 2016.

The Group monitors its capital adequacy using the net debt-to-equity ratio, which is interest-bearing loans and borrowings less cash and cash equivalents divided by equity. The Group's policy is to limit the net debt-to-equity ratio to 1.0x.

The Group is required to maintain debt-to-equity ratio as set forth in the Fixed Rate Corporate Notes Facility Agreement and Bonds. The Agreement provides for a higher debt to equity ratio than the internal limit set by the Group (see Note 15).

	2017	2016
Interest-bearing loans and borrowings	**₱19,908,766**	₱15,633,946
Less cash and cash equivalents	**2,562,942**	1,440,860
Net	**17,345,824**	14,193,086
Equity	**17,714,758**	15,678,389
Net debt-to-equity ratio	**0.98**	0.91

30. Fair Value Measurement

Set out below is a comparison by class of carrying values and fair values of the Group's assets and liabilities that are carried in the consolidated financial statements as at December 31, 2017 and 2016.

			2017		
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Loans and receivables:					
Sale of condominium units (including noncurrent portion)	**₱13,224,246**	**₱23,339,483**	**₱–**	**₱23,339,483**	**₱–**
Investment properties (see Note 12)	**11,668,243**	**28,677,869**		**8,391,472**	**20,286,397**
Available-for-sale financial assets	**16,808**	**16,808**	**13,500**	**–**	**3,308**
	₱24,909,297	**₱52,034,160**	**₱13,500**	**₱31,730,955**	**₱20,289,705**
Liabilities					
Other financial liabilities:					
Interest-bearing loans and borrowings (including noncurrent portion)	**₱19,908,776**	**₱20,656,835**	**₱–**	**₱–**	**₱20,656,835**
Installment payable	**544,957**	**576,502**	**–**	**–**	**576,502**
Retention payable (including noncurrent portion)	**1,087,645**	**1,006,973**	**–**	**–**	**1,006,973**
Security deposits (including noncurrent portion)	**307,503**	**317,314**	**–**	**–**	**317,314**
	₱21,848,881	**₱22,557,624**	**₱–**	**₱–**	**₱22,557,624**

			2016		
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Loans and receivables:					
Sale of condominium units (including noncurrent portion)	₱9,235,566	₱20,604,092	₱–	₱20,604,092	₱–
Investment properties (see Note 12)	7,929,445	19,451,422	–	6,367,422	13,084,000
Available-for-sale financial assets	16,808	16,808	13,500	–	3,308
	₱17,181,819	₱40,072,322	₱13,500	₱26,971,514	₱13,087,308

	2016				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities					
Other financial liabilities:					
Interest-bearing loans and borrowings (including noncurrent portion)	₱15,633,946	₱16,326,693	₱–	₱–	₱16,326,693
Installment payable	521,054	555,848	–	–	555,848
Retention payable (including noncurrent portion)	860,955	621,847	–	–	621,847
Security deposits (including noncurrent portion)	361,964	217,508	–	–	217,508
	₱17,377,919	₱17,721,896	₱–	₱–	₱17,721,896

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade Receivables from Lease, Advances to Officers and Employees, Other Receivables, Restricted Cash, Refundable Deposits and Trade and Other Payables. Due to the short-term nature of transactions, the carrying values of these instruments approximate the fair values as at financial reporting period.

Trade Receivables from Sale of Condominium Units. The fair values of trade receivables from sale of condominium units were calculated by discounting the expected future cash flows at prevailing credit adjusted PDEx interest rates ranging from 3.2% to 5.7% as at December 31, 2017 and from 1.8% to 5.0% as at December 31, 2016.

Available-for-Sale Investments. The fair values of quoted equity securities were determined by reference to published two-way quotes of brokers as at financial reporting date. Unquoted equity securities for which no other reliable basis for fair value measurement is available, were valued at cost, net of impairment, if any.

Interest-bearing Loans and Borrowings. The fair values of fixed rate loans were calculated by discounting the expected future cash flows at prevailing credit adjusted PDEx interest rates ranging from 3.2% to 5.7% as at December 31, 2017 and 1.8% to 5.0% as at December 31, 2016.

Installment Payable. The fair value of installment payable were calculated by discounting the expected cash flows at prevailing credit adjusted PDEx interest rates ranging from 3.2% to 5.7% as at December 31, 2017 and 1.8% to 5.0% as at December 31, 2016.

Retention Payable and Security Deposits. The fair values were calculated by discounting the expected future cash flows at prevailing credit adjusted PDEx interest rates ranging from 3.2% to 5.7% as at December 31, 2017 and 1.8% to 5.0% as at December 31, 2016. For the years ended December 31, 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

31. Basic/Diluted Earnings Per Share Computation

	2017	2016	2015
	(In Thousands, Except Numbers of Shares and Per Share Data)		
Net income attributable to equity holders of the Parent Company	**₱2,110,245**	₱1,823,981	₱1,643,731
Dividends on preferred shares	**(1,650)**	(1,650)	(1,650)
Net income attributable to common shares (a)	**2,108,595**	1,822,331	1,642,081
Common shares at beginning of year	**6,116,762,198**	6,116,762,198	6,116,762,198
Weighted average number of common shares – basic (b)	**6,116,762,198**	6,116,762,198	6,116,762,198
Dilutive potential common shares under the ESOP	**9,513,500**	4,183,823	5,677,731
Weighted average number of common shares – diluted (c)	**6,126,275,698**	6,120,946,021	6,122,439,929
Per share amounts:			
Basic (a/b)	**₱0.3447**	₱0.2979	₱0.2685
Diluted (a/c)	**₱0.3442**	₱0.2977	₱0.2682

32. Segment Information

PFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments is determined to be business segments as the risks and rates of return are affected predominantly by differences in the products and services produced. 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 Group manages its operations under the following business segments:

- *Residential Development* is engaged in the development, selling, and property management of all residential projects of the Group. It also includes the operations of the Rockwell Club.

- *Commercial Development* is engaged in the sale, leasing and other related operations in the course of the management of commercial buildings or spaces used for retail and office leasing, including cinema operations.

- *Hotel segment* is engaged in leasing of serviced apartments and management of hotel and resort operations. Its hotel portfolio includes serviced apartments located in Edades Towers and Garden Villas, The Grove and Joya Lofts and Towers.

The Group does not have any customers which constitutes 10% or more of the Group's revenue.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Performance is evaluated based on net income for the year and earnings before interest, taxes and depreciation and amortization, or *EBITDA*. Net income for the year is measured consistent with consolidated net income in the consolidated financial statements. *EBITDA* is measured as net income excluding depreciation and amortization, interest expense and provision for income tax. *EBITDA* is a non-GAAP measure.

The Group centrally manages cash and its financing requirements, income taxes and resource allocation. Resource allocation are measured against profitability among potential investments and made in view of the Group's existing business portfolio.

The President, the Group's chief operating decision maker, monitors operating results of its business segments separately for the purpose of performance assessment and making recommendations to the Board about resource allocation. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

Disclosure of the geographical information regarding the Group's revenues from external customers and total assets have not been provided since all of the Group's consolidated revenues are derived from operations within the Philippines.

Business Segments

The following tables present information regarding the Group's residential development and commercial development and hotel business segments:

	2017			
	Residential Development	**Commercial Development**	**Hotel**	**Total**
Revenue	**₱12,566,999**	**₱1,423,700**	**₱312,694**	**₱14,303,393**
Costs and expenses	**(10,189,897)**	**(508,093)**	**(237,262)**	**(10,935,252)**
Share in net income of a joint venture	**–**	**264,763**	**–**	**264,763**
Other income – net	**(1,377)**	**–**	**(1)**	**(1,378)**
EBITDA	**2,375,725**	**1,180,370**	**75,431**	**3,631,526**
Depreciation and amortization	**(248,379)**	**(210,955)**	**(32,377)**	**(491,711)**
Interest expense	**(250,977)**	**(6)**	**–**	**(250,983)**
Provision for income tax	**–**	**–**	**–**	**(799,661)**
Consolidated net income	**₱1,876,369**	**₱969,409**	**₱43,054**	**₱2,089,171**
Assets and Liabilities				
Segment assets	**₱30,493,074**	**₱422,139**	**₱592,979**	**₱31,508,190**
Investment properties	**813,542**	**10,650,215**	**204,486**	**11,668,243**
Investment in joint venture	**–**	**2,881,116**	**–**	**2,881,116**
Property and equipment	**1,498,014**	**716,782**	**626,650**	**2,841,446**
Total assets	**₱32,804,630**	**₱14,670,252**	**₱1,424,115**	**₱48,898,997**
Segment liabilities	**₱27,858,385**	**₱3,154,420**	**₱171,434**	**₱31,184,239**

	2016			
	Residential Development	Commercial Development	Hotel	Total
Revenue	₱11,040,158	₱1,324,416	₱346,729	₱12,711,303
Costs and expenses	(8,876,504)	(456,690)	(258,127)	(9,591,321)
Share in net income of a joint venture	–	254,231	–	254,231
Other income – net	4,031	–	–	4,031
EBITDA	2,167,685	1,121,957	88,602	3,378,244
Depreciation and amortization	(169,135)	(280,358)	(50,772)	(500,265)
Interest expense	(221,798)	(139,688)	(28,362)	(389,848)
Provision for income tax	–	–	–	(671,897)
Consolidated net income	₱1,776,778	₱701,911	₱9,468	₱1,816,234

	2016			
	Residential Development	Commercial Development	Hotel	Total
Assets and Liabilities				
Segment assets	₱25,136,487	₱1,509,962	₱245,643	₱26,892,092
Investment properties	809,559	7,119,886	–	7,929,445
Investment in joint venture	–	2,879,249	–	2,879,249
Property and equipment	1,505,007	269,618	962,361	2,736,986
Total assets	₱27,451,053	₱11,778,715	₱1,208,004	₱40,437,772
Segment liabilities	₱22,701,816	₱1,907,059	₱150,508	₱24,759,383

	2015			
	Residential Development	Commercial Development	Hotel	Total
Revenue	₱6,515,111	₱2,147,116	₱260,002	₱8,922,229
Costs and expenses	(4,962,491)	(856,260)	(198,172)	(6,016,923)
Share in net income of joint venture	–	170,844	–	170,844
Other income – net	6,456	–	–	6,456
EBITDA	1,559,076	1,461,700	61,830	3,082,606
Depreciation and amortization	–	–	–	(335,687)
Interest expense	–	–	–	(471,188)
Provision for income tax	–	–	–	(633,386)
Consolidated net income	₱1,559,076	₱1,461,700	₱61,830	₱1,642,345
Assets and Liabilities				
Segment assets	₱22,221,512	₱1,638,054	₱224,331	₱24,083,897
Investment properties	800,615	5,813,243	–	6,613,858
Investment in joint venture	–	3,030,463	–	3,030,463
Property and equipment	1,261,420	259,322	780,890	2,301,632
Total assets	₱24,283,547	₱10,741,082	₱1,005,221	₱36,029,850
Segment liabilities	₱21,266,467	₱455,574	₱128,164	₱21,850,205

33. Supplemental Disclosure of Cash Flow Information

The changes in the Group's liabilities arising from financing activities are as follows:

	January 1, 2017	Cash flows	Reclassification from noncurrent to current	Net amortization of discount	December 31, 2017
Current portion of interest-bearing loans and borrowings	₱1,711,506	(₱1,711,506)	₱2,020,014	₱–	₱2,020,014
Interest-bearing loans and borrowings - net of current portion	13,922,440	5,992,979	(2,020,014)	6,653	17,888,752
Installment payable	521,054	–	–	23,903	544,957
Total liabilities from financing activities	₱16,155,000	₱4,281,473	₱–	₱30,556	₱20,453,723

ROCKWELL LAND CORPORATION

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SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Rockwell Land Corporation
The Garage at Rockwell Center
Estrella St., Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Rockwell Land Corporation and its subsidiaries as at December 31, 2017 and 2016, and for each of the three years in the period ended December 31, 2017, and have issued our report thereon dated March 21, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), 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.

Gaile A. Macapinlac

Gaile A. Macapinlac
Partner
CPA Certificate No. 98838
SEC Accreditation No. 1621-A (Group A),
March 21, 2017, valid until March 20, 2020
Tax Identification No. 205-947-572
BIR Accreditation No. 08-001998-126-2017,
February 9, 2017, valid until February 8, 2020
PTR No. 6621282, January 9, 2018, Makati City

March 21, 2018

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
As of December 31, 2017

Name of Issuing Entity and Association of Each Issue	**Number of Share or Principal Amount**	**Amount in the Balance Sheet**	**Value based on Market Quotation at end of reporting period**	**Income Received and Accrued**
		(Amount in thousands)		
Loans and Receivable				
A.) Cash		₱2,562,942	₱2,562,942	₱10,185
B.) Trade receivables:				
- Sale from Condominium Units		13,224,246	23,339,483	1,467,038
- Lease		235,571	235,571	–
C.) Advances to officers and employees		60,110	60,110	–
D.) Others		568,870	568,870	–
E.) Refundable Deposits		174,103	174,103	–
Available for sale securities				
A.) Quoted	1 share	16,650	16,650	–
B.) Unquoted		3,308	3,308	–

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
As of December 31, 2017

Name	Beginning balance	Additions	Deductions	Ending balance		Total
				Current	Non-Current	
Accounts Receivable						
Officers & Directors	₱196,808,339	₱-	₱84,979,638	₱6,871,484	₱104,957,218	₱111,828,701
Employees	132,979,018	102,887,014	-	14,455,231	221,410,801	230,291,105
TOTAL	**₱329,787,357**	**₱102,887,014**	**₱84,979,638**	**₱21,326,715**	**₱326,368,018**	**₱342,119,806**

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE C – ACCOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION PERIOD
As of December 31, 2017

Name and Designation of Debtor	Beginning balance	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Ending balance
Rockwell Leisure Club Inc.	₱11,839,408	₱	₱	₱–	₱11,839,408	₱–	₱11,839,408
Rockwell Integrated Property Services, Inc.	₱23,558,688	₱53,130,154	₱70,054,650	₱–	₱6,634,192	₱–	₱6,634,192
Rockwell Primaries Development Corporation	₱1,414,707,989	₱65,463,126	₱82,824,500	₱–	₱1,395,346,615	₱–	₱1,395,346,615
Stonewell Property Development Corporation	₱858,441	-		₱–	₱858,441	–	₱858,441
Primaries Properties Sales Specialists Inc.	₱1,598,014	-		₱–	₱1,598,014	₱–	₱1,598,014
Rockwell Hotels & Leisure Management Corp	₱47,810,405	-	₱17,991,740	₱–	₱29,818,665	₱–	₱29,818,665
Retailscapes, Inc.	₱80,996,818	₱25,576,415	₱80,996,818	₱–	₱25,576,415	₱–	₱25,576,415
Rockwell MFA Corp.	-	₱211,649,193	-	-	₱211,649,193	-	₱211,649,193

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS – OTHER ASSETS
As of December 31, 2017

Description	Beginning balance	Additions at Cost	Charged to Cost & Expenses	Charged to Other Accts	Other Changes	Ending balance
N/A	N/A	N/A	N/A	N/A	N/A	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
As of December 31, 2017

Title of Issue & Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-Term Debt	Long-Term Debt (net of Current Portion)	Average Interest Rate	No. of Periodic Installments	Maturity Date
Philippine Peso, 7-Year FRCN due 2020	₱10,000,000,000	₱1,612,000,000	₱3,140,000,000	4.7% - 5.1%	9	1/7/2020
Philippine Peso, 7-year & 1 quarter fixed-rate retail peso bonds due on 2021	₱5,000,000,000	₱–	₱5,000,000,000	5.09%	1	2/15/2021
Philippine Peso, 5-Year fixed-rate notes due 2019	₱533,904,590	₱111,853,519	₱117,446,195	5.00%	2	12/22/2019
Philippine Peso, 10-year fixed-rate loan due 2026	₱2,500,000,000	₱133,125,000	₱2,366,875,000	5.69%-6.24%	32	06/17/2026
Philippine Peso, 7-year fixed-rate loan due 2023	₱1,000,000,000	₱73,684,211	₱926,315,789	4.44%	20	06/17/2023
Philippine Peso, 7-year fixed-rate loan due 2024	₱4,000,000,000	₱–	₱4,000,000,000	5.63%-6.74%	28	08/10/2024 9/29/2024 10/26/2024 12/20/2024
Philippine Peso, 7-year fixed-rate loan due 2026	₱1,000,000,000	₱45,000,000	₱955,000,000	5.94%	32	06/17/2026
Philippine Peso, 10-year floating-rate loan due 2026	₱1,000,000,000	₱45,161,290	₱954,838,710	4.00%	32	06/16/2026
Philippine Peso, 7-year floating-rate loan due 2023	₱500,000,000	₱18,421,053	₱481,578,947	4.00%	20	09/28/2023

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
As of December 31, 2017

Name of Related Party	Beginning balance	Ending balance
N/A	N/A	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2017

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 & Outstanding	Amount owed by Person for which Statement is filed	Nature of Guarantee
N/A	N/A	N/A	N/A	N/A

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
As of December 31, 2017

				Number of Shares Held By		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding**	**Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights**	**Related Parties**	**Directors, Officers and Employees**	**Others**
Common Shares	8,890,000,000	6,116,762,198	42,644,000	5,296,015,375	24,715,315	796,031,508
Preferred Shares	11,000,000,000	2,750,000,000	0	2,750,000,000	0	0

ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE I – LIST OF APPLICABLE STANDARDS AND INTERPRETATIONS
As of December 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendment to PFRS 1: Borrowing Costs			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendment to PFRS 2: Definition of Vesting Condition	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions	Not early adopted		
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts	Not early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Method of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Servicing Contracts	✓		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
	Amendments to PFRS 9, Prepayment Features with Negative Compensation	Not Early Adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets Between and Investor and its Associate of Joint Venture	Not Early Adopted		
	Amendments to PFRS 10: Applying the Consolidation Exception			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)	Not Early Adopted		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	Not Early Adopted		
PFRS 16	Leases	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements of comparative information	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Statement of Cash Flows, Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation	✓		
	Amendment to PAS 16: Bearer Plants			✓
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10: Sale or Contribution of Assets Between and Investor and its Associate of Joint Venture	Not Early Adopted		
	Amendments to PAS 28: Applying the Consolidation Exception			✓
	Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendments to PAS 34: Disclosure of Information Elsewhere in the Interim Financial Report			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of acceptable methods of amortization			✓
	Amendments to PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓

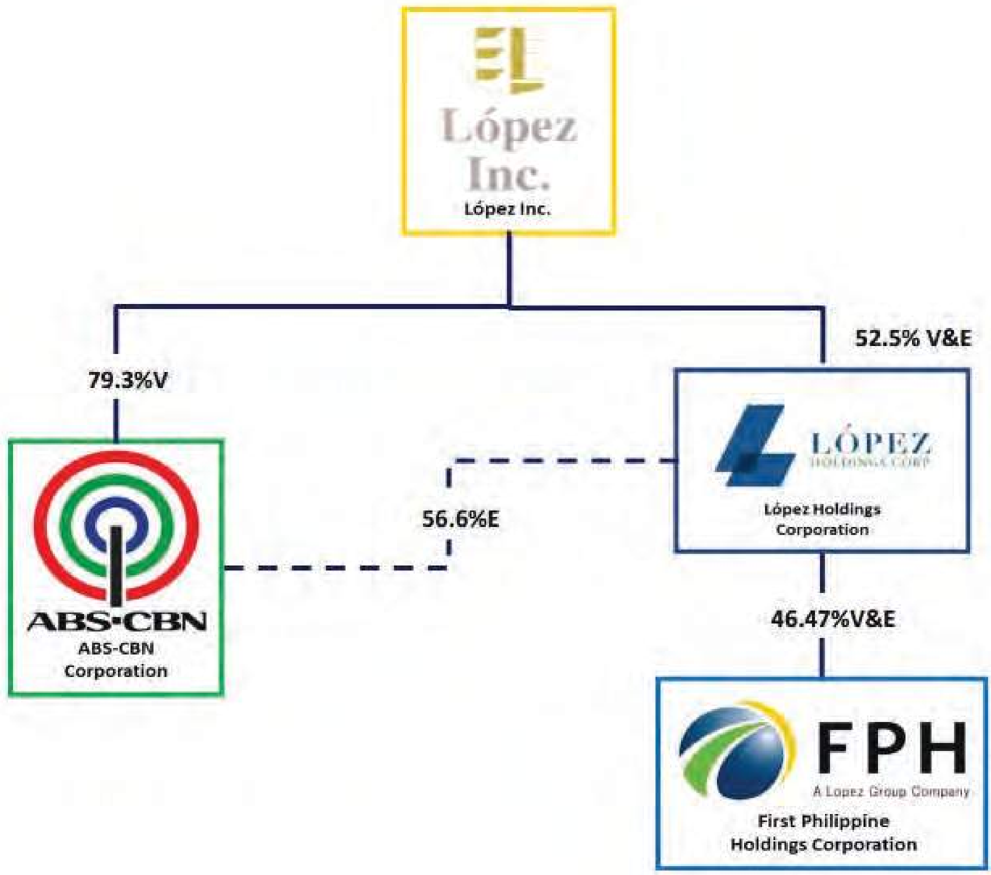
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property			✓
	Amendments to PAS 40, Investment Property, Transfers of Investment Property	Not early adopted		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Not Early Adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

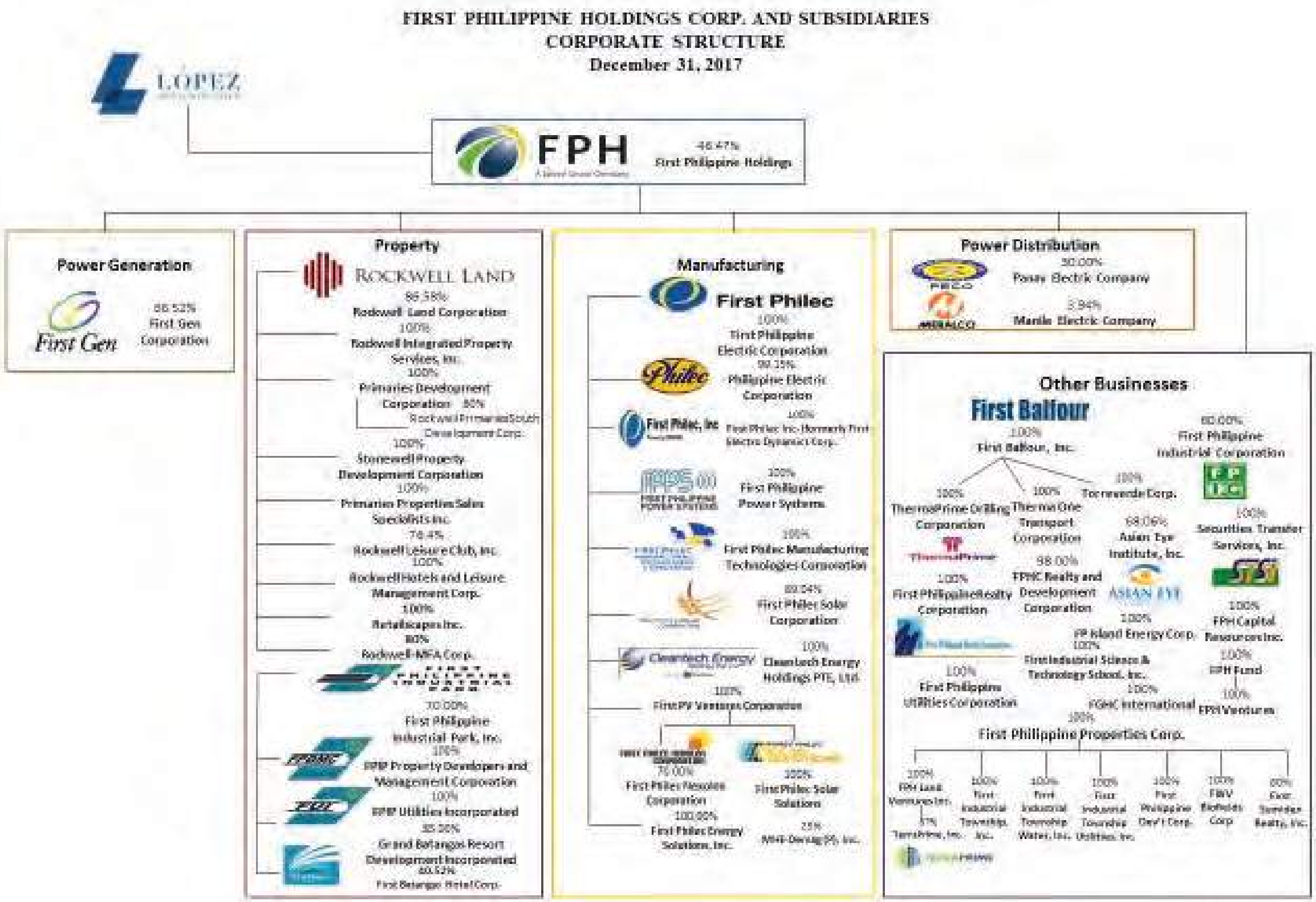
ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE J – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2017
Amount in thousands

Unappropriated Retained Earnings, beginning	₱5,783,172
Adjustments:	
Other comprehensive loss (PAS 19)	108,591
Deferred tax assets	(122,843)
Unappropriated Retained Earnings, as adjusted, beginning	5,768,920
Add:	
Net income during the period closed to retained earnings	2,283,229
Less:	
Benefit from deferred income tax	(23,817)
Cash dividends declared during the year	(364,985)
Appropriation retained earnings	(2,000,000)
Unappropriated Retained Earnings Available for Dividends Declaration	₱5,663,347

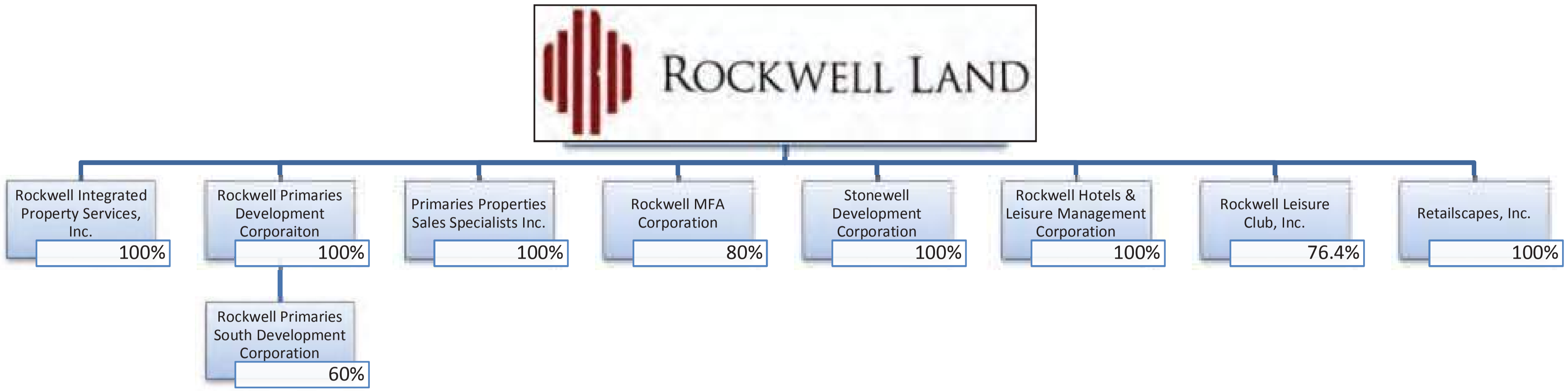
ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE K – MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP
As of December 31, 2017



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE K – MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP
As of December 31, 2017



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE K – MAP OF RELATIONSHIPS OF COMPANIES WITHIN THE GROUP
As of December 31, 2017



ROCKWELL LAND CORPORATION AND SUBSIDIARIES
SCHEDULE L – FINANCIAL RATIOS
As of December 31, 2017

KPI	2017	2016	2015
EBITDA (P)	3.6 billion	3.4 billion	3.1 billion
Current Ratio (x)	2.89	3.01	2.92
Net DE Ratio (x)	0.98	0.91	0.82
Asset to Equity Ratio (x)	2.76	2.58	2.54
Interest coverage ratio (x)	4.73	4.54	7.64
ROA	4.68%	4.80%	4.40%
ROE	12.51%	12.20%	12.10%
EPS (P)	0.34	0.30	0.27

Notes:
(1) EBITDA [Net Income + (Interest Expense, Provision for Income Tax, Depreciation & Amortization)]
(2) Current ratio [Current assets/Current liabilities]
(3) Net debt to equity ratio [(Total Interest bearing debt)-(Cash and cash equivalents) / Total Equity]
(4) Assets to Equity Ratio [Total Assets/Total Equity]
(5) Interest coverage ratio [EBITDA/ Total interest payments]
(6) ROA [Net Income/Average Total Assets]
(7) ROE [Net Income/ Average Total Equity]
(8) EPS [Net Income/number of common shares outstanding]

ROCKWELL LAND

Report of the Audit Committee

(For the year ended December 31, 2017)

The Audit Committee's roles and responsibilities are defined in the Corporate Governance Manual of Rockwell Land Corporation and the Audit Committee Charter. We assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: a) Integrity of financial statements and the financial reporting process; b) Appointment, re-appointment, remuneration, qualifications, independence and performance of independent auditor; c) Effectiveness of internal control system; d) Review of the sufficiency and effectiveness of the risk management process; and e) Oversight on Internal Audit function. We confirm that:

1) An Independent Director chairs the Audit Committee. Two out of the three members of the Audit Committee are independent directors;
2) We had five Committee meetings during the year, four regular meetings and one special committee meeting, all of which are in-person meetings;
3) We have reviewed and approved the 2017 Internal Audit Plan, including its scope, resources and the subsequent changes thereto;
4) We have reviewed and discussed the reports of the Internal Auditors, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal controls and compliance issues;
5) We have discussed and approved the overall scope and audit plan of SGV & Co. for the audit of 2017 Financial Statements. We have also discussed the results of their audits and their assessment of Rockwell Land's internal control and the overall quality of the financial reporting process;
6) We have reviewed and discussed the quarterly unaudited financial statements and year-end audited financial statements of Rockwell Land with the Management and SGV & Co.;

   These activities were performed in the following context:
   - The management has the primary responsibility for the financial statements and the financial reporting process; and
   - That SGV & Co. is responsible for expressing an opinion on the conformity of Rockwell Land's consolidated financial statements with the Philippine Financial Reporting Standards.
7) For the year ended December 31, 2017, Rockwell Land has engaged its independent auditor, SGV & Co. to do other audit related and non-audit services aside from the conduct of year-end financial audit. Such engagements were presented to and reviewed by the Audit Committee and concluded that the nature and scope are not incompatible with their role as independent auditor and the related fees are not significant to impair their independence;
8) We have reviewed the report on regulatory compliance and ensured that appropriate timely actions are taken and requirements are complied with;
9) We have reviewed and approved the Management Representation letter for the year ended December 31, 2017 before submission to our external auditor.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2017 for filing with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). We are also recommending to the Board of Directors the re-appointment of SGV & Co., as Rockwell Land Corporation's independent auditor for 2018 based on the review of its performance and qualifications.

March 15, 2018

OSCAR J. HILADO	MONICO V. JACOB	FRANCIS GILES B. PUNO
Chairman	Member	Member

ANNEX F – USE OF PROCEEDS

The company raised ₱5.0 billion from Bonds issuance last November 2013. After deducting the related expenses, the Net proceeds amounted to ₱ 4.9 billion (please see schedule below). Net proceeds will be used to partially finance the Company's capital expenditures for the last quarter of 2013 up to end 2015 primarily for the Proscenium project. As of end of 2015, the net proceeds amounted to nil.

	Estimate per Prospectus	**Actual**
Proceeds	**5,000,000,000**	**5,000,000,000**
Expense:		
Documentary Stamp Tax	25,000,000	25,000,000
SEC Registration Fee and Legal Research	1,830,625	1,830,625
SEC Publication	360,000	52,920
Underwriting Fee	15,000,000	15,000,000
Legal and Audit Fee	7,000,000	6,428,771
Credit Rating Fee	-	2,000,000
Listing Application Fee	100,000	100,000
Printing Cost	575,000	120,530
Trustee Fees	50,000	50,000
Registry and Paying Agency Fees	75,000	43,700
TOTAL	**4,950,009,375**	**4,949,373,454**

Use of Proceeds by end of 2015

In millions	
Proceeds	**₱ 4,949**
Use of Proceeds*	
Commercial Leasing	3,178
Residential Development	1,771
Total	**4,949**
Net Proceeds	**₱** -

Use of proceeds include land acquisition and development costs for Residential Projects (The Proscenium, The Vantage and East Bay) and Commercial Leasing Projects (8 Rockwell, Grove Serviced Apartment, RBC Sheridan and Santolan Town Plaza).